

# ANNUAL REPORT 2018

*Growth & Sustainability*



**FAS Finance & Investment Limited**



## **Growth & Sustainability**

FAS Finance & Investment Limited has been working together to bring its growth & sustainability for more than a decade to make powerful the industry and national economy. During the last decade, we have observed a remarkable upsurge of concern about the sustainability of economic development over the long run. As a result considerable effort has been invested in the design of an analytical framework that can be used to think about policies that promote sustainable growth. Sustainable growth is the realistically attainable growth that a company could maintain without running into problems. A business that grows too quickly may find it difficult to fund the growth. FFIL built a strong dynamic leadership to face the challenges and ensuring growth & sustainability by ensuring profit & wealth maximization and moving forward to achieve the company's vision.



## Passage of FAS Finance & Investment Limited

FAS Finance & Investment Limited (FFIL) is a registered Public Limited Company established in 1997 under the Companies Act 1994. Primarily, the company received license from Bangladesh Securities & Exchange Commission (BSEC) to act as a Merchant Bank in 1998. Subsequently the FFIL obtained license from Bangladesh Bank in 2001 as a first generation Non-Banking Financial Institution (NBFI) under the Financial Institutions Act 1993 with the belief of innovation, integration in financial services and creation of best value to the Shareholders. FFIL is sponsored by a group of renowned & dedicated Bangladeshi industrialists and businessmen with the initial paid up capital of Tk. 21.34 million against Authorized Capital of Tk. 500 million. At present the paid up capital stands at Tk. 1419.78 million against Authorized Capital of Tk. 2100 million.

FFIL has been progressively growing over 18 years by providing prompt and high quality services to diverse group of customers within its territory. FFIL is dedicated to broaden the depth and width of its services while maintaining high asset quality. Incessant development and providing financial solutions in Industrial Finance, Transport Finance, Home Loan, SME Finance, Corporate Finance, and other potential sectors are the significant concern of FFIL since its inception. As a part of endeavors to capitalize the competitive advantages through widening the financial services, FFIL also offers factoring loan against receivables, finance to women entrepreneurs, green financing as well as lucrative deposit schemes.

FFIL is a publicly traded Company listed with Dhaka & Chittagong Stock Exchanges and regulated by Bangladesh Securities and Exchange Commission. FFIL maintains the Investor Relations Department to meet up the shareholders' complaints (if any) regarding any inconvenience. In addition to part of Money Market, FFIL is also involved in capital market through its subsidiary as "FAS Capital Management Limited" of the Country. FAS Capital Management Limited, a fully owned subsidiary Company of FAS Finance & Investment Limited, was incorporated as Private Limited Company in Bangladesh in 2010 under the Companies Act 1994 and received license from Bangladesh Securities and Exchange Commission in 2012. FAS Capital Management Limited provides issue management, portfolio management, and other allied services with advisory support to the investors as and when required, even any uncalled situation.

# Letter of Transmittal

All Shareholders  
Bangladesh Bank  
Registrar of Joint Stock Companies & Firms  
Bangladesh Securities & Exchange Commission  
Dhaka Stock Exchange Ltd.  
Chittagong Stock Exchange Ltd.

**Subject: Annual Report for the year ended 31 December 2018**

Dear Sirs,

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Balance Sheet as on December 31, 2018, Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year ended on that date along with notes thereon for your kind information and record.

Thank you.

Sincerely yours,



**Zahid Mahmud**

Company Secretary



## Notice of the 22<sup>nd</sup> Annual General Meeting

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting (AGM) of the shareholders of FAS Finance & Investment Limited will be held on Thursday, June 27, 2019 at 10:30 a.m. at RAOVA Convention Hall, Hall No. 3 (EAGLE), VIP Road, Mohakhali, Dhaka-1206 to transact the following proceedings:

### AGENDA

01. To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended December 31, 2018;
02. To declare dividend for the year ended on December 31, 2018;
03. To elect/re-elect Directors;
04. To appoint the Auditors for auditing Financial Statements for the year ended on December 31, 2019 and to fix their remuneration;
05. To appoint the Auditors for auditing Corporate Governance for the year ended on December 31, 2019 and to fix their remuneration;
06. Miscellaneous if any, with the permission of the Chair.

By order of the Board

A handwritten signature in black ink, appearing to read 'Zahid Mahmud', with a horizontal line underneath.

**Zahid Mahmud**

Company Secretary

Dated: May 31, 2019

### NOTES

1. June 12, 2019 was the 'Record Date' to determine the Shareholders' entitlement to the dividend and their eligibility to attend and vote at the meeting.
2. The Board of Directors recommended 5% Stock Dividend subject to the approval of the shareholders.
3. A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote or abstain from voting in his/her/its/their stead. The Proxy Form duly completed and stamped must be deposited at the Registered Office of the Company no later than 72 hours before the time set for holding the meeting.
4. Members are requested to notify change of their address, bank account details, contact number, e-mail address and 12 digits E-TIN number (if any), through their respective Depository Participants well in advance.
5. Annual Report, Attendance Slip and Proxy Form along with the notice will be sent to all the Members by Courier Service/Post/E-mail. The Shareholders may also collect the Proxy Form from the Registered Office of the Company.

### SPECIAL NOTE

As per BSEC's notification dated 24 October 2013, no food box/gift/gift coupon etc. will be given at the Annual General Meeting.

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# Business Philosophy

FFIL's business philosophy outlines our Vision, Mission and Strategy along with our Guiding Principles and expectations of leaders. It outlines in a simple way who we are, what we stand for and how we get things done. It's easy for employees to understand and incorporate in their day-to-day work.

## Our Vision

Become a market leader by providing innovative, integrated financial services and to create best value to our Shareholders.

## Our Mission

Develop the company as an ideal and unique financial institution by providing excellent financial products and customer services to all of our customers- Corporate, SME and Individuals.

## Our Objectives

- ❑ Be one of the market leaders of the industry;
- ❑ Achieve excellence in customer services next to none and superior to all competitors;
- ❑ Provide customized financial multi-product financial services to entrepreneurs of different segments of the market;
- ❑ Maximize profitability and sustain steady growth.

## Our Strategy

Based on our vision, we have chosen to give priority to our overall strategic objectives that creates the foundation for strong growth and focuses on continuous value enhancement.

- Conducting our business with the highest level of integrity;
- Demonstrating a strong will to win in the marketplace;
- Promoting diversity in the workplace;
- Encouraging under-served and under-penetrated communities with tailor-made products and services;
- Supporting the spirit of teamwork and collaboration;
- Harnessing the power of technology to deliver better customer services.





## Core Values

### **For our Customers:**

- ❖ To provide the most courteous and efficient services in every aspect of its business.
- ❖ To be innovative in developing of new products and services.

### **For our Employee:**

- ❖ By promoting their well-being through attractive remuneration and fringe benefits.
- ❖ By promoting good staff morale through proper staff training & development and provision of opportunities for career development.

### **For our Shareholders:**

- ❖ By forging ahead and consolidating its position as a stable and progressive financial institution.
- ❖ By generating profits and fair return on their investment.

### **For our Community:**

- ❖ By assuming our role as a socially responsible corporate citizen in a tangible manner.
- ❖ By adhering closely to national policies and objectives thereby contributing towards the progress of the nation.
- ❖ By upholding ethical values and best practices constantly seeking to improve performance by aligning our goals with stakeholders' expectations.



# CORPORATE DIRECTORY

<b>Registered Name of the Company</b>	: FAS Finance & Investment Limited
<b>Company Registration Number</b>	: C-32457
<b>Bangladesh Bank License</b>	: FID(L)/27(1)/2001
<b>Legal Form</b>	: Incorporated in 1997 with RJSCB as a Public Limited Company under the Companies Act. 1994 and issuer listed by securities with Dhaka Stock Exchange & Chittagong Stock Exchange. Got license from Bangladesh Bank as Non-Banking Financial Institution in 2001.
<b>Corporate Head Office</b>	: Suvastu Imam Square (4th & 5th Floor), 65, Gulshan Avenue, Gulshan-1, Dhaka-1212, Phone : +88 096 0404 6565, FAX : +88 02 9860531
<b>Extended Head Office</b>	: Zahed Plaza (5th Floor), 30, Gulshan Avenue North C/A, Gulshan-2, Dhaka-1212, Phone : +88 096 0404 6565, FAX : +88 02 9860531
<b>Company E-mail</b>	: info@fasbd.com
<b>Company Website</b>	: www.fasbd.com
<b>Chattogram Branch</b>	: Ayub Trade Center (4 <sup>th</sup> Floor), 1269/B, Sk. Mujib Road, Agrabad Commercial Area Chattogram-4100, Phone: +88-031-711938, E-mail: Chattogram@fasbd.com
<b>Sylhet Branch</b>	: Feroz Centre (4 <sup>th</sup> Floor), Chouhatta, Sylhet Sadar, Sylhet-3100, Phone: +88-0821-721689, E-mail: sylhet@fasbd.com
<b>Narsingdi Branch</b>	: Index Plaza (Mezzanine Floor), Station Road Bowakur, Narsingdi, Phone: +88-02-9451659, E-mail: narsingdi@fasbd.com
<b>Managing Director &amp; CEO</b>	: Mr. Pritish Kumar Sarker
<b>Chief Financial Officer</b>	: Mr. A.K.M. Shamsheer Ali
<b>Company Secretary</b>	: Mr. Zahid Mahmud
<b>Accounting Year End</b>	: 31 December
<b>Authorized Capital</b>	: Tk. 2,100,000,000/-
<b>Paid-up Capital</b>	: Tk. 1,419,784,420/-
<b>No. of Employee</b>	: 122
<b>Auditors (For Financial Statements)</b>	: M/s. Pinaki & Company Chartered Accountants Ahsandell, 2/A Mymensingh Road (2nd Floor), Shahbag, Dhaka-1000

<b>Auditors (For CG Guidelines Compliances)</b>	: M/S. MRH Dey & Co. Chartered Accountants 95, Kazi Nazrul Islam Avenue 2nd Floor, Kawran Bazar, Dhaka-1215
<b>Auditors (Provident Fund)</b>	: MABS & J Partners Chartered Accountants SMC Tower (7 <sup>th</sup> Floor), 33 Banani C/A, Road #17, Dhaka 1213
<b>Auditors (Gratuity Fund)</b>	: MABS & J Partners Chartered Accountants SMC Tower (7 <sup>th</sup> Floor), 33 Banani C/A, Road #17, Dhaka 1213
<b>TIN</b>	: <b>142726239751</b>
<b>VAT Registration No.</b>	: 000467229
<b>Trade License No.</b>	: 03-027573
<b>Principal Bankers</b>	: Al-Arafah Islami Bank Ltd. Bank Asia Ltd. BASIC Bank Ltd. Dhaka Bank Ltd. Dutch Bangla Bank Ltd. Mercantile Bank Ltd. Midland Bank Ltd. Mutual Trust Bank Ltd. NCC Bank Ltd. NRB Bank Ltd. NRB Commercial Bank Ltd Prime Bank Ltd. Social Islami Bank Ltd. South Bangla Agriculture & Commerce Bank Ltd. State Bank of India The Premier Bank Ltd. Uttara Bank Ltd. Woori Bank
<b>Stock Brokers</b>	: Khwaja Equity Services Limited Stock & Bond Limited KHB Securities Limited Western Securities Investment Management Ltd.
<b>Memberships</b>	: Bangladesh Leasing & Finance Companies Association (BLFCA) Bangladesh Association of Publicly Listed Companies (BAPLC) The Institute of Bankers, Bangladesh (IBB) India-Bangladesh Chamber of Commerce and Industry (IBCCI)

# Products & Services

Across our business, we offer a complete range of financial services to help clients achieve their goals. We provide strategic advice, lend money, raise capital, help manage funds and extend supports, and hold leadership positions in all of our major business areas.

As a full service financial institution, FAS Finance offers tailored product and services to meet appropriate and diverse needs of our customers, which include:

## Corporate Finance

- Lease/Sale & Lease Back
  - Term Loan
  - Bridge Finance
  - Loan to procure Commercial Space
  - Loan for Real Estate Developers
- Project Finance
  - Project Financing – Fixed Assets
  - Club Financing for Relatively Larger Projects
  - Preferred Equity Investments
- Short Term Loan (Revolving)
- Specialized Products
  - Refinancing of Existing Liabilities
  - Arranging Special Funds

## Structured Finance

- Fund – Raising
  - Syndication
  - Private Placement of Equity
  - Project/Infrastructure Finance
- Advisory Services
  - Joint-Venture Matchmaking
  - Feasibility Study
- Securitization of Assets

## SME Finance

- Lease
- Term Loan
- Short Term Loan against Work Order
- Short Term Loan (Revolving)
- Factoring
- Women Entrepreneur Loan
- Green Finance
- Agro Finance

## Retail Finance

- Home Loan
  - i) Apartment Purchase
  - ii) Building Construction
- Auto Loan
- Personal Loan
- Loan against TDR

## Deposit Schemes

- FFIL Term Deposit Scheme (3-12 Months)
- FFIL Cumulative Profit Scheme (1 year+)
- FFIL Profit Earner Scheme (Monthly/Quarterly/Half Yearly)
- FFIL Earn Ahead Fixed Deposit Scheme
- FFIL Double Money Program
- FFIL Triple Money Program
- FFIL Deposit Pension Scheme (DPS)

## Treasury

- Call Money Lending & Borrowing
- Short Term Lending & Borrowing
- Term Deposit

## Capital Market Services

### Products

- Portfolio Management
- Margin Loan Facility

### Services

- Issue Management
- Underwriting
- Corporate Advisory

# Business Operations of FAS Finance & Investment Limited

FAS Finance & Investment Limited operating business through its several operational wings to provide better services to its clients. The diversified operational wings of FFIL as described under:

## Financing and Investment Operation

FAS Finance & Investment Limited always tried to be innovative while making any investment decision with a focus to identify and select emerging sectors for financing and maintaining quality portfolio. As a reflection of its corporate vision, the company always prefers the segmented business proposition which includes corporate, institutional clients and SMEs. SME financing is making a significant contribution to the country's economy but still there is an enormous gap between the sectors need and admittance to funds within reasonable cost. Keeping this in mind, FFIL is offering tailored financial products for the growth of SME sectors. Overall investment was slow due to lack of confidence of entrepreneur throughout the year. On the top of everything, highest priority was given and relentless effort was made to recover loans/leases at utmost level and in which the company performed well.

## Diversified portfolio

Major financing activities of the company include term finance, lease finance and SME finance.

## Lease Finance

Lease financing is one of the major fund based activities of FFIL. The Company offers full payout financial lease for financing capital machinery, equipment and vehicles. FFIL provides services to customers of different segments which include growing companies, blue-chip companies and SMEs. Though as prudent business model the company has diversified its investment in different business segments in the year 2018.

## Term Finance

Term finance continued to be a core product of FFIL. It is both long term and short term in nature. Long-term finance is available for commercial, industrial, SME sectors for a period ranging from 12 to 60 months depending on the business nature and need. To provide liquidity comfort to corporate houses in emergency situation, the short-term finance is made under the different categories i.e. direct finance for working capital, work order finance, finance against term deposits etc. As pointed out by the Central Bank term finance by NBFIs are the alternate source of capital financing for the industrial growth of the country.

## SME Finance

FFIL provides a wide range of SME products to the potential small and medium clients. SME based financial products include lease finance, term finance, working capital finance etc.

## House Building Finance

The Company offers House Building loan to corporate customers as well as individuals at different tenure considering the age of the applicant. It is against purchase of flat, construction and renovation of house building.

## Fund Arrangement/Syndication

Sometimes financial requirement of customer becomes so huge that cannot be arranged from internal sources and also due to regulatory restrictions. In such situation the required funds are being raised through syndication arrangements with other financial institutions and banks.

## Deposit Mobilization

FAS Finance & Investment Limited mobilizes term deposits from corporate and individuals through its wide range of deposit schemes with different maturity options, monthly/quarterly/half-yearly/yearly income options, double/triple money options, monthly saving options etc. The deposit base of the Company continued to register a steady decline and stood at BDT 8,376.61 million as on 31 December 2018 compared to BDT 8,781.68 million of the previous year, registering decline of (4.61) percent. The growth was quite negative due to huge encashment pressure we have faced during the year 2018.

## Call Money Transactions

As a Financial Institution FAS Finance & Investment Limited actively participates in money market on a regular basis and has been dealing both borrowing and lending activities with different Banks/Financial Institutions to manage its liquidity position in an effective way. FAS Finance & Investment Limited also maintains very high standard in money market operation and builds up a strong reputation for itself.

## Recovery & Monitoring

As a Financial Institution FAS Finance & Investment Limited has a strong team for recovery and monitoring. As we are financial service provider to customers, lending is the most important function like deposit collection. We are ensuring returns to our depositors properly and timely as per our commitment and to maintain the commitment we need to

have return of our lending timely. Recovery and Monitoring Department plays a vital role for timely collection of lending from the clients.

### **Operational Hub**

FAS Finance & Investment Limited provides services through its four offices geographically diversified in the areas namely Dhaka, Chittagong, Sylhet, and Narsingdi.

### **Performance in Capital Market**

In 2018, the Capital Market of Bangladesh was more sluggish than 2017. DSE broad index DSEX started at 6,254 point on 1 January, 2018 and closed at 5,386 point on December 27, 2018. DSEX decreased by almost 13.88 percent throughout the year. DSEX's the lowest point was 5,204 and the highest point was 6,318 which indicates that there was fluctuation of almost 1,114 points. The daily average market turnover was BDT Tk. 551.09 crore in 2018. The market price of share of FAS Finance & Investment Limited was quite stable. The highest price was recorded at BDT 20.10 on January 02, 2018 and lowest one was BDT 10.00 on 31 July 2018. FAS Finance & Investment Limited always works hard to cope up and manage the risks prudently as it holds decades of experience in capital market operations. FAS Finance & Investment Limited offers services in the area of merchant banking and portfolio management through its subsidiary namely FAS Capital Management Limited.

### **Issue Management Service**

FCML seeks to broaden and intensify the range of issue management activities in order to provide better and delighted services to its growing customer base. Since embarking in the role, FCML actively endeavoring to create a strong image and reputation in the country's capital market as a reliable merchant banker and issue manager through its expert, qualified and professional management team. FCML's experienced team is able to manage all types of public and right issue activities complying all the formalities of regulatory bodies. The company is trying to serve both the demand and supply sides of the capital market by focusing on the following Issue Management services. FAS Capital Management Limited (FCML) has successfully completed the following Initial Public Offer (IPO) process of "Yeakin Polymer Limited" (YPL) in 2016.

### **Underwriting**

FCML is successfully performing the underwriting function and playing a vital role of increasing the supply of stocks/ shares and debentures in the capital market. Underwriting function allows FCML to undertake and subscribe the un-subscribed portion of shares/ debentures offered under public / right issues. This encourages the prospective issuers

to offer shares/ debentures to the public for raising fund from the public or institutes in order implementing and expanding their industrial undertakings. FCML has already worked as Underwriter for more than 70 (Seventy) IPO's and Right issues.

### **Corporate Financial and Advisory Services**

FCML provides financial and non-financial corporate advisory services to the clients with its professional advisory team who needs the guidance and decision on strategic issues to unlock values. We are extending various types of advisory services such as capital structuring, minimizing cost of capital, emphasizing growth drivers through identifying key successful factors, capital raising, merger and acquisition, economical and financial appraisal/ modeling, sick company management, alternative fund management, arranging syndication loan etc.

### **Portfolio Management**

**FCML Investor's Discretionary Account (FIDA):** In which, the investor will manage the portfolio investment account by his/ her sole discretion and decision as well as will be responsible for bearing risks and returns of the same. FCML will provide advisory, research information, custodial, management and record keeping services on behalf of the account holder.

**FCML Discretionary Account (FDA):** This type will be managed by a group of trained professionals of FCML on behalf of the portfolio account holder and the portfolio under this category will be designed, managed and maintained considering the investors' risks and returns objectives. However, the account holder will bear risks and returns of the portfolio. A sound and proficient management committee comprising of experienced, qualified and skilled professionals backed by full-fledged research unit monitors and manages the fund of the investors.

**Monthly Share Investment Scheme:** There are 02 (two) types of monthly share investment schemes under FCML Discretionary Account (FDA) category as follows:

**Low Risk High Return (LRHR) Secure** is a monthly share investment scheme without profit sharing.

**Low Risk High Return (LRHR) Confident** is a monthly share investment scheme with profit sharing.

**Research Services:** FCML has a strong and efficient research cell to provide independent and objective investment advice in relation to the primary and secondary capital market. The competent research analysts at FCML perform attentively and carefully to produce in-depth company specific fundamental and technical research in order to



provide quality service to the client by disseminating information. FCML research cell also provide Industrial and sectoral analysis detailing information on growth potential of different sectors, macroeconomic, political and market outlook of Bangladesh to its valued institutional investors.

**Trustee Services:** FCML can act as trustee, paying agent, transfer agent and register for the issuance of Secured and Unsecured Subordinated Bond of any company.

#### **Margin Loan**

FAS Capital Management Limited is providing margin loan facilities to its portfolio customer for purchase of shares and securities. The amount of portfolio loan outstanding as on 31st December 2018 was Tk. 1,56.00 Crore. The above amount represents the aggregate investor's portfolio loan

extended to different portfolio customers for purchasing shares listed in the stock exchanges against their deposit. Loans are fully secured by way of lien on share purchased under margin loan account. FAS Capital Management Limited always maintain its loan ratio in very just and reasonable way adjusting with the market situation without taking any excessive risk for both the company and its customers.

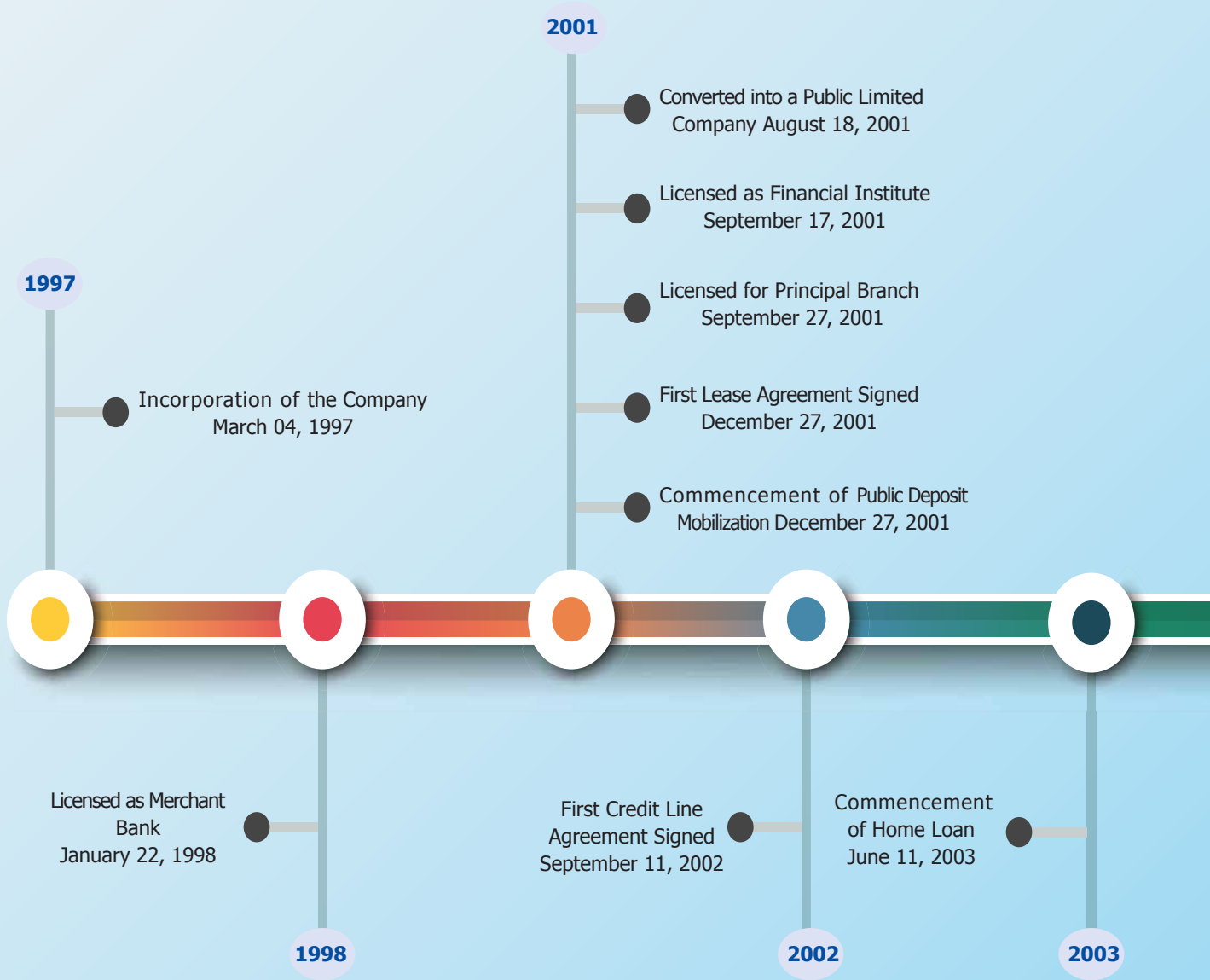
#### **Investment in Share and Securities**

FAS Capital Management Limited maintains its own portfolio for investment in listed companies shares and securities. These are fully diversified with different sector of securities. The investment risk is being minimized through diversification and investing mostly in fundamentally strong securities. In 2018 the company earned Tk. 15.15 Crore in the form of capital gain and dividend.

## Historical Record of Dividend Payments

Sl. No	Shareholding position of the Company	No. of Shares	Balance	Paid up capital in Tk.
1	Initial Subscription	1,500,200	1,500,200	150,020,000
2	Right Share	850,000	2,350,200	235,020,000
3	10% Bonus Share for the year 2006	150,020	2,500,220	250,022,000
4	Issuing IPO 2007	1,406,350	3,906,570	390,657,000
5	12% Cash for the year 2008	3,906,570	3,906,570	390,657,000
6	15% Bonus Share for the year 2009	585,985	4,492,555	449,255,500
7	15% Bonus Share for the year 2010 (Split of share @Tk. 100 to Tk.10)	6,738,830	51,664,380	516,643,800
8	5% Bonus Share for the year 2011	2,583,219	54,247,599	542,475,990
9	5% Bonus Share for the year 2012	3,254,855	57,502,454	575,024,550
10	Right Share and 5.20% Cash for the year 2013	54,247,599	111,750,053	1,117,500,530
11	10% Cash for the year 2014	111,750,053	111,750,053	1,117,500,530
12	10% Bonus Share for the year 2015	11,175,005	122,925,058	1,229,250,580
13	5% Bonus Share for the year 2016	6,146,253	129,071,311	1,290,713,110
14	10% Bonus Share for the year 2017	12,907,131	141,978,442	1,419,784,420

# History of Key Milestones



2007

- Licensed for Chittagong Branch February 14, 2007
- Credit Rating by CRAB May 03, 2007
- Licensed for Narsingdi Branch July 18, 2007
- Prospectus Date of IPO July 31, 2007
- Publication of Prospectus of IPO August 02, 2007
- Subscription Open of IPO October 28, 2007
- Subscription Close of IPO November 01, 2007
- Allotment of IPO Share December 05, 2007

2011

- ICAB National Award 2010 (Merit) in Financial Sector (Non Banking)

2008

- Listing with DSE & CSE January 09, 2008
- First trading of shares in DSE & CSE January 16, 2008
- Licensed for Sylhet Branch July 09, 2008
- Head Office relocated at own premises at Gulshan 1 December 04, 2008

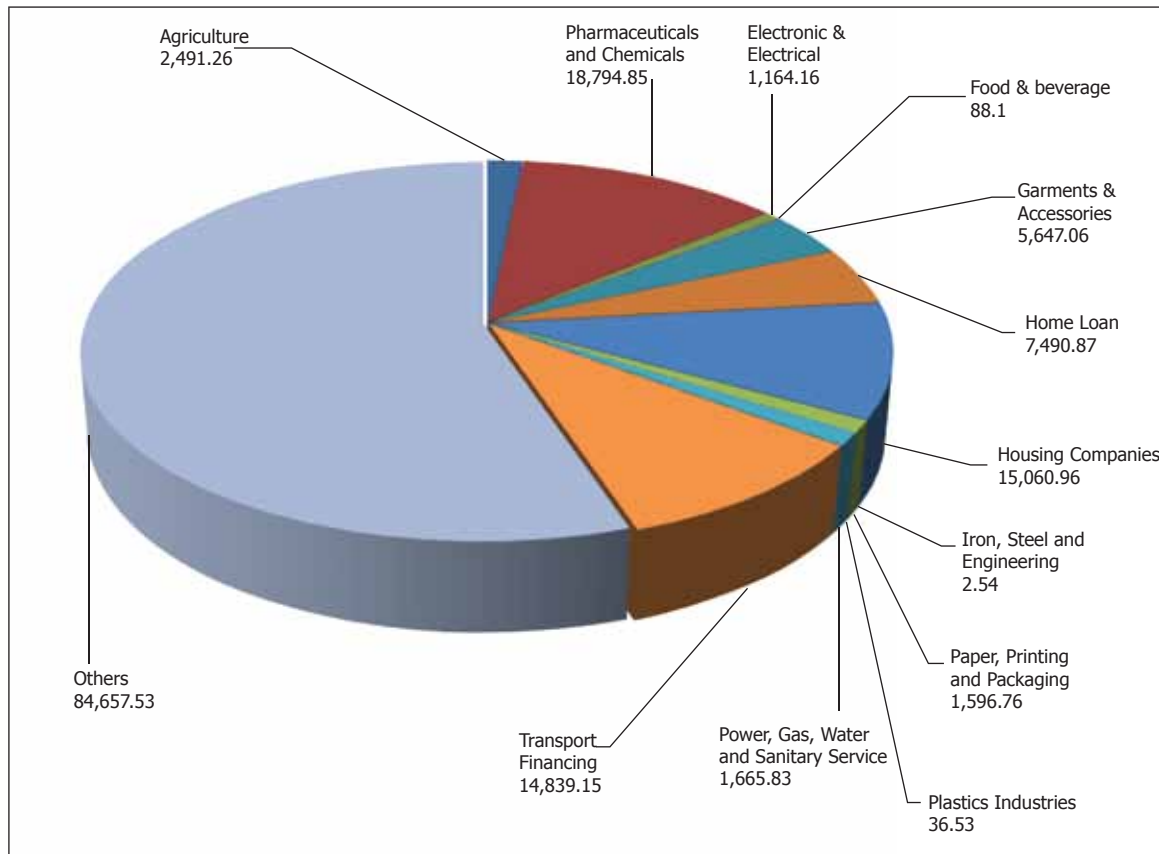
2013

- Subscription Opens of 1st Right Share March 18, 2013
- Subscription Close of 1st Right Share April 04, 2013
- Allotment of 1st Rights Shares April 24, 2013

# Sector Wise Investment

Taka in million

Sl. No	Sector Wise Investment	Investment in 2018	% in 2018
01	Agriculture	249.13	1.62
02	Pharmaceuticals and Chemicals	1,879.49	12.24
03	Electronics & Electrical	116.42	0.76
04	Food & Beverage	8.81	0.06
05	Garments & Accessories	564.71	3.68
06	Home Loan	749.09	4.88
07	Housing Companies	1,506.10	9.81
08	Iron, Steel and Engineering	0.25	0.002
09	Paper, Printing and Packaging	159.68	1.04
10	Plastics Industries	3.65	0.02
11	Power, Gas, Water and Sanitary Service	166.58	1.08
12	Transport Financing	1,483.91	9.66
13	Others	8,465.75	55.15
	<b>Total</b>	<b>15,353.57</b>	<b>100</b>



## Financial Highlights as required by Bangladesh Bank

Sl. No	Particulars		Amount in Taka	
			31-Dec-2018	31-Dec-2017
01	Paid up capital	Taka in Million	1,419.78	1,290.71
02	Total capital	Taka in Million	2,026.05	1,868.96
03	Capital surplus/deficit	Taka in Million	1,026.05	868.96
04	Total assets	Taka in Million	18,777.76	18,335.11
05	Total deposits	Taka in Million	8,376.61	8,781.68
06	Total loans, advances and leases	Taka in Million	15,353.56	14,020.13
07	Total contingent liabilities and commitments	Taka in Million	2,074.20	2,259.08
08	Credit deposit ratio	%	183.29	159.65
09	Percentage of classified loans, advances and leases	%	15.21	11.67
10	Profit after tax and provision	Taka in Million	118.84	133.12
11	Classified loans, advances and leases during the year	Taka in Million	2,335.35	1,636.47
12	Provisions kept against classified loans	Taka in Million	201.40	155.95
13	Provision surplus/deficit	Taka	-	0.03
14	Cost of fund	%	11.12	10.30
15	Interest earning assets	Taka in Million	17,859.14	17,395.62
16	Non-interest earning assets	Taka in Million	918.62	939.49
17	Return on investment (ROI)	%	1.36	1.62
18	Return on asset (ROA)	%	0.64	0.75
19	Income from investment	Taka in Million	(5.31)	30.39
20	Earnings per share	Taka	0.84	0.94
21	Net income per share	Taka	0.84	0.94
22	Price earning ratio (Times)	Times	16.07	23.09

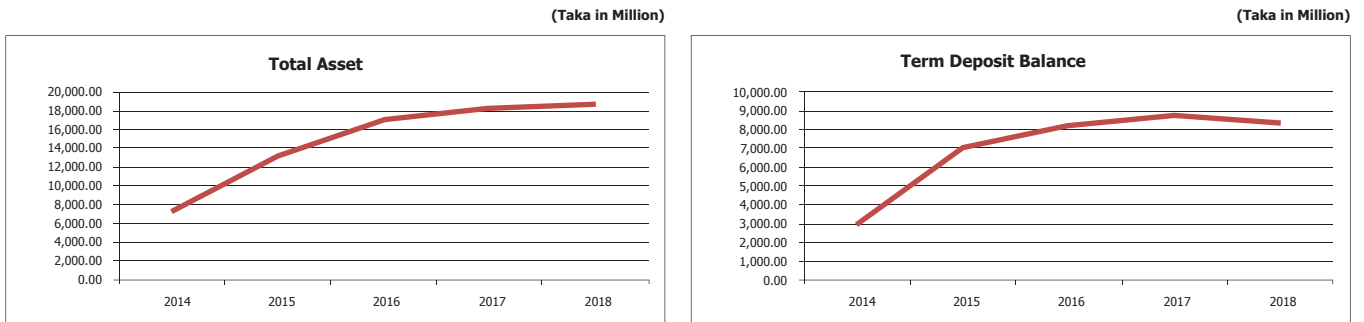
# Five Years Financial Summary

Taka in Million

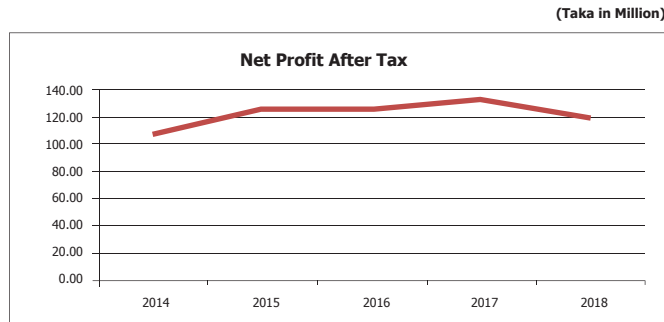
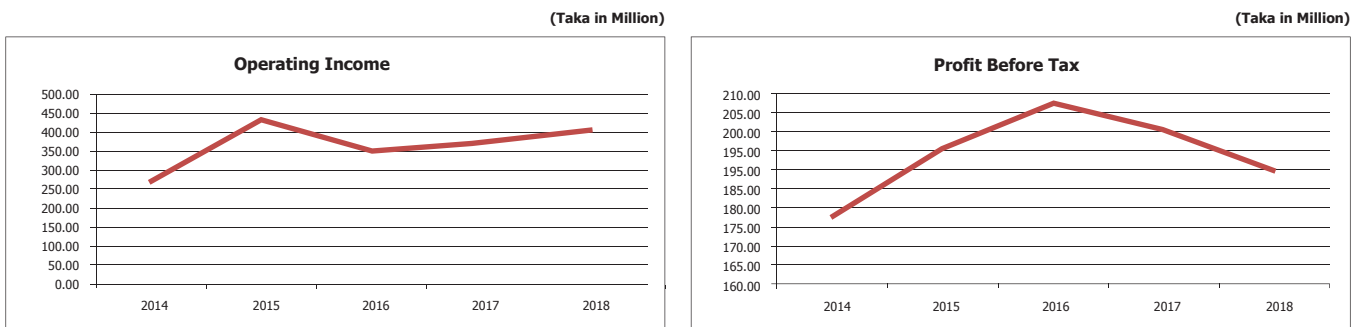
Operating Year	2018	2017	2016	2015	2014
Total Assets	18,778.79	18,335.11	17,110.15	13,278.22	7,449.90
Total Liability	16,757.65	16,433.84	15,341.96	11,636.12	5,822.72
Financial Liabilities	15,067.68	15,107.04	14,024.95	10,637.03	5,174.25
Investment Portfolio	15,750.00	14,560.47	14,424.50	11,989.42	6,434.23
Term Deposit Balance	8,376.61	8,781.68	8,224.28	7,049.85	2,999.10
Operating Income	404.96	372.89	349.54	433.75	271.50
Operating Expenses	135.91	133.48	113.15	88.29	78.29
Financial Expenses	1,675.90	1,494.44	1,412.45	948.78	473.35
Profit Before Tax	190.17	200.54	207.55	195.58	177.88
Net Profit After Tax	118.84	133.12	126.05	126.67	108.19
Debt to Equity (times)	8.30	8.64	8.68	7.09	3.58
Financial Expenses Coverage (Times)	1.11	1.13	1.15	1.21	1.38
ROA (%)	0.65	0.75	0.83	1.22	1.78
ROE (%)	5.88	7.26	7.39	7.75	6.75
Earnings Per Share (Tk.)	0.84	0.94	0.89	0.89	0.76
Dividend Per Share (%)	5	10	5	10	10
P/E Ratio (Times)	16.07	21.07	14.80	11.07	19.59
Dividend Yield (%)	0.37	0.46	0.34	0.88	0.53
Dividend Payout Ratio (%)	5.95	9.71	5.10	9.71	10.31
No. of Shares	141.98	129.07	122.93	111.75	111.75
Year End Market Price Per Share (Tk.)	13.50	21.70	14.50	11.40	19.00
NAV Per Share (Tk.)	14.23	13.39	12.45	11.57	11.46
Shareholders' Equity	2,020.11	1,901.27	1,768.15	1,642.10	1,627.18

# Graphical Presentation of Financial Indicators

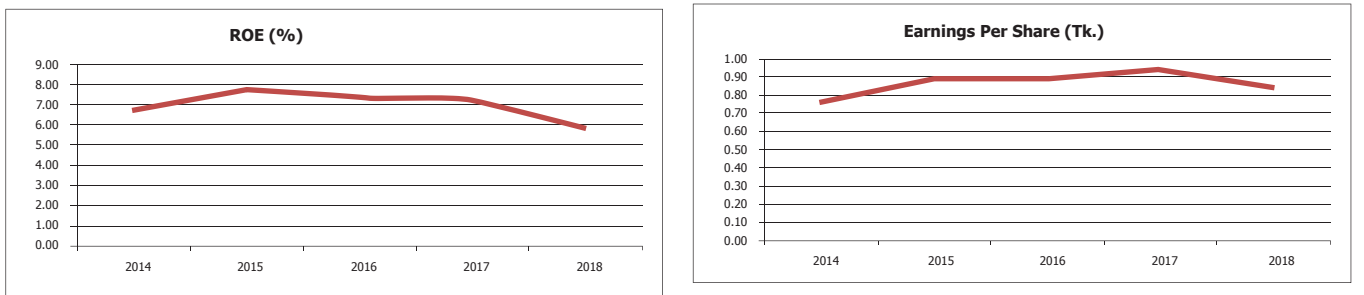
## Financial Performance



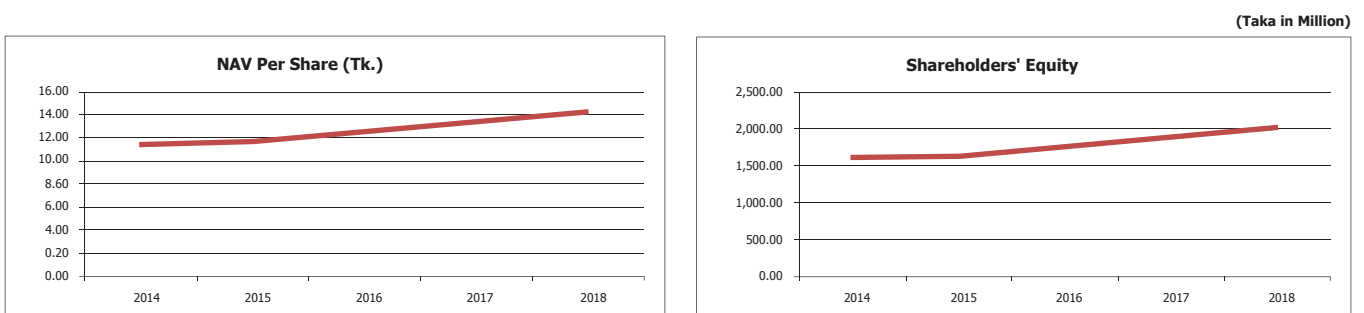
## Operational Performance



## Financial Ratios



## Equity Statistics





# Integrated Report



## Brief about Integrated Reporting

Integrated Reporting is the management and communication tool for understanding and measuring how an organization creates value over time. The goal of Integrated Reporting is not as much about providing more information, as it is about providing relevant information to diverse stakeholder groups; it is about providing information that is not traditionally covered in statutory financial statements. Essentially, Integrated Reporting should demonstrate linkages among organization’s strategy, governance and financial performance in social, economic, environmental and regulatory context within which it operates. Central to the integrated reporting framework is the challenges an organization faces and the opportunities it could seize. The information provided in Integrated Reporting should be historic, futuristic, precise, relevant, consistent and comparable. It supports and provides more cohesive and holistic approach to corporate reporting that draws on different reporting standards and communicates the full range of factors, both internal and external, that materially affects an organization’s ability to create value in the short, medium and long term. In a nutshell, Integrated Reporting depicts and narrates the comprehensive value creation journey of the organization. For Integrated Reporting, FFIL has adopted the framework outlined by the International Integrated Reporting Council (IIRC).

As a financial services brand focusing on our home country of Bangladesh, we are increasingly fulfilling a fundamental role in the socio-economic progress and development of the country we serve. We believe that the success of our customers and our clients along with the trust and support of all our stakeholders underpin our commercial sustainability. As an accountable business organization, we consider it to be our responsibility to conduct our business ethically to create value in the long-term interests of the society. In this context, though our report is aimed principally at capital providers, it is also considered to be of interest to a diverse range of other stakeholders. We believe that through this report, both our major groups of shareholders and stakeholders will be able to appraise our Company, our operations and our growth prospects better, thereby helping nurture a better understanding of our Company.

### Reporting Strategy

This integrated report corresponds to the ‘capitals model’ of value creation, adopted by the International Integrated Reporting Council (IIRC) in the International Framework. Based on our understanding of IIRC’s guidelines, our report explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long term. Overall, we have structured this report using the capitals but have embedded them within each section to

enable us to plot the inter-relationships and trade-offs between them in relation to our company and business unit strategies.

### Boundaries

Integrated Report-2018 covers the period from January 01, 2018 to 31 December, 2018. All data pertains to the Company and its business units. In explaining the Company’s operations and financial performance, we have extracted the financial information from the Audited Financial Statements for the financial year ended 2018 with relevant comparative information.

The financial statements consistently comply with the requirements of:

- International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS);
- Companies Act 1994;
- Financial Institutions Act 1993;
- Securities and Exchange Rules 1987;
- Relevant rules and regulations of Bangladesh Bank; and
- Other applicable laws and regulations.

### External Affiliation

Audited Financial Statements	: Pinaki & Company, Chartered Accountants
Corporate Governance Certification	: MRH Dey & Co., Chartered Accountants
Provident Fund Audit	: MABS & J Partners, Chartered Accountants
Gratuity Fund Audit	: MABS & J Partners, Chartered Accountants
Credit Rating	: National Credit Ratings Limited (NCR)

### Declaration of Integrity

- Reasonable care has been taken in ensuring the integrity of this Integrated Annual Report
- Preparation and presentation of the integrated report has been done through collaborative and collective efforts of the stewardship
- The stewardship ensured transparency and accountability and played its part in identification and prioritization of material matters
- The report has been prepared in accordance with the Integrated Reporting Council’s, International Integrated Reporting Framework and it addresses the material matter relating to the long-term sustainability of the company
- The report fairly presents the integrated performance of FAS Finance & Investment Limited and the impacts thereof.



**Pritish Kumar Sarker**  
Managing Director & CEO

## Message from the Chairman



### **Dear Stakeholders,**

It is indeed a great pleasure for me to be here with you in the 22nd Annual General Meeting (AGM) of FAS Finance and Investment Limited. On behalf of the Board of Directors and myself, I would like to express my heartfelt thanks and profound gratitude to all of you for continuous support and guidance in achieving excellence in the performance of the company and to brief you on the events and developments following the close of the financial year 2018.

The company yet again delivered a strong performance in 2018 against the backdrop of a challenging year which adversely affected the overall performance of the industry. Beyond delivering impressive numbers, we continued our strategic transformational journey towards achieving the long-term vision of the company. This has been only possible due to strong mandate given to us by our valued shareholders.

On the economic frontier, year 2018 started amidst some uncertainties as the interest rates demonstrated a sudden upturn starting from the last quarter of 2017, after a declining and stable interest rate scenario for the preceding couple of years. Defying many odds, in 2018 Bangladesh has become eligible for the graduation from the least developed country (LDC) to developing country as per the statement by UN Committee for Development Policy (CDP). GDP grew at 7.86% in FY18, the highest ever for the country, which is mainly driven by strong domestic demand and continued investment in large-scale public projects and a recovery pick up in private investment and contained inflation. Despite buoyant export growth, balance of payment remained under pressure due to surge in import in the second half of the year. However, foreign exchange reserve remained healthy at USD 33 billion mainly due to steady flow of inward remittances. The economy is projected to grow at an even faster pace as new economic reforms and Government's mega infrastructure projects come into light.

The financial sector passed a stressful time during the year 2018 as banks and financial institutions were facing challenges to grow their balance sheet and maintain spread. In addition, non-performing loans in the financial sector was increasing at a rapid pace, which adversely impacted the overall profitability of the industry. However, we are hopeful that investment climate would improve, and the industry would rebound strongly in the year 2019.

In line with our progressing economy, as displayed by the 7.86 % rise in GDP (according to Bangladesh Bureau of Statistics), FFIL strove for progress through changes. In terms of changes, we refer to improvement at every corner of the organization from process re-engineering, to revamping business model, increasing efficiency and spreading our product and service arena. FFIL has always fostered or encouraged the culture of improvement and innovation, 2018 was specifically a year for driving changes to enunciate progress. We focused on process improvement that is reflected in the revamped Consumer Division business model which is expected to allow increased productivity without the need for a proportional increase in resources. We have also made significant progress in improving the customer acquisition process of SME through introduction of

hand held devices powered with proprietary applications to our front line team members. We would be continuing on this pathway to garner long-term and sustainable growth, in line with our mission of being focused on quality growth, superior customer experience and sustainable business practices.

Good governance and sound ethical practices are deeply rooted in our culture. We maintain zero tolerance on integrity issues. We have a very strong, experienced and diverse Board with a good balance of skills and competence. The Board provides the vision, strategic leadership and sets challenging targets for the management which collectively acts as a strong impetus for the executive team to continually push the boundaries to achieve the growth aspirations.

Our young and vibrant workforces are the key to driving innovation, mutual spirit and entrepreneurialism across the company. We invest significantly to attract, retain, train and develop people so that they remain motivated, competent and relevant to the current and future need of the company as well as can maximize self-development opportunities. We promote diversity, equity, good work life balance and run various engagement activities and keep adequate health and safety provisions for our employees.

Despite such economic adversities and uncertainty, FFIL was nevertheless able to maintaining sustainable business growth and profitability. Some of the highlights of the performance are as follows:

- In 2018 our Net Interest Income was BDT 409.73 million; increased by 20.78% as compared to that of 2017.
- Similarly Net Operating Profit was BDT 269.05 million which was 12.37% higher than the previous year.
- However, the Profit After Tax was BDT 118.84 million in 2018 which was 10.73% lower than the previous year. This was happened due to increase of required Tax and Provision against NPL.
- The year was proved to be a steady growth in terms of investment portfolio. The overall investment portfolio of the Company increased by 0.94 percent, which was made possible by the relentless efforts of the management. The Board and Management exercised highest level of diligence and scrutiny prior to approving any investment. Like before, I would like to assure in the strongest possible terms that investment growth has not come at the cost of compromise on the asset quality.

The company yet again delivered a strong performance in 2018 against the backdrop of a challenging year which adversely affected the overall performance of the industry.

This has been only possible due to strong mandate given to us by our valued shareholders. Our Loans, Lease and Advances witnessed a growth of 9.51% and stood at BDT 15,353.57 million as of 31 December 2018. Our Classified Loan Ratio stood at 15.21% as of December 2018 against the industry average of 7.9% in December 2018, which shows our continued commitment to maintaining the asset quality even though we grow our business faster. Deposits reduced by (4.61)% and stood at BDT 8,376.61 million as of December 2018. Our Capital Adequacy Ratio stood firmly at 11%, whereas the minimum regulatory requirement is 10%. On liquidity front, we stayed fortified through-out the year to withstand any market volatilities.

The Board of Directors of FFIL believe in good governance, transparency and sustainable growth which seek to protect the long term interests of our stakeholders. Effective engagement with the Shareholders and FFIL's Management is an important part of my role as Chairman. I am also, of course, available throughout the year to meet our shareholders on an individual basis.

I thank all my colleagues in the esteemed Board of Directors for their continued faith on my leadership, support and guidance. I also thank the senior management of the FFIL who created excellent culture of care and teamwork. My heartfelt thanks to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited and Central Depository Bangladesh Ltd. for their faith, trust and support to do better.

Finally, I thank my Shareholders of the FFIL for their continued support throughout the difficult periods. Your loyalty to FFIL and your guidance and feedback have always powered me with greater zeal in my endeavour to help creating a better institution with a more respectable brand.

With warm regards,

Yours faithfully,



**Anjan Kumer Roy, FCA**  
Chairman (Acting)

## Message from the Managing Director & CEO



**Dear Stakeholders,**

I would like to express my sincere thanks to all of you for putting your trust and support. It was a huge honour for me to have the privilege to lead FFIL. I arrived at a time of significant challenges where the banking sector has been experiencing a tight money market situation. Despite many challenges, it is indeed a pleasure for me to place before you the performance of the Company and its subsidiary for the financial year ended on 31 December 2018.

Bangladesh is one of the fastest growing economies in the globe. The country has witnessed five years average GDP growth of 6.97% at the end of FY 18. The economy continued to grow rapidly and achieved a record growth of 7.86 percent in FY18, over performing the Government's FY18 growth target of 7.4 percent. The growth momentum was supported by strong domestic and external demand. A surge in remittance inflows at 17.3 percent, along with strong private sector credit growth boosted consumption demand.

Bangladesh has become eligible for the graduation from the least developed country (LDC) to developing country. Despite buoyant export growth, Balance of Payment remained under pressure due to surge in import in the second half of the year. The economy is however, projected to grow at an even faster pace as new economic reforms and Government's mega infrastructure projects come into light.

Monetary policy stance for 2018 aimed at attaining price and macro-financial stability along with sustainable economic growth. Bangladesh Bank undertook necessary macro-prudential measures that focused on sector composition and quality of credit flows without restricting access to credit for productive sectors.

The year 2018 was another challenging period for the Non-Banking Financial institutions (NBFI). The Financial Sector passed through a stressful time during the year 2018 due to tight liquidity situation that started in the beginning of the year. At the same time because of lowering the interest rates on loan & advances spread of Banks and NBFIS remained under pressure. Additionally, non-performing loans in the financial sector is increasing at an alarming rate, leading to a large provisioning requirement, which adversely impacted the overall profitability of the industry. Most of the Banks and NBFIs have recorded negative or modest profit and balance sheet growth. Public confidence in financial sector has been further shaken up because of different adverse reporting about some Banks and NBFIs. However, with timely intervention by Bangladesh Bank, there were no major falls back in the financial sector which reaffirmed the public confidence in this sector.

FFIL delivered a modest performance in 2018 against the backdrop of a challenging year which adversely affected the overall performance of the industry. We continued our strategic transformational journey towards achieving the long-term vision of the company. This has been only possible due to the strong mandate given to us by our valued shareholders.

The Central Bank has taken some pragmatic measures including relaxations of its regulation on maintenance of CAR

& Asset Deposit (AD) ratio to boost lending capacity and stabilize the liquidity position. However, in 2018 both the investment community and financial sector remained very cautious. Hopefully, the investment climate would improve in 2019, which would fuel up the lending growth. On funding side, deposit mobilization could be a huge challenge with more industry players coming into the market and Government increasing its borrowing through banking system as well as national savings certificates.

Loans and Lease of the NBFI sector increased around 8% in 2018 as compared to year 2017. In contrast the loans and lease of FFIL grew by 9.51% to BDT 15,353.57 million in December 2018 against BDT 14,020.13 million in December 2017. FFIL's share of the loan and lease represents around 2.34% of the total loans and advance of the industry. Despite the liquidity crunch which existed throughout the year 2018 and FFIL has been able to maintain a sizable deposits at BDT 8376.61 million as on December 31, 2018.

FFIL sees the opportunity to build deeper and more personal relationships with the stakeholders. We also see new and better ways to run our business, empower our employees and to compete in the market. In order to improve our business, performances & profitability we are now focusing on the following areas:

- Develop flexible savings schemes for recurring depositors;
- Reducing NPL's by cash recovery and regularization of default loans as much as possible;
- Improvement of recovery position from written off & bad loans;
- Introduction of new system software and expansion of IT infrastructure;
- Continue efforts at improving operational efficiency and scalability to reduce loan acquisition and management costs;
- Technical integration of frontline sales with the advent of tab based sales apps that would be integrated with the core software which would bolster productivity significantly;
- Introduction of customer friendly new products & services.


Considering the overall situation, we intend to achieve cautious and healthy growth in earnings in the following year. We intend to pick up pace in the medium term future by leveraging the opportunities of the country's growing economy. Given the well-tested management excellence, goodwill of the company, relationship with the developers and stakeholders, we are well positioned to reap the benefits from such prospects.

Finally, I express my sincere thanks to our valued customers for maintaining a good relationship with us, which helps us

FAS Finance & Investment Limited

to achieve a satisfactory performance in 2018. I am grateful to our honourable members of the Board of Directors for their valuable advice, guidance and support extended to the management to achieve the company's goal. I am also grateful to all our shareholders and other stakeholders, who helped us to make 2018 another successful year. I take this opportunity to extend my whole hearted appreciation to the management and staff for their commitment and hard work which have resulted in such notable result.

Yours faithfully,



**Pritish Kumar Sarker**  
Managing Director & CEO



## Strategic outlook in 2019

FAS Finance & Investment Limited will continue its growth momentum in the coming years. However, growth focus will be relatively skewed more towards Retail and SME segment, than corporate. It has enhanced its capacity with required changes to bring about a stable, financially sound structure that exercises due care when providing financial services to customers. As near future, the world is likely to have changed drastically from what we know now, and the planet's economic and financial landscape will be no exception. What would be that next big leap in the financial landscape of Bangladesh, is well deemed and happening now in our territory.

On the liability side, the focus in 2019 will be to attract long-term deposits with small ticket size. The goal is to reduce exposure to short term market volatility by increasing our reliance on sticky customer deposits rather than treasury and corporate funding. As such, most of the growth in the asset side is projected to be funded by customer deposit growth. In addition, maintenance of assets' quality, increasing profitability, issuance of bonus shares/ right shares/ preference shares etc. are the options to ensure our Capital Adequacy Ratio.

We would be upgrading our interface and functions by using latest technology, systems and tools. This will increase

operational efficiency, reduce lead time, and speed up customer service. It will also enable quicker information dissemination to loan and liability clients, thereby saving cost.

In 2019, more emphasis will be given to running the Branches more independently so that we can deliver the finest customer service. Branch will be the main focal point and one stop service delivery center for business acquisitions, retention and development, and for providing customer care and maintaining relationship with all parties.

Cost control will be one of the top strategies for 2019. We would take initiatives to reduce cost to income ratio as minimum as possible.

Continuous monitoring will be done to restrict NPL at a tolerable low level. Initiatives will be taken to increase the efficiency level of Recovery & Monitoring team and Special Asset Management Team to reduce NPL at minimum level.

While we engage in our activities we maintain strict compliance and good governance in norms and regulations to ensure long term sustainability of the company. Putting priority in ecological balance of the environment, we plan to grow together with our stakeholders.

# Corporate Governance



- Brief Profile of the Directors
- Constitution of Board
- Code of Practice of the Board of Directors
- Committees of Board of Directors
- Roles and responsibilities of the Committees of the Board of Directors
- Management Committees
- Directors' Report
- Audit Committee Report
- Statement on Ethics and Compliance
- Statement on Internal Control
- CEO and CFO's Declaration
- Disclosures under Pillar-III Market Discipline
- Chairman's Statement on Corporate Governance
- Statement on Corporate Governance
- Certificate on Compliance of Conditions of Corporate Governance Guidelines to the Shareholders of FAS Finance and Investment Limited
- Report on Compliance of BSEC's Notification on Corporate Governance
- Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank
- Compliance of Meeting & Remuneration
- Shareholder's Information as on December 31, 2018

# Board of Directors



From the left

Ms. Soma Ghosh

Mr. Birendra Kumar Shome

Mr. Md. Atharul Islam

Mr. Md. Abul Shahjahan

Mr. Anjan Kumer Roy



From the left

Mr. Pritish Kumar Sarker

Mr. Pradip Kumar Nandi

Mr. Arun Kumer Kundu

Dr. Uddab Mallick

## BRIEF PROFILE OF THE DIRECTORS



### **Mr. Anjan Kumer Roy, FCA**

Chairman (Acting)

Mr. Anjan Kumer Roy is the Chairman (Acting) of the Board of Directors from February 07, 2019. He is also a member of the Executive Committee of the Board. Mr. Roy is a Fellow member of Institute of Chartered Accountants of Bangladesh (ICAB) from October 2016. Mr. Roy obtained his MBA (Major in AIS) from Department of Accounting & Information Systems (AIS), Faculty of Business Studies, University of Dhaka. He also completed his BBA (Hons.) with distinction of 'Dean Honors List' from the same University. He is a Director of Finance Accounting Management Experts (FAME) Ltd. and Nominated Director of FAS Capital Management Ltd. At present he is working as a Partner of "Mak & Co., Chartered Accountants" from November, 2016 and prior to this he was a partner of ARUN & ANJAN, Chartered Accountants of which he was a co-founder. Previously he served Dhaka Bank Limited, S.F. Ahmed & Co., Chartered Accountants and The City Bank Ltd. at different capacities. He also served as guest and part time faculty on accounting, corporate finance, risk management & capital adequacy for banks in different universities & institutes of our country. He attended a number of seminars, workshops and trainings relating to the key areas of banking and risk management in banking sector including risk & capital adequacy for banking

sector, Basel-II implementation, Stress Testing for Financial Institution, QIS for Basel-III implementation in Bangladesh, environmental risk management, green banking etc. He is a Life Member of 'Dhaka University Accounting Alumni' from 2006. He enthusiastically takes part and contributes to various social activities as well.



**Mr. Md. Abul Shahjahan**

Director

Mr. Shahjahan is a member in the Board of Directors since May, 2014 of FAS Finance & Investment Limited as nominated by P&L International Limited. He is also a member of the Audit Committee of the Board. Currently Mr. Shahjahan is working with Simtex Industries Ltd. as Executive Director. Mr. Shahjahan did his Masters in Management from the University of Dhaka and joined United Bank Limited (Now Janata Bank Limited) in the year 1970. Throughout his banking career in addition to Janata Bank Limited, he worked with Mutual Trust Bank Limited, Mercantile Bank Limited, Social Islami Bank Limited and Jamuna Bank Limited.

He retired from banking services in the year 2013 as Additional Managing Director of Jamuna Bank Ltd. after completing about 43 years. In his long career he attended a number of seminars, workshops and training courses home & abroad including one with School of Banking Citi Corp. NY USA. Mr. Shahjahan is happily married and is blessed with two sons and a daughter.



**Mr. Md. Atharul Islam**

Director

Mr. Md. Atharul Islam has been Nominated as Director in the Board of FFIL from Reptiles Farm Limited. He is also a member of the Audit committee. He has completed his M.Com in Accounting from University of Rajshahi. There after he has completed his Master in Business Administration from Eastern University. He started his career in 1981 at Civil Officers Training Academy, Government of Bangladesh. He also worked in various capacities holding important positions during his services and he retired as Secretary from Ministry of Civil Aviation & Tourism, Government of the People’s Republic of Bangladesh. In his long career he attended a number of seminars, workshops and training both at home and abroad.



**Dr. Uddab Mallick**

Director

Dr. Uddab Mallick is a member of the Board since November, 2014 and also a member of the Executive Committee of the Board. He is the Director nominated by Reptiles Farm Limited. He completed MBBS from Rajshahi Medical College University in 1990 as well as obtained FCPS (Eye) in 2002. He did his post graduate from the International Council of Ophthalmology (ICO London) in 2006.

Presently he is practicing at Kumudini Women’s Medical College & Hospital, Mirzapur, Tangail and also the In-charge of the Ophthalmology Department since 2008. Dr. Mallick is the faculty member of BCPS (Bangladesh College of Physician and Surgeons). In the journey of his fifteen years career he attended various training courses and participated in seminars and workshops on different aspects. Dr. Mallick has keen interest in music and literature and various cultures of different regions and has visited wide cultural and tourist places of national and international regions.

**Mr. Arun Kumer Kundu, FCA**

Director

Mr. Arun Kumer Kundu is a member of the Board of FAS Finance & Investment Limited since March, 2014 and also the chairman of the Executive Committee from February 20, 2019. He is the Director nominated by Reptiles Farm Limited. Mr. Kundu is a Fellow member of Institute of Chartered Accountants of Bangladesh (ICAB) and now he is working as a Managing Partner of “ARUN & COMPANY, Chartered Accountants”. Mr. Kundu obtained his M. Com as well as B.Com (Hon’s) in Accounting from Dhaka College. Mr. Kundu worked in various roles and vital positions in banking sector of Bangladesh. In his service life he joined as an Audit Assistant & Supervisor at KPMG Rahman Rahman Huq, Chartered Accountants, a top rated audit and consultancy firm in the world, then he served at The City Bank Limited. He also served at ICB Islamic Bank Limited and after that he served The Premier Bank Limited. In his long career he attended a number of seminars, workshops and trainings at home as well as abroad, relating to the key areas of banking, especially in internal control & audit environment, effective audit committee, entrepreneur risk management framework, assets-liability management etc.





**Ms. Soma Ghosh**

Director

Ms. Soma Ghosh has been the Director of the Board of FAS Finance & Investment Limited since November, 2015. She is representing P & L International Ltd. In her educational background she did B.Ed. in Science from Rajshahi T.T College. She obtained Honour's as well as Master's degree in Geography from Rajshahi University. After that she has successfully completed a Diploma course in "Personnel Management", from Bangladesh Institute of Management, Dhaka.

She has also completed a professional course in "Geographical Information System (GIS) from the University of Dhaka. She began her career as a school teacher in the year 2000. She spent a total of Fourteen years teaching with various schools i.e. SAFS London School & Colleague, Uttara Branch, Dhaka, Kids Campus, Uttara, Dhaka, Beautiful mind and Abdul Kadir Molla International School, Narsingdi. Ms. Ghosh has visited many historical, cultural and tourist places of the country and abroad.

**Mr. Pradip Kumar Nandi, ITP**

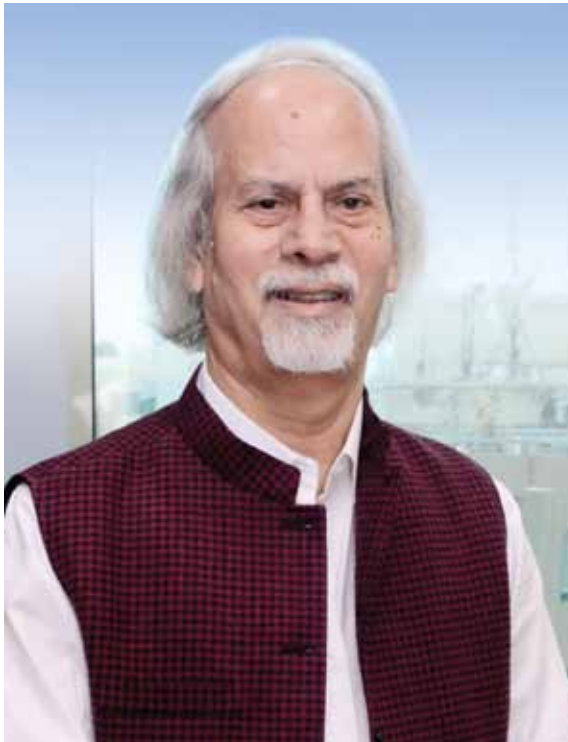
Independent Director

Mr. Pradip Kumar Nandi is a member of the Board since March, 2015. He is also the Chairman of Audit Committee from February 20, 2019 as an Independent Director of the Board of FAS Finance & Investment Limited. He obtained Bachelor's and Master's degree from University of Dhaka and completed C.A Course from a reputed Chartered Accountant firm under ICAB.

He is an enrolled agent for practicing on Internal Revenue Service. He began his career as Income Tax Practitioner. Mr. Nandi has been working in the tax field including in industries, companies and private practice for more than 30 years. He has been involved with tax practitioners for several years and renders consultancy on Accounting, Company Law and Taxation Matters. He has wide exposure in the field of Audit, Accounts, Income Tax and Sales Tax.







**Mr. Birendra Kumar Shome**

Independent Director

Mr. Birendra Kumar Shome is a member of the Board since April, 2015. He is an Independent Director of the Board of FAS Finance & Investment Limited. He is the most recognized Bengali painter. He retired as Chief Artist from Bangladesh National Herbarium, Ministry of Environment and Forest Government of Bangladesh. He is the ex-designer of Directorate of Press, Publicity, Information and Broadcasting, Government of Bangladesh (Mujibnagar, 1971). Presently he is a freelance artist & designer and also the General Secretary of Dhaka Art Circle (a group of contemporary artists) as well as an Executive Chairperson of Potua Kamrul Hasan Art School.

Mr. Shome completed his Bachelor of Fine Arts from the University of Dhaka before starting his career. For his achievement in fine arts he was awarded with the Netaji Subhas Chandra Bose award in 2008; the Poet Abu Zafar Obaidullah award in 2007 ; the Nawab Faizunnessa Gold Medal in 2007 ; the Agrani Bank Shishu Shahittay Award in 2006, the Chandraboti Gold Medal in 2004; the Atish Dipankar Gold Medal in 2004; the palok Shishu Shahittay Award in 2004, the Honorable Award from Muktijudda Utsab Ayojok Committee in 2002; the Jatiya Grontho Kendra Award in 2002 ; the Shilpacharya Zoinul Abedin Gold Medal in 1999; the Honorable Award from Saju Art Gallery and got the first prize in water color in Inter District Art exhibition in 1962 as well as Bangladesh College of Arts and Crafts, University of Dhaka in 1966.

Mr. Shome was honored with numerous solo exhibitions and his first exhibition was a solo one in Dhaka in 1979. The artist has 13 solo exhibitions; he has participated in group exhibitions over 38 in Dhaka and other places of Bangladesh. He has 14 International Exhibition as well in various cities of the world, likewise; Kolkata, Mumbai, Delhi in India, London, Hong Kong, India, De Sao Paulo in Brazil, Berlin in Germany, Kuwait and so on.

**Mr. Pritish Kumar Sarker**

Managing Director & CEO

Mr. Pritish Kumar Sarker has joined in FAS Finance & Investment Limited (FFIL) as Managing Director & CEO in January, 2018. Before joining FFIL, Mr. Sarker served in Southeast Bank Limited as Deputy Managing Director. After obtaining M.Sc. in Botany from University of Dhaka, he started his career in Janata Bank in 1984 as Probationary Officer. Subsequently, he did his MBA (Major in Finance) from Institute of Business Administration (IBA), University of Dhaka. In his 35 years of vast experiences in Banking, Mr. Sarker has gained expertise in Credit Risk Management, Corporate Finance, SME & Retail Finance, and Syndication Finance. He also worked in Dhaka Bank Limited during 1997-98. He is also a Diplomaed Associate of the Institute of Bankers, Bangladesh (DAIBB).

He attended several seminars, workshops & training programs at home & abroad. He visited to USA, China, Thailand, Malaysia, Hong-kong and India.



# Constitution of Board

## The Board

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for FFIL and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the company. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. The Board of Director of FFIL comprises of members from diverse professional and educational background having knowledge and experience in Finance, Accounting, Economics, Medical, Law, Business Studies, Business Administration amongst others. The short biographies of the Board of Directors is set out in the Profile of the Board of Directors section of this annual report.

## Board structure of FAS Finance & Investment Limited

Chaired by Mr. Anjan Kumer Roy, FCA, the Board of Directors determines Company's objectives and supervises their implementation. The operating procedure of the Board is governed by the internal rules and regulations of the Board of Directors. The internal rules and regulations of Board of Directors also define the composition, duties and operating procedures of the Committees established by the Board, which have their own charter of functioning. The Board is assisted by two committees as under:

- Board Audit Committee
- Executive Committee

## Board configuration

The Board of FAS Finance & Investment Limited comprises of nine members including three Independent Directors. As per BSEC's Notification Corporate Governance Code dated 03 June 2018, a listed company should have at least 5 members but not more than 20 members and should have Independent Director of at least one-fifth of total Directors. As per Articles of Association of the Company the Managing Director is an Ex-officio Director.

## Board of Directors of FAS Finance & Investment Limited

The Board of FAS Finance & Investment Limited comprises of total 9 members in the Board where eight members are non-executive Directors including three Independent Directors and five members who are nominated from different companies. Managing Director of the Company is the executive Director who involved in the day to day activities of the Company.

## Non-Executive Director

There are eight Non-executive Directors including three Independent Directors in the Board. None of the Directors takes part in the day to day affairs of the Company

They attend only in the Board/Committee meetings to discuss the agenda reserved for the Board/Committees.

## Independent Director on the Board

There are three Independent Directors on the Board. In order for a Director to qualify as an Independent Director, the Board affirmatively determines that the Director has no material relationship with FFIL either as a partner, shareholder or officer of an organization that has a relationship with FFIL that would preclude that nominee from being an Independent Director. For the purpose of such determination, the Directors consider that the Independent Director does not hold any share or holds less than one percent shares of the total paid up capital of the Company, who is not connected with the Company's Promoters or Directors or Shareholders who holds one percent or more than one percent shares of the total paid up shares of the Company, on the basis of family relationship, who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associate companies, who is 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 continuous and after a period of three years or a period eligible for another term or for more three years. A person cannot be appointed as Independent Director who has already been appointed as Independent Director of five listed companies.

## Tenure and retirement

As per Companies Act, the office of Non-executive Directors is subject to retirement. At least one-third of the non-executive Directors shall retire by rotation in every Annual General Meeting. The Managing Director is appointed for a minimum period of three years subject to approval of the Central Bank. The office of the Managing Director being an Ex-Officio Director is not subject to retirement. The tenure of an Independent Director is three years which may be extended by one term continuous and after a period of three years or a period eligible for another term or for more three years.

## Directors' compensation

Except the Managing Director & CEO, none of the Directors holds any position of profit and receives any remuneration other than the fees for attending the Board/Committee meetings. An amount of Tk. 8,000 is paid to each Director for attending each Board/Committee meeting.

## Membership of Board Committee

All the Board Committees are comprised entirely of Non-Executive

Directors. Membership of Directors in the Board Committees is given in their biographies on pages 34 to 38 of this Annual Report.

### **Sub-Committee**

The Board has two sub-committees namely Board Audit Committee and Executive Committee. The Board Audit Committee comprises of three non-executive Directors. The Executive Committee comprises of three non-executive Directors. All the Board Committees have a written Charter that describes the Committees' purposes, duties and responsibilities. The Committees roles and responsibilities are available on page 45 of this Annual Report.

### **Board Meeting**

The Board holds at least four regularly scheduled meetings in each year. In the year 2018, the Board met eleven times to discuss scheduled businesses.

### **Responsibilities of the Board of Directors**

The board has overall responsibility for the Organization. The responsibilities of the board of Directors include:

- Reviewing and approving overall business strategy, as well as organization structure, developed and recommended by management;
- Ensuring that decisions and investments are consistent with long-term strategic goals;
- Ensuring that FFIL is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- Overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure, controls & procedures and internal controls;
- Providing oversight in ensuring that FFIL's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- Overseeing, through the internal Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines) and the quality of the risk management processes and systems;
- Reviewing any transaction for the acquisition or disposal of material assets;
- Ensuring that the necessary human resources are in place to meet its objectives, as well as appointing and removing executive officers, as deemed necessary;

- Reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by the staff;
- Establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- Providing a balanced and understandable assessment of FFIL's performance, position and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- Ensuring that obligations to shareholders and others are understood and met; and
- Maintaining records of all meetings of the Board and Board Committees, in particular records of discussion on key deliberations and decisions taken.

### **Appointment of Directors**

In relation to the selection and appointment of new Directors, the existing Board of Directors possesses the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree to the process to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of Association of FFIL;
- Any change in the members of the Board requires intimation to the Bangladesh Bank, all scheduled Banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges.

### **Board Meeting Frequency and Members' Participation**

In compliance with Bangladesh Bank's directive, the meeting of the Board of Directors is normally held at the registered Corporate Head Office of the Company. As per Companies Act 1994 we must have one individual meeting in each quarter. The meetings are held frequently, at least once a month, to help the Board discharge its responsibilities and functions. The meetings are scheduled in advance and the notice of each Board meeting is given in writing to each Director by the Company Secretary.

### **Communication to Director**

Interested parties may communicate with any Director by sending letter to the attention of the Directors in care of the Company Secretary FAS Finance & Investment Limited, Suvastu Imam Square (4<sup>th</sup> & 5<sup>th</sup> floor), 65 Gulshan Avenue Gulshan, Dhaka-1212.

# Code of Practice of the Board of Directors

The Board of Directors of FAS Finance & Investment Limited has adopted the following code of business conduct and ethics for directors of the Company. In addition to complying with the Company's standards of ethics and conduct each Director shall also be responsible for complying with this Director's code.

If any director or officer believes that a prohibited act under this Directors' Code has occurred, then he or she shall promptly report such belief to the Chairman of the Board or Audit Committee. No code or policy can replace the thoughtful behavior of an ethical Director.

Directors also must comply with the applicable requirements and restrictions for directors of the Securities and Exchange Commission/ Bangladesh Bank.

## Conflict of Interest:

Directors have to avoid any conflict or appearance of any conflict of interest among the Directors and the Company.

"Conflicts of interest" can, but are not limited, occur when:

- A Director's personal interest is adverse to may appear to be adversely to the interests of the Company as a whole.
- A Director, or a person closely related to a Director (Director's immediate family spouse, parents, children, siblings, mothers-in-law and fathers-in-law, sons and daughters-in law, brothers and sisters-in-law, and anyone who share such person's home) receives improper personal benefits as a result of his or her position as a Director of the Company.
- A Director shall also reclude him or herself from any Company Board decision involving another firm or company with which the director is affiliated.

## Other examples of conflicts that directors also must avoid include:

- i. Directors may not receive a personal benefit from a person or firm which is seeking to do business or to retain business with the Company, unless such a relationship is fully disclosed by the interested Director and approved by the vote of the Directors disinterested in the transaction;
- ii. Directors may not accept compensation (in any form) for services performed by the Director for the Company from any source other than the Company;
- iii. Directors may not offer, give or receive gifts from persons

or entities that deal with the Company in those cases where any such gift is being made in order to influence a Director's action as a member of the Company's Board, or where acceptance of the gifts could create any appearance of a conflict of interest;

- iv. Directors may not use Company assets, labor or information for personal use unless approved by the disinterested directors, or as a part of compensation or expense reimbursement program available to all Directors.

## Corporate Opportunities:

Directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Directors also must not:

- i. Take for themselves or their own Companies or other Companies with which they have a fiduciary relationship any opportunity that is discovered through the use of Company property, Company information or position as a Director; unless such opportunities are fully disclosed by the interested Director and approved by the vote of the disinterested Directors;
- ii. Use the Company's property or information or the Director's position in the Company for personal gain; or
- iii. Compete with the Company for business opportunities. However, if the Company's disinterested Directors determine in advance that the Company will not pursue an opportunity that relates to the Company's business, a Director may then do so.

## Confidentiality:

Directors also must maintain the confidentiality of information entrusted to them by the Company and any other non-public information relating to the Company and its clients that comes to them, from whatever source, in their capacity as a Director, except when disclosure is authorized or legally mandated.

## Compliance with Laws, Rules and Regulations:

Directors also must comply with all regulator's laws, rules /regulations applicable to the Company, including insider trading laws and the Company's policies, including the Company's insider trading policy.

## Fair Dealing:

Directors also must deal fairly with the Company's customers, suppliers, depositors, shareholders, competitors and employees.

**Encouraging the reporting of any illegal or unethical behavior:**

Directors should also promote ethical behavior and take steps to ensure the Company:

- i. Maintains an ethics hotline to answer ethical questions when employees may be in doubt about the best course of action in a particular situation;
- ii. Encourages employees to report violation of laws, rules, regulations or the Company's Code of Ethics and Business Conduct to appropriate personnel;
- iii. Informs employees that the Company will not allow retaliation for reports made in good faith.

**Protection and proper use of Company Assets:**

All Directors must protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.

**Enforcement:**

The Board (or the disinterested members of the Board) will review and investigate any allegation of a breach of this policy by a Director, with or without the participation of any Director who may be the subject of such report.

Any Director who is subject to such an allegation shall be informed of such allegation and be allowed ample opportunity to review the details of such allegation and respond to such allegation to the Board. If the Board determines that any such act represents a violation under the company's standards of ethics and conduct or this Directors' Code, then appropriate action as determined by a majority of the disinterested Directors will be taken and, if applicable, disclosed.

**Waivers:**

Any waiver of this Directors' code or the Company's standards of ethics and conduct may be made only by the Board of Directors and must be disclosed to the Company's shareholders.

## Committees of Board of Directors

### Audit Committee of the Board of Directors



**From Left**

Mr. Md. Atharul Islam, Member

Mr. Pradip Kumar Nandi, Chairman

Mr. Md. Abul Shahjahan, Member

## Executive Committee



**From Left**

Mr. Arun Kumer Kundu, Chairman

Mr. Anjan Kumer Roy, Member

Dr. Uddab Mallick, Member

# Role and Responsibilities of the Committees of the Board of Directors

## Board Audit Committee

The Audit Committee, within the delegated authority and in fulfilling the regulatory requirements has the following terms of reference (TOR):

### A. Compliance

Review the effectiveness of the Company's system for monitoring compliance with relevant laws and regulations (including internal rules) and the measures taken by the Management as a result of its investigation of material incidents of non-compliance.

### B. Internal Control

- Review the implementation of key accounting policies and financial reporting;
- Evaluate the implementation of the internal control systems and the risk management process.

### C. Internal Audit

- Ensure that findings and recommendations communicated by Internal Audit and Management's proposed responses are received, discussed and appropriately acted on.
- Consider the scope of works review and approve the annual audit plan and ensure no unjustified restrictions or limitations are made;
- Review the activities, resources and organizational structure of Internal Audit;
- Review the adequacy of internal audit function & activities;
- Contribute to the selection process for the appointment of the Head of Internal Audit; and
- Review and approve the annual audit report;

### D. Relationship with the external auditor

- Review the scope of works and there audit plan;
- Review Management Letters issued by the external Auditors;
- Review the Report on the annual audit of the Company;
- Consider the independence of the external auditor and any potential conflict of interest;
- Review the "Terms of Engagement" of the external auditor;

- Discuss with the external auditor any audit problem encountered in the course of audit work, including any restriction on audit scope or access to information;
- Discuss with the external auditor the appropriateness of the accounting policies applied in the company's financial reports;
- Ensure that significant findings and recommendations communicated by the external auditor and Management's proposed responses are received, discussed and appropriately acted on; and
- Review the performance of the external auditor and make recommendations to the Board of Directors for the appointment, reappointment or termination of appointment of the external auditor.

### E. Reporting to the Board

- Report on the conflict of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, rules and regulations;
- Any other matters that requires immediate reporting.

### F. Others

- Oversee the financial reporting process;
- Monitor choice of accounting policies and principles;
- Review the annual financial statements before submission to the Board for approval;
- Review the quarterly and half yearly financial statements;
- Review the statement of significant related party transactions submitted by the management.

### Executive Committee

The Executive Committee, in fulfilling its purpose, will:

- Guide the Management in achieving the organization's vision/mission;
- Review implementation of the business policy;
- Review the proposals relating to write off loans/leases and recommend to the Board for consideration.



# Management Committees



## Sitting

Mr. Md. Abul Kalam Howlader, SVP & Head of HR & Administration  
Mr. Pritish Kumar Sarker, Managing Director & CEO

## Standing from the left

Ms. Shejuty Mondal, Treasury-In-Charge  
Mr. Md. Ahasan Rakib, In-Charge, Corp. Finance  
Mr. A.K.M. Shamsher Ali, Manager & CFO (CC)  
Mr. Ramendra Nath Kar, AVP, Finance & Accounts  
Mr. Md. Munir Hossain, VP & Head of ICC  
Mr. Md. Saidul Islam, Head of IT



### Sitting from the left

Mr. Md. Nurul Haque Gazi, Deputy Managing Director  
Mr. Md. Shahjahan Amin, SVP & Head of Recovery & Legal Affairs

### Standing from the left

Mr. Md. Nurul Amin, In-charge, SME Finance  
Mr. Tanvir Ahmed Komol, Branch Manager, Principal Branch  
Mr. Mir Imdadul Haque, Head of CRM  
Mr. Zahid Mahmud, AVP & Company Secretary  
Ms. Ferdousi Sultana, In-Charge, Liability Operation

# Management Committees

## Management Committee (MANCOM)

Sl. No.	Name	Designation	Position
01	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Member
03	Mr. Md. Abul Kalam Howlader	SVP & Head of HR & Admn.	Member Secretary
04	Mr. Md. Shahjahan Amin	SVP & Head of Recovery & Legal Affairs	Member
05	Mr. Md. Munir Hossain	VP & Head of ICC	Member
06	Mr. Zahid Mahmud	AVP & Company Secretary	Member
07	Mr. Ramendra Nath Kar	AVP, Finance & Accounts	Member
08	Mr. Md. Saidul Islam	Manager & Head of IT	Member
09	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member
10	Mr. Mir Imdadul Haque	Dy. Manager & Head of CRM	Member
11	Ms. Shejuty Mondal	Sr. Officer & Treasury-In-Charge	Member

## Recruitment Committee

Sl. No.	Name	Designation	Position
01	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Member
03	Mr. Md. Abul Kalam Howlader	SVP & Head of HR & Admn.	Member Secretary
04	Mr. Md. Shahjahan Amin	SVP & Head of Recovery & Legal Affairs	Member

## National Integrity Strategy Committee:

Sl. No.	Name	Designation	Position
01	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Chairman
02	Mr. Md. Abul Kalam Howlader	SVP & Head of HR & Admn.	Focal Point
03	Mr. Md. Munir Hossain	VP & Head of ICC	Member Secretary
04	Mr. Zahid Mahmud	AVP & Company Secretary	Member
05	Mr. Ramendra Nath Kar	AVP, Finance & Accounts	Member
06	Mr. Md. Saidul Islam	Manager, IT	Member

## National Integrity Strategies (NIS) Implementation Cell:

Sl. No.	Name	Designation	Position
01	Mr. Md. Shahjahan Amin	SVP & Head of Recovery & Legal Affairs	Head of Unit
02	Mr. A.K.M. Shamsher Ali	Manager, Finance & Accounts	Member
03	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member
04	Mr. S. M. Nure Alam	Dy. Manager, HR & Admn.	Member
05	Mr. Abdulla Al Kafi	Dy. Manager, IT	Member
06	Ms. Shamrita Akter	Sr. Officer, CS	Member Secretary

**Assets Liability Management (ALM) Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Member
03	Mr. Md. Abul Kalam Howlader	SVP & Head of HR & Admn.	Member
04	Mr. Md. Shahjahan Amin	SVP & Head of Recovery & Legal Affairs	Member
05	Mr. Md. Munir Hossain	VP & Head of ICC	Member
06	Mr. Ramendra Nath Kar	AVP, Finance & Accounts	Member
07	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member
08	Mr. Mir Imdadul Haque	Dy. Manager & Head of CRM	Member
09	Ms. Shejuty Mondal	Sr. Officer & Treasury-In-Charge	Member Secretary
10	Ms. Ferdousi Sultana	Sr. Officer & In-Charge, Liability Operation	Member

**Purchase Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Chairman
02	Mr. Md. Abul Kalam Howlader	SVP & Head of HR & Admn.	Member Secretary
03	Mr. Md. Saidul Islam	Manager & Head of IT	Member
04	Mr. Dipak Saha	Manager, Finance & Accounts	Member
05	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member

**Anti Money Laundering (AML) or CCU Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	CAMLCO
02	Mr. Ramendra Nath Kar	AVP, Finance & Accounts	Deputy CAMLCO & Member Secretary
03	Mr. A.K.M. Shamsher Ali	Manager, Finance & Accounts	Member
04	Mr. S. M. Nure Alam	Dy. Manager, HR & Admn.	Member
05	Mr. Abdulla Al Kafi	Dy. Manager, IT	Member
06	Ms. Ferdousi Sultana	Sr. Officer & In-Charge Liability Operation	Member

**Credit Committee**

Sl. No.	Name	Designation	Position
01	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Chairman
02	Mr. Md. Shahjahan Amin	SVP & Head of Recovery & Legal Affairs	Member
03	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member
04	Mr. Mir Imdadul Haque	Dy. Manager & Head of CRM	Member Secretary

**Credit Risk Management Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Chairman
02	Mr. Md. Shahjahan Amin	SVP & Head of Recovery & Legal Affairs	Member
03	Mr. Md. Munir Hossain	VP & Head of ICC	Member
04	Mr. A.K.M. Shamsher Ali	Manager, Finance & Accounts	Member
05	Mr. Mir Imdadul Haque	Dy. Manager & Head of CRM	Member Secretary

**Internal Control & Compliance (ICC) Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Md. Munir Hossain	VP & Head of ICC	Chairman
02	Mr. Md. Abul Kalam Howlader	SVP & Head of HR & Admn.	Member Secretary
03	Mr. Ramendra Nath Kar	AVP, Finance & Accounts	Member
04	Mr. Dipak Saha	Manager, Finance & Accounts	Member

**Information & Communication Technology (ICT) Development Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Member
03	Mr. Md. Saidul Islam	Manager & Head of IT	Member
04	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member
05	Mr. S. M. Nure Alam	Dy. Manager, HR & Admn.	Member
06	Mr. Abdulla Al Kafi	Dy. Manager, IT	Member Secretary

**Management Information Systems (MIS) Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Chairman
02	Mr. Md. Abul Kalam Howlader	SVP & Head of HR & Admn.	Member
03	Mr. Md. Munir Hossain	VP & Head of ICC	Member
04	Mr. Ramendra Nath Kar	AVP, Finance & Accounts	Member
05	Mr. Md. Saidul Islam	Manager & Head of IT	Member Secretary
06	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member
07	Mr. S. M. Nure Alam	Dy. Manager, HR & Admn.	Member
08	Mr. Abdulla Al Kafi	Dy. Manager, IT	Member

**Basel-II Committee:**

Sl. No.	Name	Designation	Position
01	Mr. Pritish Kumar Sarker	Managing Director & CEO	Chairman
02	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Member
03	Mr. Md. Shahjahan Amin	SVP & Head of Recovery & Legal Affairs	Member
04	Mr. A.K.M. Shamsher Ali	Manager, Finance & Accounts	Member
05	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp. Finance	Member Secretary
06	Mr. Mir Imdadul Haque	Deputy Manager & Head of CRM	Member
07	Ms. Shejuty Mondal	Senior Officer & Treasury In-Charge	Member

**Sustainable Finance Committee (SFC):**

Sl. No.	Name	Designation	Position
01	Mr. Md. Nurul Haque Gazi	Deputy Managing Director	Chairman
02	Mr. Md. Munir Hossain	VP & Head of ICC	Member
03	Mr. Ramendra Nath Kar	AVP, Finance & Accounts	Member
04	Mr. A.K.M. Shamsher Ali	Manager, Finance & Accounts	Member
05	Mr. Md. Ahasan Rakib	Manager & In-Charge, Corp Finance	Member
06	Mr. Mir Imdadul Haque	Dy. Manager & Head of CRM	Member Secretary
07	Ms. Shejuty Mondal	Sr. Officer & Treasury-In-Charge	Member
08	Ms. Ferdousi Sultana	Sr. Officer & In-Charge Liability Operation	Member

**Sustainable Finance Unit (SFU):**

Sl. No.	Name	Designation	Position
01	Mr. Mir Imdadul Haque	Dy. Manager & Head of CRM	Head of this Unit
02	Mr. Dipak Saha	Manager, Finance & Accounts	Member
03	Mr. Sanjoy Kumar Dey	Dy. Manager, Finance & Accounts	Member
04	Mr. Tanvir Ahmed Komol	Assistant Manager, Principal Branch	Focal Point
05	Mr. Md. Shakiluzzaman	Senior Officer, HR & Admn.	Member

# Directors' Report

## Dear Shareholders,

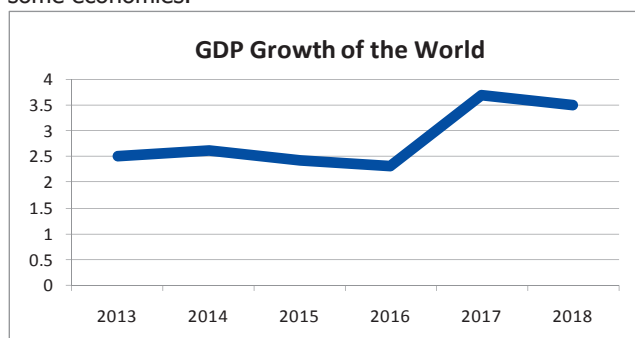
On behalf of the Board of Directors, I am happy to present the 22<sup>nd</sup> Report of the Board of Directors of the Company along with the Financial Statements (which includes Balance Sheet, Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement) for the year ended on December 31, 2018. We have the pleasure to place herewith the Directors' Report and the Auditors' Report together with the Audited Financial Statements of the Company for the year ended on December 31, 2018 for your valued consideration, approval and adoption in compliance with the provisions of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Commission Rules 1987, BSEC Notification on Corporate Governance Code dated 3<sup>rd</sup> June, 2018 and IAS-1: Presentation of Financial Statements as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB).

Bangladesh is one of the fastest growing economies in the globe. The country has witnessed five years average GDP growth of 6.97% at the end of FY 18. The economy continued to grow rapidly and achieved a record growth of 7.86 percent in FY18, over performing the Government's FY18 growth target of 7.4 percent.

The year 2018 has been a challenging year for the financial industry which saw its ups and downs through-out the period due to tight liquidity situation and increasing trend of classified loans combined with initiatives to reduce interest rates. Defying many odds, the company once again outperformed the industry and logged impressive growth in both balance sheet and profitability while keeping classified loan ratio in check and liquidity position intact.

## World Economy 2018

World economic growth recorded at 3.5% in 2018 which is lower than 3.7% in 2017. The global economy continues to expand in 2018 but third-quarter growth has disappointed in some economies.



New fuel emission standards in Germany, natural disasters in Japan were weighed on activity in large economies. But these developments occurred against a backdrop of weakening financial market sentiment, trade policy uncertainty, and concerns about China's outlook. In the fourth quarter of 2018, outside the United States, industrial production has decelerated, particularly of capital goods. Global trade growth has slowed down.

Asian economies continue to be the major driver of the world's GDP growth. It is expected that the average GDP growth in Emerging Asian Economies will be 6.1% during 2019 to 2023. GDP in Southeast Asia is forecasted to grow by 5.2% during 2019 to 2023, China to grow by 5.9% and India by 7.3% in the same period. Crude oil prices have been volatile since August 2018, reflecting supply influences, including US policy on Iranian oil exports and more recently fears of softening global demand. As of early January, crude oil prices stood at around \$55 a barrel, and markets expected prices to remain broadly at that level over the next 4–5 years. Prices of metals and agricultural commodities have softened slightly since August, in part due to subdued demand from China. Consumer price inflation has generally remained contained in recent months in advanced economies but has inched up in the United States, where above-trend growth continues. Among emerging market economies, inflationary pressures are easing with the drop in oil prices.

The growth forecast for the United States also remains unchanged. Growth is expected to decline to 2.5% in 2019 and soften further to 1.8% in 2020 with the unwinding of fiscal stimulus and as the federal funds rate temporarily overshoots the neutral rate of interest. Nevertheless, the projected pace of expansion is above the US economy's estimated potential growth rate in both years. Strong domestic demand growth will support rising imports and contribute to a widening of the US current account deficit. Growth in the euro area is set to moderate from 1.8% in 2018 to 1.6% in 2019. There is substantial uncertainty around the baseline projection of about 1.5% growth in the United Kingdom in 2019-20.

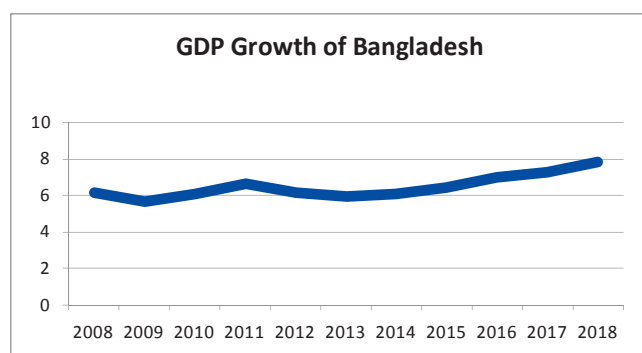
China's economy will slow due to the combined influence of needed financial regulatory tightening and trade tensions with the United States. India's economy is poised to pick up in 2019, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease. The India's economic trend will also depend upon the continuation of Modi's Govt. as the year 2019 is on

Election year of India. 2018 is also marked by a number of countries carrying out comprehensive tax reform. Among others, Argentina, Belgium, Poland, South Korea, Turkey and the United States all fall under this banner. The reduction in the corporation tax rate from a maximum of 35% to a flat rate of 20% (25% for personal services corporations) may encourage capital spending. The tax reform package is expected to help small businesses & self-employed individuals. Despite these actions, the US economy expanded at a fast pace in 2018, as tax cuts and spending increases stimulated demand. As such the US dollar has appreciated against most other currencies in 2018.

Pakistan's GDP has reached 5.8% in 2018, with solid contributions from consumption and investment and expected to decelerate to 3.7% in FY 2018-19, with financial conditions tightening to help counter rising inflation and external vulnerabilities. Sri Lanka is anticipated to speed up slightly to 4.00% in 2019, supported by robust domestic demand and investment boosted by infrastructure projects. Investment and services remained the major contributor to economic activity in Bhutan and the Maldives.

### Bangladesh Economy 2018

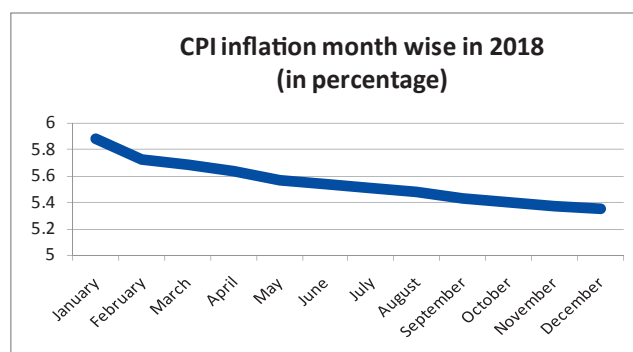
Bangladesh is one of the fastest growing economies in the globe. The country has witnessed five years average GDP growth of 6.97% at the end of 2018. The economy continued to grow rapidly and achieved a record growth of 7.86 percent in 2018, over performing the Government's FY18 growth target of 7.4 percent.



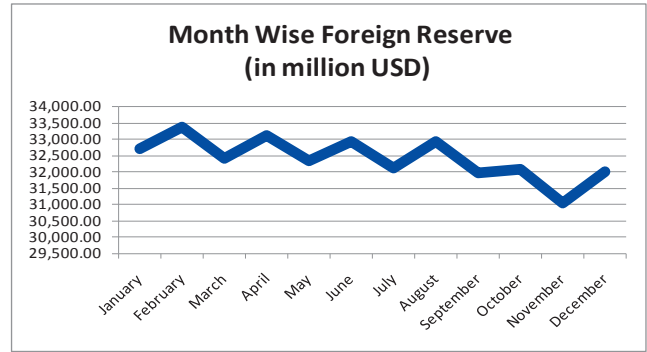
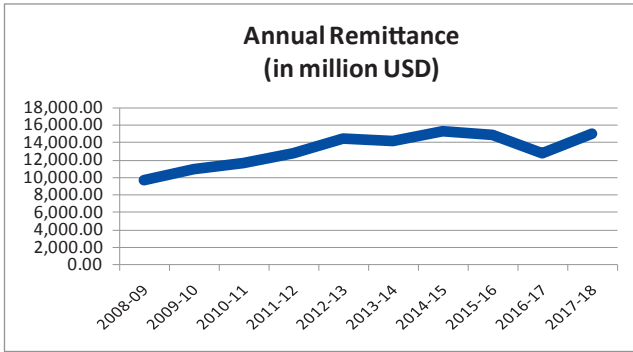
The growth momentum was supported by strong domestic and external demand. A surge in remittance inflows at 17.3 percent, along with strong private sector credit growth boosted consumption demand. At the same time, higher growth in investment-related imports reflected robust investment demand. Export growth also maintained its momentum during this period. Bangladesh Bank projects GDP growth to range from 7.5- 7.7 percent for 2019, assuming a continuation of domestic political calm and no further escalation of global trade-related conflicts. In FY18, Bangladesh Bank's monetary and financial policies embraced, alongside price and macro-financial stability objectives, inclusivity and environmental sustainability dimensions, in

line with the government's SDG-focused sustainable development agenda. As liquidity condition tightened, BB reduced Cash Reserve Requirement (CRR) by 100 basis points to 5.5 percent and repo rates by 75 basis points to 6.0 percent with effect from April 2018. Moreover, to ease the liquidity conditions, BB increased available repo tenors to 7, 14 and 28 days. Inflationary risk concerns remained largely under-control since broad money (M2) growth for FY18, the key determinant of inflation, moderated to 9.2 percent, well below the target of 13.3 percent.

Although inflation has been showing a downward trend till FY2016-17, inflation in FY2017-18 increased to 5.78% from 5.44% in FY2016-17 mainly due to increase in food inflation. However, rates still remains within tolerable limit. Exports saw a modest growth of 5.3% and stands at USD 36,668 million in FY2017-18. Despite exports not meeting the target for FY2017-18, the growth in the RMG sector exceeded the sectoral target of 7.1% and grew by 8.8% in FY2017-18, representing 83.4% of the total export pie. However, Non-RMG export declined by 9.5% causing an overall strain on the total export. In contrast, import increased by 25.2% to USD 58,865 million in FY2017-18 against USD 47,005 million in FY2016-17, which is largely driven by increase in import of consumer goods and capital machinery.

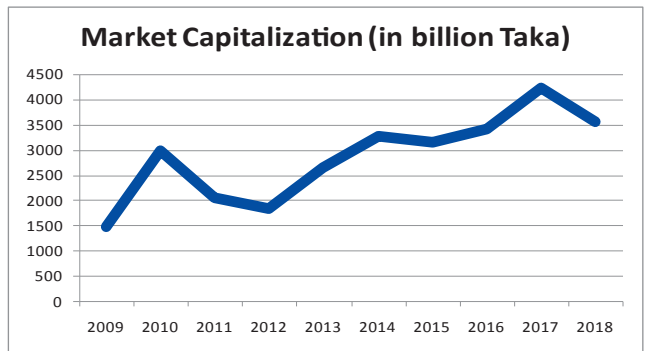
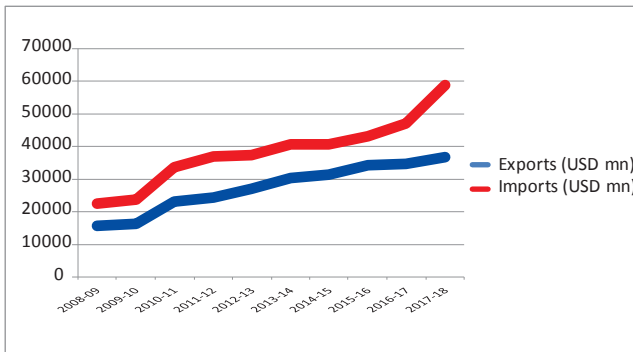


Remittances in Bangladesh increased to USD 1,202.85 million in December 2018 which was USD 1,163.82 million in December 2017. Remittance increased 15.00% in FY 18 since the depreciation of taka against the greenback and the central bank's measures to strengthen its surveillance on hundi played a major role to encourage migrants to send home more remittance in the year 2018. Remittances also rose due to rise in oil prices in the global market. Money sent by the non-resident Bangladeshis makes up about 12.00% of country's total GDP. Remittance recovery was combinedly driven by the increased number of Bangladeshi workers working abroad, increase in minimum wage rate in Saudi Arabia, depreciation of taka against USD and initiatives to encourage foreign workers to transfer money through formal channel. Remittance from Gulf countries accounted for around 56.0% of the total pie. Foreign Direct Investment (FDI) increased by 5.1% to USD 2,580 million in FY2017-18 from USD 2,455 million in FY2016-17.



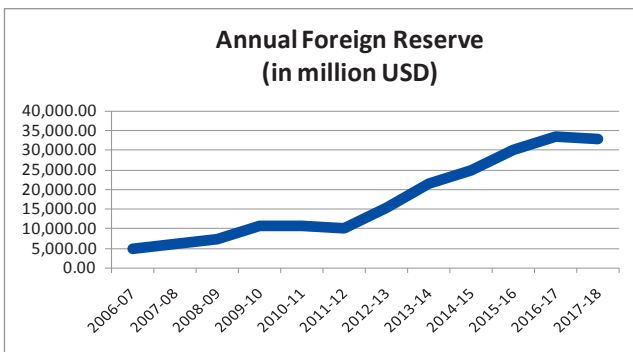
Imports in Bangladesh increased to BDT 426.27 billion in October 2018. Total merchandise imports payments of Bangladesh (including imports of EPZ) during FY'18 amounting to USD 52,939.60 million and total imports payments of services during FY'18 amounting to USD 6,086.60 million. Bangladesh's export earnings rose by 5.8% to USD 36.66 billion in the last fiscal year, while the country earned USD 34.65 billion from exports in FY17.

The year 2017 saw the capital market cycle reaching its peak. Hence, in its natural course and in alignment with Global capital market, the subsequent year 2018 saw its recession. The Dhaka Stock Exchange Index, the country's premier bourse, reported an approximate trade index value of 5300 during the mid of 2018, which by the end of the year rose slightly to 5400. DSE's market capitalization remained around 20% of GDP at the end of December 2018, which is indeed lower than that of year 2017. This significantly impacted the companies operating in the Capital Market. However, the upturn in trading volume being witnessed post the national election, from early 2019, gives a very hopeful outlook.



The foreign currency reserve of the Bangladesh Bank is on the decline. The reserves dropped to USD 32.02 billion in FY18 from USD 33.5 billion in FY17.

The overall market was depressed due to 2018 being election year and unrest in the banking sector. Interest rate in call money market rate ranging from 3.90% to 4.09% during this year. Private sector credit growth continued its downward course after many banks adopted a go slow policy in disbursing fresh loans. The ongoing downward trend in money market continued in 2018. Bangladesh Bank has re-fixed the repo interest rate from 6.75% to 6.00% and unchanged the reverse repo rate remained in 2018 for achieving broad objective of monetary policy.



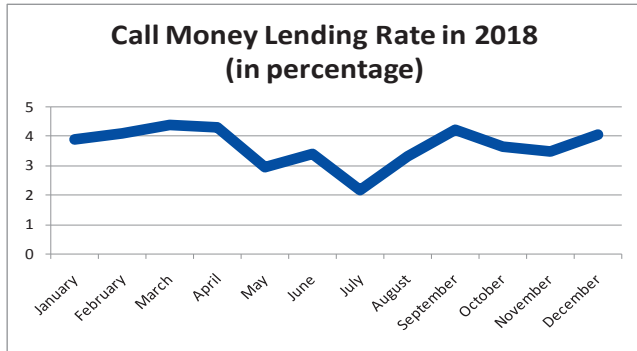
Significant increase of Import, particularly rise in rice and onion prices in India as well as huge individual import and other import related to infrastructure development of the country, the reserves declined. The import cost of necessary machinery for setting up industries rose by about 35.00% during the period of 2018 while the fuel oil & raw material for industries increased by 28.00% and 15.00% respectively. The country was witnessing a rise in foreign exchange reserves over the last few years. The import cost rose in the election time of 2018 and putting pressure on the reserves.

**Non Banking Financial Institutions Performance in 2018**

Non-Bank Financial Institutions (NBFIs), have been playing a crucial role by providing additional financial services that is not usually provided by the banks. Despite many challenges like lack of confidence on financial sector, many negative reporting in the media about Banks and NBFIs, huge encashment pressure of deposits, tight liquidity position and fund crisis as well as slow loan recovery and significant

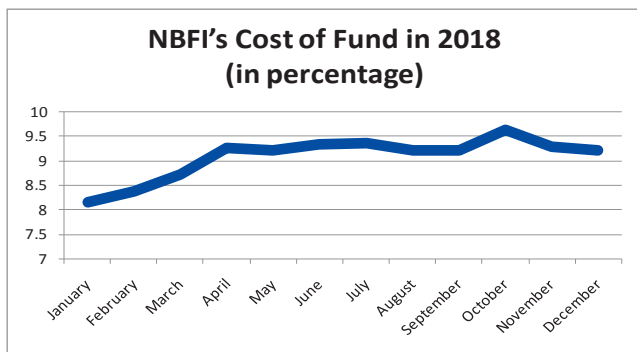


increase the number of NPL the overall NBFIs sector availed to maintained total funds size at 55.9 percent as on September, 2018. Loans and leases comprising 72.6 percent of total assets dominated the asset composition. Liabilities to assets ratio increased at end of September 2018. FIs' classified loans and leases ratio decreased from 9.2 percent at end of June 2018 to 7.9 percent at end of December 2018. FIs' capital adequacy ratio (CAR) increased slightly and stood at 13.9 percent at end-December 2018. However, the maintained CAR was well above the regulatory requirement of 10 percent.



Bangladesh Bank took several measures to restore stability in the financial sector such as reduction in Advance Deposit Ratio (AD Ratio) of banks, re-fixation of cash reserve ratio (CRR), exemption of provision against certain off-balance sheet items and rationalization of deposit and lending rates to reduce interest rate spread.

On funding sites, deposit mobilization could be a major challenge with more industry players coming into the market and Government increasing its borrowing through banking system as well as national savings certificates. Unless Banks and NBFIs manage spread and find ways to arrest the classified loan trend, managing bottom line could be a major hurdle. With the expectation that investment climate would improve in 2019, financial industry would regain its momentum.



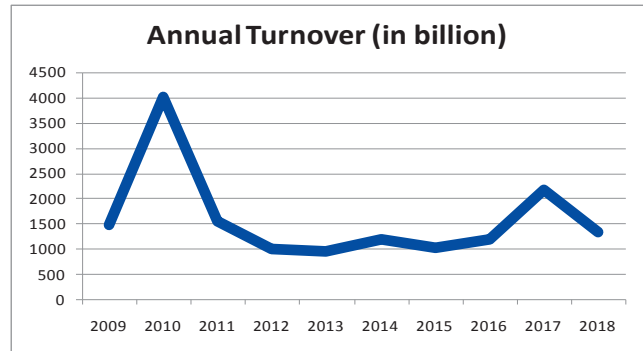
NBFIs in Bangladesh may also explore the possibilities of gaining access to new sources of funds. New instrument may introduce which will be emerged as an important tool and added a new dimension in the financial market. If proper support is given, NBFIs will play more significant role in the economic and financial development of our country.

Trends of Structure of NBFIs

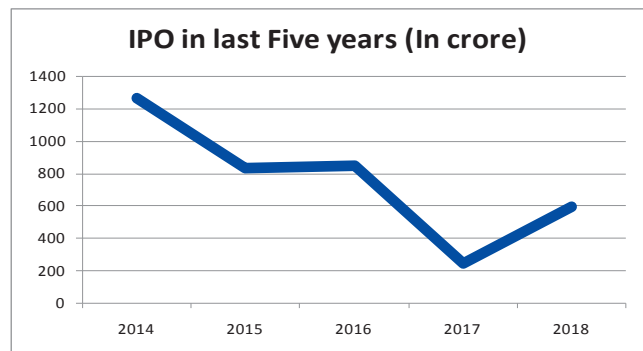
Particulars	2014	2015	2016	2017	2018
No. of NBFIs	31	32	33	34	34
Govt. Owned	3	3	3	3	3
Joint-Venture	10	10	11	12	12
Private	18	19	19	19	19
New branches	20	15	14	30	8
Total branches	195	210	224	254	262

Bangladesh Capital Market in 2018

2018 was a year of disappointment for the stock market, as the market index and turnover, including foreign investment, declined. The key index of the Dhaka Stock Exchange (DSE), ended at 5385.64 points on the last trading day of 2018, down by 858.88 points, or 13.75% from December 27 last year, which was 6243 points. Meanwhile, the total transaction figure stood at Tk. 13,359 crore this year, which was 38.43% less than last year.



This year the DSE's average daily turnover was Tk. 552.03 crore. It was Tk. 874.83 crore the previous year. Market capitalization fell by 8.42% to Tk. 35,599 crore. The overall price earnings (P/E) ratio rose to 15.09 at the end of 2018. The ratio of stock market capitalization to GDP stood at 17.21% as of December 27, 2018. The ratio is significantly lower than many of the neighbouring countries such as India (86.34%), Pakistan (28.25%), Thailand (110.33%) and Malaysia (142.24%). In 2018, net foreign investment dipped to negative Tk. 593.47 crore, which was Tk. 1,704.94 crore positive during the previous year. In the year 2018 entrepreneur raised capital of Tk. 601 crore through IPO for 14 securities including one mutual fund.



## Financial performance summary of FAS Finance & Investment Limited

Key operating and financial data of last preceding 5 (five) years is shown under the heading of Operational Highlights and Financial Highlights in the page no. 20 of this Annual Report.

## Management's Discussion & Analysis

A more detailed discussion and analysis of the financials, as delivered by the Managing Director & CEO, is appended on page no 103 to 109.

## Financial Review

In line with overall economic growth, FFIL also exhibited a moderate progress in different sectors business lines during 2018. Total asset of the Company incurred by BDT 18.78 billion in 2018 compared with BDT 18.34 billion in 2017. Sizable amounts of disbursements were made in Corporate, Retail and SME business. Cost of borrowing has slightly increased in 2018 compared to 2017 due to liquidity crisis in whole of the year. Total disbursed amount in 2018 was BDT 853.71 million compared to BDT 1,843.54 million in 2017. On the deposit side, our total deposits reduced by (4.61)% from BDT 8,781.68 million in 2017 to BDT 8,376.61 million in 2018. This was happened because of tremendous pressure on encashment of deposits by the individual & corporate Clients as well as Banks and NBFIs. The maintenance of such deposits could be done through heavy drive by our strong liability sales team who has provided uncompromised service. The company's investment portfolio reached BDT 15,430.52 million in 2018 compared to BDT 13,979.80 million in 2017. NPL showed a negative picture as the percentage of classified loans for the company increased to 15.21% in 2018 compared to 11.67% in 2017.

## Risk Management

At FFIL, we believe that getting risk management right is an essential component of success. The identification, evaluation and management of risk, together with the way we respond to changes in the external operating environment are keys to sustainable growth and underpin the robustness of our business plans and strategic objectives, protecting our license to operate and our reputation and helping create a long-term source of competitive advantage.

## Corporate and Financial Reporting Framework

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

- The financial statements, prepared by the management of FFIL 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)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable 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 analyses of significant deviations have been highlighted and reasons have been explained in the respective sections.

## Compliance and conviction

FFIL 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.

## Credit Rating

National Credit Rating Limited (NCR) has upgraded the ratings of "A" (Pronounced as Single A) in long term credit rating and ST-2 in short term credit rating to the FAS Finance & Investment Ltd. (From here on referred to as FFIL) based on the audited financials up to December 31, 2017 along with the other relevant Quantitative as well as Qualitative information up to the Date of Rating Declaration. The outlook on the rating is Developing. The ratings are consistent with NCR's methodology for this type of financial institutions. NCR considered financial performance, capital base, asset composition, asset quality, earning trends, profitability, management experience and prospect of the industry while assigning the rating.

## CEO and CFO's declaration certificate

The CEO and CFO's declaration to the Board is appended on page no 63.

## Related Party Transactions

Disclosure of all related party transactions, including basis for such transactions, has been provided in Note 42 on page no. 190.

### **Subsidiary Company**

FAS Finance & Investment Limited has one fully owned subsidiary company, namely, FAS Capital Management Limited a full fledged merchant bank. FAS Capital Management Limited was incorporated on 13 October 2010. During the year 2018, FAS Finance & Investment Limited did not receive any dividend from the Subsidiary Company. Separate audited financial statements of the subsidiary company are given on pages 198 to 218 of this Annual Report.

### **IPO of the Company**

FAS Finance & Investment Limited floated its ordinary shares through IPO in the year 2007 and raised BDT 140,635,000 at par. The net proceeds of IPO was used for Company's operational activities i.e. for investment, leasing, lending, refinancing of the Company.

### **Declaration of Dividend**

The Board of Directors in its 211<sup>th</sup> Meeting held on May 14, 2019, recommended 5 percent stock dividend for the year ended on 31 December 2018 subject to approval of Bangladesh Bank and the shareholders at 22<sup>nd</sup> Annual General Meeting scheduled to be held on June 27, 2019. Details of the dividend declared during the financial year are disclosed in Note 43.03 of the Notes to the Financial Statements on page no. 192 of this annual report.

### **Annual General Meeting**

The notice of the 22<sup>nd</sup> Annual General Meeting is given on page no. 03 of this Annual Report. A summary of the agenda is given below:

01. To receive and adopt the Directors' Report, Auditors' Report and Audited Financial Statements of the Company for the year ended December 31, 2018;
02. To declare dividend for the year ended December 31, 2018;
03. To elect/re-elected Directors;
04. To appoint the Auditors for auditing Financial Statements for the year ended on December 31, 2019 and to fix their remuneration;
05. To appoint the Auditors for auditing Corporate Governance for the year ended on December 31, 2019 and to fix their remuneration.

### **Directors' Meeting, Attendance & Remuneration**

During the year 2018 a total eleven meetings were held. All of the Directors served on the Board attended more than 72.73 percent of the aggregate of the total number of meetings of the Board of Directors. The Directors including the Independent Directors are not entitled to get any remuneration other than fees for attending in the Board/Committee meetings. An amount

of BDT 8,000 is paid to each Director for attending each Board/Committee meeting. The details on remuneration paid to Directors in 2018 is presented on page 91 of this Annual Report.

### **Directors' Responsibilities of preparation of Financial Statements**

As per Companies Act 1994, the Directors are responsible for preparing the Annual Report and Company's financial statements in accordance with applicable laws and regulations. The Board confirms that the Financial Statements have been prepared according to accounting policies and other applicable laws and regulations.

### **Regulatory Compliance**

FAS Finance & Investment Limited is well known for its regulatory compliance and has always followed applicable regulations rigorously. FAS Finance & Investment Limited has a dedicated compliance team for ensuring regulatory compliance across all the businesses and operations. They are responsible for identification and assessment and compliance related matters from a regulatory compliance perspective and monitoring and reporting. We ensure that these are periodically reviewed in line with the changing scenario and taking into account modifications if any in the regulatory guidelines.

### **Auditors**

The Board in its 211<sup>th</sup> meeting held on May 14, 2019 recommended the shareholders to appoint M/S. Malek Siddiqui Wali, Chartered Accountants at a remuneration of BDT 150,000/- plus VAT. FFIL has also taken prior approval from Bangladesh Bank to appoint M/S. Malek Siddiqui Wali, Chartered Accountants, until completion of conclusion of the 23<sup>rd</sup> AGM. Based on the declaration provided by M/S. Malek Siddiqui Wali and as far as the Directors are aware, the Auditors do not have any relationship with or interest with FFIL that in their judgments, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Bangladesh, applicable on the date of this report. Details about auditors of subsidiaries and auditor for other audit services are given in page number of the annual report.

### **Status of Compliance on Corporate Governance**

Corporate Governance status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under Section 2CC of the Securities and Exchange Commission Ordinance 1969 and DFIM Circular No. 07, dated September

25, 2007, issued by Bangladesh Bank is enclosed in the subsequent section of the Directors' Report. Statement of Compliance with Good Governance Guideline Issued by Bangladesh Bank is included in Page no. 88 to 90.

### **Certificate from the practicing professional on the compliance of conditions on corporate governance**

The Board in its 211th meeting held on May 14, 2019 recommended the shareholders to appoint M/S. MRH Dey & Co., Chartered Accountants at a remuneration of BDT 25,000/- plus VAT. FFIL in the 22<sup>nd</sup> AGM to audit the compliances of Corporate Governance Guidelines for the year 2019.

### **Shareholding Pattern**

FFIL's shareholding pattern as on December 31, 2018, is disclosed as per the new CGC of BSEC in this annual report on page no. 92 to 93.

### **Going Concern**

Companies and other entities are experiencing the impact of difficult or uncertain economic conditions in varying degrees. The effects of such economic conditions may be significant in the area of financial reporting, in particular, the Directors' assessment of the Company's ability to continue as a going concern. Going concern is a fundamental principle underlying the preparation of the financial statements of a listed company. Bangladesh Accounting Standards require Directors to consider whether there are material uncertainties that would lead to significant doubt about a company's ability to continue for foreseeable period. BSEC requires the listed companies to make adequate disclosures in the financial report about the going concern of a listed company. The financial statements of the FAS Finance & Investment Limited have been prepared on a going concern basis. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions covering principal activities, strategic directions and challenges and uncertainties together with a review of the income statement, financial position and risk profile. In addition the Directors have considered the future projections of profitability, cash flows, asset quality, the outcome of various stress tests and capital resources in making their assessment. After assessment, the Directors are satisfied that the Company has adequate resources to continue its operation for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

### **Directors to Retire and Re-Appointment**

As per Article 104 of the Articles of Association of the Company, the following Directors will retire in the 22<sup>nd</sup>

Annual General Meeting and being eligible offered themselves for reappointment:

- Mr. Md. Abul Shahjahan
- Mr. Md. Atharul Islam


### **Contribution to the society during the year**

Being a key player in the financial market not only bestows FFIL with the responsibility of its shareholders but also to the national economy. FFIL, with its solid pillars of governance and compliance takes its role in social and economic development very seriously. Corporate Social Responsibility policy of the Company is in under process in line with the Bangladesh Bank's Guidelines on CSR with a view to engage the institution into a broad range of direct and indirect CSR activities. As such, in addition to providing financial solutions that help ensure generate employment and contribute to the nation's growth and development, we directly contribute to the government exchequer in the form of various taxes in correct measures. In 2018, FFIL deposited BDT 92.39 million to the Government exchequer against own income, which included BDT 54.20 million as corporate Income Tax and BDT 8.42 million as Value Added Tax. In addition, BDT 29.77 million was collected and deposited to the Government exchequer in the form of withholding Tax, VAT and Excise Duty. As a quality employment generator, our business provided direct employment to 119 members with a recruitment of 09 new employees during the course of 2018. In 2018 and going forward we have focused towards efficiency.

### **Acknowledgement**

The Board of Directors of the Company would like to extend their sincere thanks and gratitude to its stakeholders for assistance and guidance from time to time. The Directors of the Company acknowledge their gratitude to its customers, financiers, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and other regulatory authorities for their guidance and support to the Company and the co-operation extended by the Auditors, and the devoted efforts put in by the Company's employees at all levels to uphold the Company's performance.

For and on behalf of the Board of Directors.

  
**Anjan Kumer Roy, FCA**  
 Chairman (Acting)

# Audit Committee Report

## The Composition of the Committee

In accordance with the currently accepted Best Practice and Corporate Governance Guidelines, the Board appointed Audit Committee comprising of the following Directors of the Company:

1. Mr. Pradip Kumar Nandi, Chairman
2. Mr. Md. Abul Shahjahan, Member
3. Mr. Md. Atharul Islam, Member

The Audit Committee of the Company has been formed pursuant to the Bangladesh Bank guideline on Internal Control and Compliance framework vide DFIM circular no 13, dated October 26, 2011 and the Guidelines on Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) dated June 3, 2018.

## Terms of Reference

The Terms of Reference of the Audit Committee clearly defines the roles and responsibility of the Audit Committee. The Terms of Reference is periodically reviewed and revised with the concurrence of the Board of Directors. The Audit is responsible to and reports to the Board of Directors. The Role and functions of the Committee are further regulated by the rules governing the Audit Committee as specified by the "Corporate Governance Code" issued by the Bangladesh Securities and Exchange Commission (BSEC) and Guidelines on Corporate Governance & Responsibilities of Audit Committee issued by Bangladesh Bank.

## Role of Audit Committee

The Audit Committee on behalf of the Board of Directors attempts to ensure effective implementation of the processes set out in the business plan and policies. Major role of the Audit Committee is to monitor and review the effectiveness of internal control system. The Audit Committee is also responsible to ensure the integrity of the Financial Statements so that it provides a true and fair view of the state of affairs of the Company. In addition, the Audit Committee reviews and, when appropriate, makes recommendations to the Board on business risks, internal control and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information that proper and satisfactory internal controls systems are in place to identify the risks so that Company's business is conducted in a sound manner.

## Activities

The Committee carried out the following activities during the year 2018:

## 1. Financial Reporting

The Committee supports the Board of Directors to discharge their responsibility for the preparation of Financial Statements that reflect a true and fair view of the financial performance and financial position based of the Company's accounting records and in terms of the Bangladesh Accounting Standards, by:

- Reviewing the systems and procedures to ensure that all transactions are completely and accurately recorded in the books of account.
- Reviewing the effectiveness of the financial reporting system in place to ensure reliability of the information provided to the stakeholders.
- Reviewing the Accounting Policies and to determine the most appropriate accounting policies after consideration of all choices available.
- Strict adherence and compliance with the Bangladesh Accounting Standards and recommended best accounting practices.
- Reviewing the Annual Report and Accounts and the Interim Financial Statements prepared for publication, prior to submission to the Board.

Having assessed the internal financial controls, the Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position is well monitored.

## 2. Regulatory Compliance

The Company's procedures in place to ensure Compliance with Mandatory Bangladesh Bank's instructions and statutory requirements were under close scrutiny. The Committee monitors the due compliance with all requirements through the quarterly statements submitted by the Internal Audit Department. The Committee monitors due compliance with all relevant Laws, Regulations and timely settlements of Statutory

## 3. Internal Audit Function

The Audit Committee approves the terms of reference of internal audit and reviews the effectiveness of the internal audit function. In line with leading practice, it to provide independent and reasonable, but not absolute, assurance that the FFIL system of risk management, control, and governance processes, as designed and implemented by

senior management, are adequate and effective. Internal Audit reports on the adequacy of the system of internal controls to the Audit Committee and management, but does not form any part of the system of internal controls. Internal Audit has implemented risk-based audit processes. Audit work is prioritized and scoped according to an assessment of risk exposures, including not only financial risks, but operational, compliance and strategic risks as well. The work undertaken by Internal Audit includes the audit of the Company's system of internal controls over its key operations, review of security and access controls for the Company's computer systems, review of control processes within and around new products and system enhancements, and review of controls over the monitoring of market, liquidity, and credit risks. Internal Audit also participates in major new system developments and special projects, to help evaluate risk exposures and to help ensure that proposed compensating internal controls are adequately evaluated on a timely basis. It also ascertains that the internal controls are adequate to ensure prompt and accurate recording of transactions and proper safeguarding of assets, and that the Company complies with laws and regulations, adheres to established policies and takes appropriate steps to address control deficiencies. The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Internal Audit reports functionally to the Audit Committee and administratively to the Managing Director, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations. The Audit Committee approves the appointment and removal of the Head of Internal Audit.

#### 4. External Audit

The Committee met with the Auditors prior to commencement and at the conclusion of the Annual Audit to discuss the audit scope, approach and methodology to be adopted and the findings of the audit. The Committee subsequently reviewed the external auditor's findings in order to be satisfied that appropriate action is being taken. Non-Executive Directors had separate meetings with Auditors to ensure they had no cause to compromise on their independence. Auditors' Management Letter together with the Management's response thereto and the Audited Financial Statements were reviewed with the Auditors. The Committee reviewed the non-audit services provided by the Auditors to ensure that such services do not fall within the restricted services and provision of such services does not impair the External Auditors' independence and objectivity.

#### 5. Internal Controls

The Board believes, with the concurrence of the Audit Committee, that the system of internal controls, including financial, operational and compliance controls and risk management systems, maintained by the Company's management and that was in place throughout the financial year and up to and as of the date of this report, is adequate to meet the needs of the company in its current business environment. The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

#### 6. Corporate Governance Report

As required by the provisions of Corporate Governance Guidelines issued by the Bangladesh Securities & Exchange Commission (BSEC) through notification Number: SEC/CMRRCD/2006-158/207/Admin/80, dated; 03 June 2018 Corporate Governance for Licensed Financial Institutions in Bangladesh, Annual Corporate Governance Report for 2018 is provided on pages 76 to 87 The external auditors have performed procedures set out by the Bangladesh Securities and Exchange Commission (BSEC), to meet the compliance requirement of the Corporate Governance directive.

#### 7. Ethics and Good Governance

Highest standards in Corporate Good Governance and strict adherence to the requirements of FFIL's Code of Ethics are ensured through close monitoring. Through the Code of Ethics all levels of staff have been educated and encouraged to resort to whistle blowing, when they suspect wrong doings or other improprieties. The Committee also ensures that appropriate procedures are in place to conduct independent investigations into all such incidents.

Based on the above review and discussions, the Audit Committee is of the view that the internal control and compliance procedures are adequate to present a true and fair view of the activities and financial status of the Company.



**Pradip Kumar Nandi, ITP**

Chairman

Audit Committee of the Board of Directors

# Statement on Ethics and Compliance

## Acknowledgement

FAS Finance & Investment Limited remains committed to upholding the highest standards of ethics and compliance by its employees. Good governance and sound ethical practices are deeply embedded in our culture. We will continue to strengthen our position to remain as a highly-compliant and well-governed financial institution in Bangladesh.

## Our Approach

As governance and regulatory requirements in the financial industry continues unabated, financial institutions are coming under intense pressure to implement good governance practices and manage compliance risk while pushing for improvements to the bottom-line. Compliance risk within the FFIL Financial Group is defined as the risk of impairment to the organization's business model, reputation and financial condition from failure to meet laws and regulations, internal policies and the expectations of stakeholders.

FFIL pays close attention to the moral concerns in order to make the right ethical decisions on a day-to-day basis over and above observing the law, one of the basic professional requirements for the NBFIs. We at FFIL believe that the upholding of an ethical culture in financial sector is of critical interest to the customers, employees, regulators alike and to the NBFi itself as a secured, reliable and efficient financial sector system in one of the pillars of economic stability of any country. Hence, nurturing an ethical culture is of utmost importance for financial institutions, like any other organization. Our core ethical values include honesty, integrity, fairness, responsible citizenship, and accountability.

## Code of Ethics & Principles of Conduct

True spirit of ethical practices is at the core of what FFIL secures in the course of business. We fondly believe that our achievement can only be sustained by creating effective corporate governance, professionalism among its staff and strictly adhering to rules and regulations designed in high ethical standard. Key areas of our efforts are:

### 1. Fair Treatment of Customers

FFIL ensures that customers are treated fairly and without prejudice that fosters good support and helps to build long-term sustainable business relationship.

### 2. Privacy and Security of Client Information

As per our 'Code of Conduct', all information gathered from customers/clients during the course of providing service is to be considered confidential unless it is clearly stated otherwise.

### 3. Transparency and Accuracy of Financial, Tax and Other Reporting

Employees of FFIL must ensure that information / reporting relating to their customer is readily available, accurate and transparent.

### 4. Interaction in Print, Electronic and Social Media

All media (Print, electronic and social) inquires are forwarded to representatives of corporate communication department or any authorized personnel to initiate contact with the media on behalf of the organization.

### 5. Ethics against Discriminatory Harassment

FFIL Management ensures strict compliance with antidiscrimination and harassment policy whereby the wrongdoer may be subjected to the full range of disciplinary actions up to and including termination of his /her employment as well as may be tried by the prevailing laws of the country.

### 6. Kickback & Secret Commission

FFIL employees must not receive payment or compensation of any kind from any customer/ vendor/ supplier, except as authorized under the organization's business. In particular, FFIL Strictly prohibits the acceptance of secret commission from suppliers and clients.

### 7. Personal Investment and Insider Trading

It is also prohibited for FFIL employees to take part in trading of publicly traded securities and investments for personal gain if they possess material non-public information about the security or the issuer.

### 8. Conduct towards Female Colleagues

Any harassment or discriminatory behavior directed at female employees in the form of derogatory or provocative comments, physical violence, horseplay / inappropriate jokes, unwanted physical contact, use of epithet, comments or innuendo, obscene or harassing telephone calls, e-mails, letters, notes or other forms of communication, and any other conduct that may create a hostile working environment is strictly prohibited. In some cases can lead to termination of employment.

### 9. Workplace Security & Safety

One of the primary concerns of FFIL is to maintain a healthy and productive work environment by ensuring the safety and security of office premises.

### Compliance Governance

At the apex of compliance is the Board, which oversees and provides strategic direction for compliance in the Company. The Risk Management Committee is the management committee wherein the Company's state of compliance with laws, regulations, internal policies and procedures is reported.

### Monitoring Compliance

Compliance against code of conduct and ethics is embedded in our employment contracts, recruitment and performance management activities. All new employees joining FFIL as well as existing employees are required to read the 'Code of Conduct' and duly sign a statement of compliance attesting that they have read, understood and provided their personal commitment to comply with the applicable laws, regulations and corporate ethics. They will also be held accountable for carrying out compliance responsibilities and acknowledge that ignorance of the rules and regulations outlined in the code cannot be an excuse for non-compliance. Any breach of this code may lead to disciplinary action. Above all, FFIL practices a reward and recognition program which is designed to reward employees who demonstrate ethical principles and uphold the core values of integrity and morality in the code of conduct and ethical standard. Such recognition serves to validate the ethical actions of the concerned employees, encourages repeat behavior and helps to create a culture of transparency, accountability and integrity.

### Anti-Money Laundering and Terrorist Financing

As one of the forerunners of the Government and Bangladesh Bank initiatives to prevent the financial system from being used for illicit and laundering activities, the Company has established the following processes and infrastructure:

- Accountability of each level of employee for anti- money laundering detection and prevention;
- Education and training in preventing and detecting money laundering; and
- Extensive procedures covering customer identification, account opening, record keeping and recognition and reporting of suspicious transactions.

The AML/TF measures continue to focus on ensuring the effectiveness of reporting by all business and operating units to Compliance Division.

AML/TF self-compliance assessments continue to provide an avenue for the Compliance Division to gauge the understanding of business and operating units on AML/TF and act as tools to enhance future measures. In addition, various learning initiatives are offering to raise awareness among employees on the important role that they play in ensuring the Group does not become a conduit for money laundering.

### Effectiveness of Code, Efforts of the Company

- To apply core values and principles embodies consistently
- For management to display the fullest support to the code and serve as role model for compliance
- To ensure that all personnel strictly comply the code
- To fair rewarding and punishment be effective under a transparent system
- To communicate the contents to all employees and even make the code available to those outside the Company
- To review and revise regularly

### Reporting Compliance

We have reported breaches of our Code of Conduct and Ethics framework yearly. Breaches of operational, regulatory and compliance requirements are tracked and case management, with corrective action closely monitored until 'closed'. All breaches of the Code are reported annually to our Management Committee and form part of regular risk reporting to the Management Credit Committee. Compliance with our code of Conduct and Ethics is monitored by Internal Audit, who ensures processes are in place to appropriately investigate alleged breaches of the Code. We also conduct annual testing of the controls that support our code of Conduct and Ethics, which forms part of our financial reporting governance program and the results are made available to External Auditors in connection with their external audit of the Group's consolidated financial statements.



# Statement on Internal Control

## Responsibility

As per the Bangladesh Bank's DFIM Circular No. 07, dated; 25-09-2007, DFIM Circular Letter No. 09, dated; 08-10-2007, DFIM Circular Letter No. 18, dated; 26-10-2011 and DFIM Circular Letter No. 06, dated; 17-06-2012, which clearly define the responsibility of the Board of Directors on Internal Control of the Company.

To ensure this, the Company has taken proper and sufficient care in installing a system of Internal Control, which is reviewed, evaluated and updated on an ongoing basis. The Internal Control and Compliance Department of the Company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

- The Board Sub Committees are established to assist the Board in ensuring:
  - the effectiveness of the FFIL's daily operations.
  - that FFIL's operations are in accordance with the corporate objectives and strategies.
  - that the operations of the Company are in line with the annual budget as well as the policies and business directions that have been approved by the Board.
- The Internal Audit Division of the Company checks for compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. Audits are carried out on majority of units and branches, the frequency of which is determined by the level of risk assessed by the internal audit, to provide an independent and objective report on operational and management activities of these units and branches. The annual audit plan is reviewed and approved by the Audit Committee and the findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee of the Company reviews internal control issues identified by the Internal Audit Division, the external auditors, regulatory authorities and management; and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit function with particular emphasis on the scope of audits and quality of the same. The minutes of the Audit Committee meetings are tabled for the information to the Board on a periodic basis. Further details of the activities undertaken by the Audit Committee of the Company are set out in the Audit Committee Report on pages 58 to 59.

- The Risk Management Forum (RMF) is established to assist the Board to oversee the overall management of principal areas of risks of the Company. The Risk Management Forum which includes representation from all key business and operating units of the Company, assists the Board with the implementation of policies advocated at the Board Audit Committee.
- Board Executive Committees have also been established with appropriate empowerment to ensure effective management and supervision of FFIL's core areas of business operations and investments.

The Company adopted the International Accounting Standards Comprising IAS & IFRS. Since adoption of such International Accounting Standards, progressive improvements on processes to comply with new requirements of recognition, measurement, classification and disclosure are being made whilst, further strengthening of processes will take place pertaining to impairment of loans and advances and financial statement disclosures. They also recognized the need to introduce an automated financial reporting process to more effectively comply with the requirements of recognition, measurement, classification and disclosures of financial instruments. The assessment did not include subsidiaries of the Company. The recommendations made by the external auditors in connection with the internal control system in previous years were reviewed during the year and appropriate steps have been taken to implement those.

## Confirmation

Based on the above processes, the Board confirms that the financial reporting system of the Company has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes has been done in accordance with Bangladesh Accounting Standards and regulatory requirements of the Bangladesh Bank and Bangladesh Securities and Exchange Commission.



**Anjan Kumer Roy, FCA**

Chairman (Acting)

# CEO and CFO's Declaration

May 14, 2019

## The Board of Directors

FAS Finance & Investment Limited  
Suvastu Imam Square (4<sup>th</sup> & 5<sup>th</sup> floor),  
65, Gulshan Avenue, Gulshan, Dhaka 1212.

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

Dear Sirs,

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

- (1) The Financial Statements of FAS Finance & Investment Limited for the year ended on December 31, 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's 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 Company were consistently followed; and
- (6) The management's use of the going concerns 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 Company's 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 December 31, 2018 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's 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 Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**British Kumar Sarker**  
Managing Director and CEO



**A.K.M. Shamsheer Ali**  
Chief Financial Officer (CC)

# Disclosures under Pillar-III Market Discipline

## A) Scope of application

### Qualitative Disclosures:

(a) The name of the top corporate entity in the group to which this guidelines applies.

FAS Finance & Investment Limited (FFIL)

(b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).

The FFIL has one subsidiary: FAS Capital Management Ltd. which is fully consolidated.

(c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.

**Not applicable.**

### Quantitative Disclosures:

(d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.

**Not applicable.**

## B) Capital structure

### Qualitative Disclosures

(a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.

### Tier 2 capital includes:

- i) General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk;
- ii) Revaluation reserves:  
50% Revaluation reserve for fixed assets;  
45% Revaluation reserve for securities;
- iii) All other preference shares.

### Conditions for maintaining regulatory capital:

The calculation of Tier 1 capital, and Tier 2 capital, shall be subject to the following conditions:

- i) The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.

- ii) 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

### Quantitative Disclosures:

(b) The amount of Tier 1 capital, with separate disclosure of:

Particulars	Creore Taka
Paid up capital	141.98
Non-repayable share premium account	0.00
Statutory reserve	20.56
General reserve	0.03
Retained earnings	16.74
Minority interest in subsidiaries	0.68
Non-cumulative irredeemable preference shares	0.00
Dividend equalization account	0.00
<b>Total Tier 1 capital</b>	<b>179.99</b>
(c) The total amount of Tier 2 capital	31.66
(d) Other deductions from capital	0.00
<b>(e) Total eligible capital</b>	<b>211.65</b>

## C) Capital Adequacy

### Qualitative Disclosures

(a) A summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.

### Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

FFIL has adopted Standardized Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying the capital charge for market risk and operational risk by the reciprocal of the minimum capital adequacy ratio and adding the resulting figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Regulatory Capital as on numerator to derive Capital Adequacy Ratio.

### Strategy to achieve the required Capital Adequacy:

- Rigorous monitoring of overdue loans to bring those under 90 days overdue
- Financing clients having good rating as per Company's policy using benefit of credit risk mitigation by taking eligible collaterals against transactions.
- Focusing more to increase the spread on SME loan and thus increasing retained earnings
- Raise fresh capital by issuing bonus share/ right issue.

## Quantitative Disclosures

Amount in crore Taka

(b) Capital requirement for Credit Risk	1,765.43
(c) Capital requirement for Market Risk	48.02
(d) Capital requirement for Operational Risk	64.15

### (e) Total and Tier 1 capital ratio:

For consolidated group	
CAR on Total capital basis (%)	11.27
CAR on Tier 1 capital basis (%)	9.59
For stand alone	
CAR on Total capital basis (%)	11.00
CAR on Tier 1 capital basis (%)	9.77

## D) Credit Risk

### Qualitative Disclosures

#### (a) The general qualitative disclosure requirement with respect to credit risk, including:

Definitions of past due and impaired (for accounting purposes)

As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.

Description of approaches followed for specific and general allowances and statistical methods;

General provisions are maintained according to the relevant Bangladesh Bank Guideline and Specific provisions are maintained as per FFIL's internal policy which is much more conservative than Bangladesh Bank Guidelines.

#### Discussion of the FI's credit risk management policy. Implementation of various strategies to minimize risk: To encounter and mitigate credit risk, the following control measures are taken place at FFIL:

- Vigorous monitoring and follow up by fully dedicated recovery and collection team
- Strong follow up of compliance of credit policies by appraiser and credit department taking collateral, performing valuation and legal vetting on the proposed collateral by members of our own dedicated technical and legal department
- Seeking legal opinion from external lawyers for any legal issues if required
- Regular review of market situation and industry exposures

- Insurance coverage for funded assets.

In addition to the best industry practices for assessing, identifying and measuring risks, FFIL also considers Guideline for Managing Core Risks of Financial Institutions issued by Bangladesh Bank for management of risks.

### Separation of Corporate/SME Department & CRM Department

As a structured financial institution FFIL has separated Corporate/SME Financing Department & CRM Department and doing their responsibilities and duties independently. While Corporate/SME Department originates the credit proposal with all formalities & findings, the CRM Department assesses the risk areas and its mitigating factors. CRM Department of the company also places their findings & observations before the relationship manager of the Corporate/SME Department before taking approval from the concerned authority. Corporate/SME Department takes steps immediately according to the recommendation of the CRM Department & places the memo to the EC/Board for approval/decision.

### Credit Administration Department

An independent Credit Administration Department is in place, at FFIL, to scrutinize all loans from risk-weighted point of view and assist the management in creating a high quality portfolio and maximize returns from assets. The Credit department assesses credit risks and suggests mitigations and ensures that adequate security documents are in place before sanction of loan and before disbursement of loans.

### Recovery and Legal Affairs Department

FFIL has a strong team of recovery & monitoring operation and follow up of court cases. For managing NPL cases the loan files are placed to Recovery & Legal Affairs Department to directly monitor, put into action and intensify recovery and settlement drives through dedicated internal recovery officers. In case of need suits are filed in Artho Rin Adalat as well as under NI act to expedite the recovery drive.

### Independent Internal Compliance Department

Appropriate internal control measures are in place at FFIL. An Internal Compliance Department has been established to ensure compliance with all internal guidelines, Bangladesh Bank guidelines, operational procedures and adequacy of internal control and documentation procedures.

### Credit Evaluation

To mitigate credit risk, FFIL search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Loan Operation Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

### Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system.

Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk. Bigger loans require more scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

### Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

### Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

### Quantitative Disclosures

(b) Total gross credit risk exposures broken down by major types of credit exposure.

Particulars	Core Taka
Loans	1506.11
Leases	29.25
<b>Total</b>	<b>1535.36</b>

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Area	Core Taka
Dhaka	1520.75
Chittagong	13.75
Sylhet	0.86
<b>Total</b>	<b>1535.36</b>

(d) Industry or counterparty type distribution of exposures, broken down by major types of credit exposure.

Sector	Core Taka
Agriculture	24.91
Chemicals & Pharmaceuticals	187.94
Electronics & Electrical	11.64
Food & Beverage	0.88
Garments & Accessories	56.47
Home loan	74.91
Housing companies	150.61
Iron, Steel & Engineering	0.03
Paper, Printing & Packaging	15.97
Plastic Industries	0.37
Power, Gas, Water & Sanitary Services	16.66
Transport	148.39
Others	846.58
<b>Total</b>	<b>1535.36</b>

(e) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.

Particulars	Core Taka
Repayment on demand	0.00
Not more than 3 months	162.08
Over 3 months but not more than 1 year	621.56
Over 1 year but not more than 5 years	600.90
Over 5 years	150.82
<b>Total</b>	<b>1535.36</b>

### (f) Gross Non Performing Assets ( NPAs)

Non Performing Assets ( NPAs) to Outstanding Loans & advances

### Movement of Non Performing Assets ( NPAs)

Particulars	Core Taka
Opening balance	163.65
Additions	77.08
Reductions	7.20
Closing balance	233.53

### Movement of specific provisions for NPAs

Particulars	Core Taka
Opening balance	15.60
Additions	6.08
Reductions	1.54
Closing balance	20.14

## E) Equities: Banking book positions

### Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority.

Mutual funds have been valued at 85% of latest published NAV available as on December, 2017. On the other, unquoted share is valued at cost price or book value as per latest audited accounts.

### Quantitative Disclosures

(b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities, a comparison to publicly quoted share values where share price is materially different from fair value

(Amount in Crore)

Particulars	Cost Price	Market Price
Quoted shares	11.90	9.69
Unquoted shares	1.38	1.38

### Quantitative Disclosures

(c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.

Particulars	Crore Taka
Cumulative realized gains (losses)	5.03

(d)

Total unrealized gains (losses)	4.42
Total latent revaluation gains (losses)	-
Any amounts of the above included in Tier 2 capital.	-

(e) Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

**Specific Risk-** Market value of investment in equities is BDT 24.01 crore. Capital Requirement is 10% of the said value which stand to BDT 2.40crore.

**General Risk-** Market value of investment in equities is BDT 24.01 crore. Capital Requirement is 10% of the said value which stand to BDT 2.40 crore.

### F) Interest rate in the banking book

#### Qualitative Disclosures

(a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

FFIL measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate.

#### Quantitative Disclosures

(b)The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

### Maturity wise Distribution of Assets-Liabilities

(Amount in BDT Crore)

Particulars	1 to 30/31 day (one month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year
A. Total Rate Sensitive Liabilities (A)	103.01	105.77	169.74	301.93	499.17
B. Total Rate Sensitive Assets (B)	101.38	101.68	182.18	362.02	390.64
C. Mismatch	-1.63	-4.09	12.43	60.09	-108.5
D. Cumulative Mismatch	-1.63	-5.72	6.71	66.80	-41.74
E. Mismatch (%)	-1.58%	-3.87%	7.33%	19.90%	-21.74%

### Interest Rate Risk - Increase in Interest Rate

Magnitude of Shock	Interest Rate Risk		
	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond Portfolio	0.00	0.00	0.00
Net Interest Income	-0.83	-1.67	-2.50
Revised Regulatory Capital	212.73	211.89	211.06
Risk Weighted Assets	1878.18	1878.18	1878.18
Revised CAR (%)	11.33%	11.28%	11.24%

### G) Market risk

#### Qualitative Disclosures

(a) Views of BOD on trading/investment activities

All the Market Risk related policies/guidelines are duly approved by BOD. The BOD sets limit and review and updates the compliance on regular basis aiming to mitigate the Market risk.

#### Methods used to measure Market risk

Market Risk is the probability of losing assets in balance sheet and off- balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardized (rule based) Approach where capital charge for interest rate risk, price and foreign exchange risk is determined separately.

#### Market Risk Management system

#### Policies and processes for mitigating market risk

A Policy for managing Market Risk has been set out by the Board of Directors of the company where clear instructions has been given on Loan Deposit Ratio, Whole Sale Borrowing Guidelines, Medium Term Funding, Maximum Cumulative Outflow, Liquidity Contingency Plan, Local Regulatory Compliance, Recommendation / Action Plan etc. Treasury manages the Market Risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following fashion:

#### Interest Risk Management

Treasury Division reviews the risks of changes in income of the Company as a result of movements in market interest

rates. In the normal course of business, FFIL tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

#### Market analysis

Market analysis over interest rate movements are reviewed by the Treasury of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and an earning perspective.

#### GAP analysis

ALCO has established guidelines in line with central Bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular monthly meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between Rate Sensitive Assets and Rate Sensitive Liability and take decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk

#### Continuous Monitoring

Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assumed risks.

#### Equity Risk Management

Equity Risk is the risk of loss due to adverse change in market price of equities held by the Company. Equity Risk is managed by the following fashion:

FFIL minimizes the Equity Risks by Portfolio diversification as per investment policy of the company. The entire portfolio is managed by FFIL Investments Limited.

#### Quantitative Disclosures

##### (b) The capital requirements for Market Risk:

Interest rate risk	-
Equity position risk	4.80
Foreign Exchange Position and Commodity risk (if any).	-

#### H) Operational Risk:

##### Qualitative disclosure:

##### (a) Views of Board on system to reduce Operational Risk:

All the policies and guidelines of internal control and compliances are duly approved by the Board. The Board delegates its authority to Executive Committee and to MANCOM members as per company policy of delegation of authority. Audit Committee of the Board directly oversees the activities of internal control and compliance as per good governance guideline issued by Securities and Exchange Commission.

#### Performance gap of executives and staffs

FFIL's recruitment strategy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in the near future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. We are proud to state that favorable job responsibilities are increasingly attracting greater participation from different level of employees in the FFIL family. We aim to foster a sense of pride in working for FFIL and to be the employer of choice. As such there exists no performance gap in FFIL.

#### Potential external events

No such potential external event exists to raise operational risk of FFIL at the time of reporting.

#### Policies and procedures for mitigating operational risk:

FFIL has also established Internal Control and Compliances Department (ICC) to address operational risk and to frame and implement policies to encounter such risks. ICC assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk.

#### Approach for calculating capital charge for operational risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. FFIL uses basic indicator approach for calculation capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

#### Quantitative Disclosures:

##### (b) Capital requirement for operational risk:

Capital requirement for operational risk:	6.42
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# Chairman's Statement on Corporate Governance

We govern ourselves as a Financial Institution is as important as anything else. Being an ethical company is about much more than simply adhering to the letter of the law. But it's an important step. We aim to achieve and maintain the highest standard of business integrity, ethics and professionalism across all of our activities.

The Board of Directors of FAS Finance and Investment Limited (FFIL) are accountable to the Company's shareholders for the good conduct of the Group's affairs. This report explains how the Group applies the Corporate Governance issued by the BSEC and Bangladesh Bank.

The Directors are committed to maintain the highest standards of corporate governance, which they believe are fundamental in discharging their stewardship responsibilities.

The Board confirms that the Company has, throughout the period under review, complied with all provisions set out in corporate governance guidelines.

As part of its commitment to sustainable operations at every level, FAS Finance & Investment Limited operates within a clearly defined governance framework that defines all governance and compliance aspects of the Company.

The Board of Directors strongly believes in the importance of good Corporate Governance in maintaining Company's reputation and solid foundation. The Board will continue to ensure good Corporate Governance to provide the requisite leadership, policy, strategy and internal controls in order to continue to deliver and sustain company's value propositions. This benefits our stakeholders while at the same time ensuring continuing momentum towards reaching FAS Finance & Investment Limited aspirations to be a leading financial institution.

FAS Finance & Investment Limited is committed to the principles of excellence in corporate governance and ethics. This commitment is evidenced by the following practices that are in place at FAS Finance & Investment Limited:

- A Board with all non-executive members being independent of Management;
- Clear separation of the role of the Chairman of the Board and the Managing Director & CEO;
- The Audit Committee and Executive Committee comprises solely of Non-Executive Directors;

- Inclusion of the Independent Directors in the Board Audit Committee;
- An Independent Director is in the Chair of the Audit Committee;
- A code of ethics and business conduct;
- Maintaining the basic principles of Corporate Governance;
- Published Charter for the Board and all of its Committees;
- Certification from an independent professional on the compliance of the conditions of BSEC's Notification Corporate Governance Code of 3 June 2018;
- A set of corporate values - integrity, trust, teamwork, openness, transparency, excellence and resilience communicated to all employees;
- The members of the Board Audit Committee possesses knowledge on internal control, financial and administrative matters;
- The Audit Committee meets regularly with/without the presence of the Management;
- An established system of internal control with appropriate check and balance;
- Ensure transparency in financial reporting and adequate disclosures.

Corporate Governance is not a mere statement of compliance for FFIL. We aim to achieve and maintain the highest standard of business integrity, ethics and professionalism across the Group. We believe that good governance, in its broadest sense, is a competitive advantage. To maximize shareholders' value on a sustainable basis, principles of good governance must extend beyond the Board of Directors into every segment of business activities. Indeed, a foundation of ethics, integrity and good governance guides all of our activities across our diverse operations.

Thank you.



**Anjan Kumer Roy, FCA**  
Chairman (Acting)



# Statement on Corporate Governance

Corporate governance is the system by which companies are directed and controlled. The Boards of Directors are responsible for the overall corporate governance. FFIL 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.

In pursuing the Corporate objectives, we have committed to the highest level of governance and strive to foster a culture that values and rewards exemplary ethical standards, personal and corporate integrity and mutual respect. The Board of Directors, led by the Chairman, is responsible for the governance of FFIL, and developing effective governance framework to meet challenges, both in the short and long term. The Board is committed to reviewing and improving our systems to provide transparency and accountability, and initiate transformational changes whenever necessary to ensure best practices are maintained and enhanced according to the principles of corporate governance.

## Corporate Governance Framework

FFIL's corporate governance framework is based on the principles of accountability, transparency, ethical management and fairness. A philosophy of sound governance is entrenched across the business. The directors recognize that good governance, achieved through an ethical culture, competitive performance, effective control and legitimacy, can create sustainable value and enhance long-term equity performance. The following Acts, Regulations and Circulars have been used:

### Sl. No. Particulars

- 1 The Companies Act, 1994
- 2 The Financial Institutions Act, 1993
- 3 The Code of the best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission (SEC) vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018.
- 4 Bangladesh Bank DFIM Circular No. 07, dated; 25 September, 2007.
- 5 Listing Regulations of Dhaka Stock Exchange and Chittagong Stock Exchange

**Articles of Association (AoA):** Define the purpose of the business, the powers and duties of the Directors and the basic organizational framework.

**Code of Conduct:** Defines the FFIL's ethical values and professional standards that the Board and all employees are required to follow, including an emphasis that employees must adhere to all relevant laws, regulations, and policies in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking.

**Organizational Guidelines and Regulations:** Define the responsibilities and sphere of authority of the various bodies within the company as well as the relevant reporting procedures.

**Corporate Governance Guidelines:** Summarize certain principles promoting the function of the Board and its committees and the effective governance of the company.

## The Board

The primary role of the Board is to protect and enhance long-term shareholder's value. It sets the overall strategy for FFIL and supervises senior management. It also ensures that good corporate governance policies and practices are implemented within the company. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interest of the Company and its shareholders. The Board of Director of FFIL comprises of members from diverse professional and educational background having knowledge and experience in Finance, Accounting, Economics, Medical, Law and Business etc. The short biographies of the Board of Directors is set out in the Profile of the Board of Directors section of this annual report.

## Representation of Non-Executive Directors & Independent Directors

FFIL's Board comprises eight (8) Directors including (3) three Independent Directors. Eight (8) Directors are nominated by their respective institutions. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. As per Bangladesh Securities and Exchange Commission (BSEC), Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated June 3, 2018, at least one-fifth of the total Directors of the Board shall be Independent Directors. Thus, in compliance with the guideline, three (3) Directors out of the total eight (8) Directors are independent, having no share or

interest in FFIL. Independence of the respective Independent Directors is confirmed during selection and appointment of the Directors and they are committed to continue with such independence throughout their tenure.

### **Responsibilities of the Board of Directors**

The Board has overall responsibility for the Organization. The responsibilities of the Board of Directors include:

- Setting overall strategic direction of the company
- Review and approval of business strategy
- Review and approval of budget
- Review of performance against financial and strategic objectives
- Approval of internal policies and guidelines
- Approval of financial statements
- Understanding risk and setting risk appetite
- Ensuring good governance
- Appointment of Managing Director & CEO and fixation of benefits

### **Company's Policy on Appointment of Directors**

The Board of Directors has the following duties and responsibilities in connection with the selection and appointment of new Directors; -

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and determine the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulation of the Companies Act 1994 and the Articles of Association of FAS Finance & Investment Limited.
- Any change in the members of the Board requires intimation to the Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and the Stock Exchanges. Directors usually serve three year terms, which the Board considers an appropriate length of time for Directors to immerse themselves fully in the Company's affairs and gain sufficient understanding of the Company's operations so as to make an effective contribution as a Director.

### **Chairman**

#### **Role of the Chairman**

The Chairman runs the Board. The Chairman serves as the primary link between the Board and the management

and works with the Managing Director and CEO and the Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board.

The Chairman's primary role is to ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The Chairman is selected by the Board. The principal features of the role of the Chair comprising the followings:

- Leading the Board
- Taking responsibility for the Board's composition and development
- Ensuring sufficient provision of information available to the Board
- Planning and conducting Board Executive committee meetings effectively
- Getting all Directors involvement in the Board's work
- Ensuring the Board's focus on key tasks
- Engaging the Board in assessing and improving its performance
- Overseeing the induction and development of Directors
- Supporting the Managing Director and CEO.

### **Responsibilities of the Chairman**

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors and provides leadership to the Board for all aspects of the Board's functions. He will:

- Ensure effective operations of the Board and its committees in conformity with the highest standard of corporate governance;
- Ensure effective communication with shareholders, host Governments and other relevant constituencies and ensure that the views of these groups are understood by the Board;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making;
- Ensure that all Board Committees are properly established, composed and operated;
- Support the Managing Director and CEO in strategy formulation and, more broadly, provide support and give advice;
- Ensure an effective relationship among Directors, acting as the principal channel for communication and issues relating

to business strategy, planned acquisitions and corporate governance;

- Establish a harmonious and open relationship with the Managing Director and CEO;
- Ensure that Board Committees are properly structured and all corporate governance matters are fully addressed;
- Encourage active engagement by all members of the Board.

#### **Separation of Duties between CEO and Chairman**

The Chairman of the Board is not the Chief Executive of the Company and are independent of each other, and their roles are autonomous and separate, in accordance with the DFIM Circular No. 07, dated 25.09.2007 and BSEC's Notification Corporate Governance Code dated 03.06.2018.

#### **Managing Director and CEO**

##### **Role and Responsibilities of the Managing Director & CEO**

The main duties and responsibilities and authorities of the Managing Director and CEO are as follows:

- Perform duty as delegated by the Board;
- Business planning and achieving targets set by the Board through execution of business plan;
- Ensure compliance with Financial Institutions Act, 1993 and related guidelines and circulars;
- Appointment and appraisal of all the employees.

##### **Appointment of Managing Director**

The Managing Director & CEO is appointed by the Board subject to the consent of the shareholders in the Annual General Meeting (AGM) and approval of Bangladesh Bank.

##### **Annual Evaluation of the Managing Director & CEO by the Board**

The Board of Directors evaluates the Managing Director and CEO based on the goals set for him considering the company's vision and mission at the beginning of each year. The Board does the performance assessment of CEO annually based on the specific targets as set forth in Annual Budget and long-term strategic goals. The annual financial budget and other job objectives are discussed, reviewed and finalized by the Board at the beginning of each fiscal year. The Board considers both financial and non-financial goals in both short term and long term while setting targets and doing the performance assessment.

##### **No involvement with any other listed or non listed companies at the same time**

As per BSEC's Notification Corporate Governance Code dated 03.06.2018 the Managing Director & CEO does not hold the same or any executive position with any other listed or non listed companies.

#### **Company Secretary**

The Company Secretary of the Company, has day-to-day knowledge of the Company's affairs. Company Secretary reports to the Board of Directors and is responsible for providing advice on governance matters.

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

In compliance with the Corporate Governance Code, the Company Secretary has defined roles and responsibilities approved by the Board. The Company Secretary acts as a mediator between the Company, its Board of Directors, stakeholders, the government and regulatory authorities. He has expertise in corporate laws, capital markets, security laws and corporate governance. He also keeps close review of all legislative, regulatory and corporate governance developments that might affect the Company's operations and ensure that the Board is fully briefed on these and that it has regard to them when taking decisions.

The Company Secretary ensures that the best management practices and work ethics are embraced to create value for the Company. He ensures that the concept of stakeholders is in the Board's mind when important and business decisions are being taken, co-ordinates the policies of the Company, fulfills the management function and provides guidance on strategic decisions for the improvement and growth of the Company.

In compliance with the Corporate Governance Code, the Company Secretary has defined roles and responsibilities approved by the Board, which are indicated below:

- To ensure the compliance of the company in relation to financial and legal practices, as well as issues of corporate governance;
- To act as a point of communication between the Board of Directors and company shareholders, reporting in a timely and accurate manner on company procedures, performance and developments;
- To develop and oversee the systems that ensure the company complies with all applicable codes, as well as its legal and statutory requirements;
- Holding, managing and administering Board and Committee meetings and general meetings of shareholders;
- Organizing, preparing agenda for/and taking minutes of Board meetings, Audit Committee meetings, Executive Committee and other Committees of the Board, Annual General Meetings (AGMs) and extra-ordinary general meeting of the shareholders;
- Overseeing maintenance of statutory books, including registers of members, directors and registrar of meeting minutes;

- Dealing with correspondence, ensuring decisions made are communicated to the company's stakeholders;
- Contributing to meeting discussions, as and when required, and briefing with the members of the legal, governance, accounting and tax implications of proposed policies;
- Monitoring changes in relevant legislation and the regulatory environment, and taking appropriate action;
- Liaising with the external regulators and advisers, such as lawyers and auditors;
- Filing statutory returns to regulatory bodies such as RJSC, Bangladesh Bank, Securities & Exchange Commission (SEC), Stock Exchanges, Central Depository System etc;
- Overseeing the preparation of company's statutory annual report and dispatching to stakeholders in timely manner;
- Assist management in corporate tax planning and ensure efficient and effective tax management and compliance with regard to tax withholding and statutory reporting to tax authority;
- Analyse tax implications in new diversified investments and assist management;
- To take competitive tax advantage from different alternative investment options;
- Oversee the filing of annual tax return, liaise with tax consultants time to time and attend hearing to tax office as and when required;
- Statutory reporting to Bangladesh Bank, SEC, NBR and other regulatory bodies under Financial institutions Act, 1993, Companies Act 1994, Securities & Exchange Regulations etc and
- Liaison with the outside parties for company affairs

#### **No involvement with any other listed or non listed companies at the same time**

As per BSEC's Notification Corporate Governance Code dated 03.06.2018 the Company Secretary does not hold the same or any executive position with any other listed or non listed companies.

#### **Access of Head of Audit to the Audit Committee**

The Head of Internal Audit and Compliance has the direct access to the Audit Committee.

#### **Role and Responsibility of the Head of Internal Audit**

The Head of Internal Audit (HIA) is the key person who is responsible for ensuring the appropriate level of assurance in relation to the operation of internal controls, risk management and governance. Hence, appropriate governance arrangements would include the HIA having direct,

unrestricted access to the accountable officer; a service level agreement (or similar) in place; and a strong audit committee in operation.

The duties and responsibilities will also include oversee the following functions:

- (1) Financial reporting including disclosures
- (2) Internal control
- (3) Internal audit
- (4) Compliance with relevant ethical requirements, in particular independence and objectivity
- (5) The statutory audit or external audit
- (6) Remedial actions

#### **Reporting of Internal Auditor to the Audit Committee**

The Company's internal control system commensurate with its size and business nature. The system minimized operational risks through effective control, systemic review and on-going audit. The internal auditors undertook a comprehensive audit of all functional areas and operations, their findings referred to the Audit Committee of the Board.

The Company internalized its legal and technical appraisal functions to ensure optimum control. The Company's multi-level authorization structure ensured that higher exposure levels were duly authorized by personnel and committees with requisite experience and authority. Training programs and guidelines helped to implement linkage between goals and operations.

The Board has ultimate responsibility for establishing an effective system of internal control. The internal control system holds all business risks, including financial, operational and strategic risks. To mitigate all the risks as well as to establish control environment, the Board holds its meeting regularly with comprehensive agenda dealing with all major aspects of business. There is an internal control and compliance department directly reporting to the Board Audit Committee which looks after compliance with the organizational policies by different departments.

FFIL made relevant mandatory disclosure in its financial statements under the regulatory framework, including compliance with the provisions of International Financial Reporting Standards (IFRS) as adopted in Bangladesh, besides that it submits all the reports/statements regularly, which are required to submit to the regulators as well as the other stakeholders of the Company. However, a separate report on Internal Control has been given on page no. 62 of this report.

#### **No involvement with any other listed or non listed companies at the same time**

As per BSEC's Notification Corporate Governance Code dated 03.06.2018 the Head of Internal Audit and Compliance does

not hold the same or any executive position with any other listed or non listed companies.

### **Nomination & Remuneration Committee**

As per the Corporate Governance Code issued by BSEC, a company needs to form a Nomination and Remuneration Committee (NRC). However, as per the Central Bank's regulation DFIM Circular Letter No. 18 dated 26.10.2011, no NBFI can form any Board Subcommittee other than Executive Committee and Audit Committee.

### **Compliance with Corporate Governance Regulation by Bangladesh Bank and Bangladesh Securities and Exchange Commission**

In compliance with the conditions of the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, MRH Dey & Co., Chartered Accountants examined the compliance with the said conditions of Corporate Governance and certified that FAS Finance & Investment Limited has complied with the conditions of Corporate Governance stipulated in the above mentioned BSEC's notification dated 3 June 2018. The company also provides the compliance checklist as required by Bangladesh Bank.

### **Communications to Shareholders and Stakeholders**

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;
- express information timely, clear and objective manner.

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

### **Communication through Quarterly Reports**

The company reports to its shareholders four times in a year through quarterly and half-yearly reports and a detailed Annual Report.

### **Communication through AGM**

All 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, appoint proxies in that special cases

### **Process of Communicating the Schedule**

Send all notices of the Annual General Meeting (AGM)/Extraordinary General Meeting (EGM) to the SEC and simultaneously to the shareholders at least 14 days prior to AGM and 21 days prior to EGM. Hard copies of

the Annual Report to the shareholders are also sent as least 14 days before the Annual General Meeting. Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Bangladesh Securities and Exchange Commission (BSEC), newspapers and print media. The notice of the AGM is also made available on the company website.

### **Communication during the AGM**

The shareholders, who attend the AGM, have the option to ask questions and give suggestions to the Board members during the AGM. The Managing Director and CEO, on behalf of the Board, answers the queries of the shareholders.

### **Communication through Website**

The Company's website displays, inter-alia, the Annual Reports, half-yearly reports, quarterly reports, product offerings, recent announcements, presentations and event updates. Price Sensitive Information (PSI) are made publicly available as required by the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Limited (DSE), the Chittagong Stock Exchange Limited (CSE) and 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.

### **Remuneration of Directors and Senior Managers**

Directors are not entitled to any remuneration other than attending the meeting of the Board and its committees. Bangladesh Bank vide its DFIM Circular No.13 dated November 30, 2015, fixed the maximum remuneration limit to BDT 8,000 per attendance. The Board of FFIL complies with the regulation.

Managing Director's remuneration is set by the Central Bank. Remuneration for senior executives is market-based and competitive to attract, motivate and retain skilled and competent employees. The total remuneration package of senior executives comprising with basic pay, car facility, allowances, performance bonus, retirement benefits (Gratuity and Provident Fund) and other benefits as per company's policies.

### **Code of Ethics and Business Conduct**

The Board promotes ethical and responsible decision making. FFIL has in place a Code of Ethics and Business Conduct that is applicable to all its employees to ensure a high standard of ethical and professional conduct is upheld by all its employees in the performance of their duties and responsibilities.

The Code of Ethics enhance the standard of corporate governance and promote ethical conduct with a view to achieving the following objectives:

- to establish a uniform ethical standard emphasizing conduct free from conflicts of interest and
- to uphold the spirit of corporate responsibility and accountability in line with the governing laws, regulations and guidelines.

# Certificate on Compliance of Conditions of Corporate Governance Guidelines to the Shareholders of FAS Finance and Investment Limited



## Report to the Shareholders of FAS Finance and Investment Limited on compliance on the Corporate Governance Code

We have examined the compliance status of the Corporate Governance Code by FAS Finance and Investment Limited for the year ended on December 31, 2018. This Code relates to the Notification No BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 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 with 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 the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

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

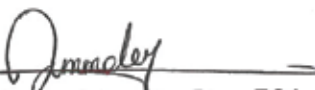
- a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except the compliance matters which are under process or not applicable as mentioned in the attached checklist (Annexure-C) thereof;
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- d) The Governance of the company appeared to be satisfactory.

Place: Dhaka

Dated: May 16, 2019

For MRH DEY & CO,  
Chartered Accountants



  
Sumon Chandra Dey, FCA  
Partner

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

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

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors:</b>			
1(1)	Board Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	√		
<b>1(2)</b>	<b>Independent Directors:</b>			
1.2 (a)	At least one fifth(1/5) of the total number of Director in the Company's Board shall be Independent Director	√		
1.2 (b)	For the purpose of this clause "Independent Director" means	√		
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	√		
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	√		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years	√		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	√		
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code	√		
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies	√		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI)	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		
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) tenure only	√		
<b>1(3)</b>	<b>Qualification of Independent Director</b>			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association	√		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company	√		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification	√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission	-	-	Not applicable
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	√		



Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
<b>1.5</b>	<b>The Directors' Report to Shareholders shall include</b>			
1(5)(i)	An industry outlook and possible future developments in the industry	√		
1(5)(ii)	The segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	-	-	Not applicable
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications (gain or loss)	-	-	Not applicable
1(5)(vi)	Discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	√		
1(5)(vii)	Utilization of proceeds raised through public issues, rights issues and/or any other instruments	√		
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights share Offer, Direct Listing, etc.	-	-	Not applicable
1(5)(ix)	If significant variance that occurs between Quarterly Financial performances and Annual Financial Statements	-	-	No such variances occurred and accordingly not reported
1(5)(x)	Remuneration paid to the directors including independent directors	√		
1(5)(xi)	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)	Proper books of account of the issuer company have been maintained	√		
1(5)(xiii)	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)	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)	The system of internal control is sound in design and has been effectively implemented and monitored	√		
1(5)(xvi)	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	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	√		
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)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	-	-	Not Applicable
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director	√		
1(5)(xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name-wise details) held by	√		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name wise details)	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	√		
1(5)(xxiii)(c)	Executives (top 5 (five)) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	-	-	Not Applicable
<b>1(5)(xxiii)</b>	<b>Appointment or reappointment of a director, a disclosure on the following information to the shareholders:</b>			
1(5)(xxiv)(a)	Brief resume of the director	√		
1(5)(xxiv)(b)	Nature of his or 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)	<b>Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes.	√		
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	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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;	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C	√		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
1(6)	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)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1(6)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company			As explained in note under condition number 6, since no NRC was formed code of conduct for the Chairperson of the Board, other Board members and Chief Executive Officer of the company remained pending.
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency			As explained in note under condition number 6, since no NRC was formed code of conduct for the Chairperson of the Board, other Board members and Chief Executive Officer of the company remained pending.
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	√		
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the 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	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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	√		
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company	√		
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals	√		
3(13(1)(c)b)	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)	√		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	√		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report	√		
<b>4</b>	<b>Board of Directors' Committee For ensuring good governance in the company, the Board shall have at least following sub- committees:</b>			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		As explained in note under condition number 6, since no NRC was formed

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
<b>5</b>	<b>Audit Committee</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	√		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience	√		
5(2)(d)	When the term of service of any Committee member 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	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	√		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM) Meeting (AGM)	√		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must	√		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
5(5)(a)	Oversee the financial reporting process	√		
5(5)(b)	Monitor choice of accounting policies and principles	√		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	√		
5(5)(d)	Oversee hiring and performance of external auditors	√		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval	√		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√		
5(5)(h)	Review the adequacy of internal audit function	√		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√		
5(5)(j)	Review statement of all related party transactions submitted by the management	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission. Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	√		
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)	Reporting to the Board of Directors	√		
5(6)(a) (i)	The Audit Committee shall report on its activities to the Board	√		
5(6)(a) (ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
5(6)(a) (ii) (a)	Conflicts of interests	-	-	Not Applicable
5(6)(a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements	-	-	Not Applicable
5(6)(a) (ii) (c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations	-	-	Not Applicable
5(6)(a) (ii) (d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	-	-	Not Applicable
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	-	-	Not Applicable
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 No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	-	-	Not Applicable
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>	<b>As per Bangladesh Bank DFIM Circular Letter No. 18 dated 26 October 2011 no financial institution will form any other Board Committee except Audit Committee and Executive Committee</b>		
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;	-	-	Not Applicable
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;	-	-	Not Applicable
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)	-	-	Not Applicable
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	-	-	Not Applicable
6(2)(b)	All members of the Committee shall be nonexecutive directors;	-	-	Not Applicable
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	-	-	Not Applicable
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	-	-	Not Applicable

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-	-	Not Applicable
6(2)(f)	he Chairperson of the Committee may appoint or coopt any external expert and/or member(s) of staff to the Committee as advisor who shall be nonvoting 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;	-	-	Not Applicable
6(2)(g)	The company secretary shall act as the secretary of the Committee;	-	-	Not Applicable
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	-	-	Not Applicable
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.	-	-	Not Applicable
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;	-	-	Not Applicable
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;	-	-	Not Applicable
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	-	-	Not Applicable
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	-	-	Not Applicable
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-	-	Not Applicable
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);	-	-	Not Applicable
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.	-	-	Not Applicable
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	-	-	Not Applicable
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board;	-	-	Not Applicable
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;	-	-	Not Applicable



Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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;	-	-	Not applicable
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	-	-	Not applicable
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;	-	-	Not applicable
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	-	-	Not applicable
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;	-	-	Not applicable
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	-	-	Not applicable
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	-	-	Not applicable
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	-	-	Not applicable
6(5)(b)(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.	-	-	Not applicable
<b>7</b>	<b>External or Statutory Auditors</b>			
7 (1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:			
7 (1) (i)	Appraisal or valuation services or fairness opinions;	√		
7 (1) (ii)	Financial information systems design and implementation;	√		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7 (1) (iv)	Broker-dealer services	√		
7 (1) (v)	Actuarial services;	√		
7 (1) (vi)	Internal audit services or special audit services	√		
7 (1) (vii)	Any service that the Audit Committee determines	√		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7 (1) (ix)	Any other service that creates conflict of interest.	√		
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7 (3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	√		
<b>8</b>	<b>Maintaining a website by the Company –</b>			

Condition No.	Title	Compliance Status (Put (√) in the appropriate column)		Remarks (If any)
		Complied	Not Complied	
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 listing regulations of the concerned stock exchange(s)	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9 (1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions 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	-	-	This will be effective from 22nd Annual General Meeting of the Company.
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 with Good Governance Guideline Issued by Bangladesh Bank

The Statement of compliance with the good governance guidelines issued by the Bangladesh Bank vides DFIM Circular No. 7, dated 25 September 2007 regarding the policies on the responsibility & accountability of the Board of Directors, Chairman & Chief Executive 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 Status of Compliance	Status of Compliance
1.	<b>Responsibilities and authorities of the Board of Directors:</b>	
	<b>(a) Work-planning and strategic management:</b>	
	(i) The Board shall determine the Vision/ Mission of the institute. In order to enhance operational efficiency and to ensure business growth, they shall chalk out strategies and work-plans on annual basis.  The Board shall review such strategies on quarterly rests and shall modify accordingly, if required. If any structural modification is required, shall bring those changes with consultation with the management.	Complied
	(ii) The Board shall have its analytical review incorporated in the Annual report as regard to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders on future plans and strategies.	Complied
	(iii) The Board will set the Key Performance Indicator (KPI)s for the CEO and other senior executives and will appraise those on half yearly basis.	Complied
	<b>(b) Formation of sub-committee:</b>	
	Executive Committee may be formed in combination with directors of the Company for rapid settlement of the emergency matters (approval of loan/lease application, write-off, rescheduling etc.) arisen from the regular business activities. Except the Executive Committee and Audit Committee, no other committee or sub-committee can be formed, even in temporary basis.	Complied
	<b>(c) Financial management:</b>	
	(i) Annual budget and statutory financial statements 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 recover 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 to the maximum extend shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget.	Complied
	(iv) The Board shall adopt the process of operation of bank accounts. To ensure transparency in financial matters, groups may be formed among the management to operate bank accounts under joint signatures.	Complied
	<b>(d) Management of loan/lease/investments:</b>	
	(i) Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to management preferably on Managing Director and other top executives.	Complied

Sl. No.	Particulars Status of Compliance	Status of Compliance
	(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 large loan/lease/investment proposal must be approved by the Board.	Complied
	<b>(e) Risk Management:</b>	
	Risk Management Guideline framed in the light of Core Risk Management Guideline shall be approved by the Board and reviewed by the Board regularly.	Complied
	<b>(f) Internal Control and Compliance Management:</b>	
	An 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 auditors, external auditors and Bangladesh Bank Inspection team as well.	Complied
	<b>(g) Human Resource Management:</b>	
	Board shall approve the policy on Human Resources Management and Service Rule. The Chairman and directors of the Board shall not interfere on the administrative job in line with the approved Service Rule.  Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/ General Manager and other equivalent position shall lie with the Board in compliance with the policy and Service Rule. No director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
	<b>(h) Appointment of CEO:</b>	
	The Board shall appoint a competent CEO for the institution with the prior approval of the Bangladesh Bank and shall approve the proposal for increment of his salary and allowances.	Complied
	<b>(i) Benefits offer to the Chairman:</b>	
	For the interest of the business, the Chairman may be offered an office room, a personal secretary, a telephone at the office and a vehicle subject to the approval of the Board.	Complied
2.	<b>Responsibilities of the Chairman of the Board of Directors:</b>	
	(a) Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power;	Complied
	(b) The minutes of the Board meetings shall be signed by the Chairman;	Complied
	(c) The Chairman shall sign-off the proposal for appointment of Managing Director and increment of his salaries & allowances;	Complied
3.	<b>Responsibilities of Managing Director &amp; CEO:</b>	
	(a) Managing Director 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 administration and financial management;	Complied
	(b) For day to day operations, Managing Director shall ensure compliance with the rules and regulation of the Financial Institutions Act, 1993 and other relevant circulars of Bangladesh Bank;	Complied
	(c) All recruitment/promotion, except the DMD, GM and equivalent positions shall be vested upon the Managing Director. He shall act such in accordance the approved HR Policy of the institution;	Complied

Sl. No.	Particulars Status of Compliance	Status of Compliance
	(d) Managing Director may re-schedule job responsibilities of employees;	Complied
	(e) Except for the DMD, GM and equivalent positions, power to transfer and to take disciplinary action shall vest to the Managing Director.	Complied
	(f) Managing Director shall sign all the letters/statements relating to compliance of polices and guidelines. However, Departmental/Unit Heads may sign daily letters/statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by MD.	Complied

## Compliance of Meeting & Remuneration

### Board Meeting held during 2018 and attendance of each Director

Sl. No.	Name	Meeting Held	Meeting Attended	Total (Tk)	%
1	Mr. Md. Siddiqur Rahman	11	10	72,000	90.91
2	Mr. Anjan Kumer Roy	11	10	72,000	90.91
3	Mr. Md. Abul Shahjahan	11	11	79,200	100.00
4	Ms. Mahfuza Rahman Baby	11	10	72,000	90.91
5	Dr. Uddab Mallick	11	11	79,200	100.00
6	Mr. Md. Atharul Islam	11	10	72,000	90.91
7	Mr. Arun Kumer Kundu	11	9	64,800	81.82
8	Mr. Pradip Kumar Nandi	11	5	36,000	45.45
9	Mr. Birendra Kumar Shome	11	9	64,800	81.82
10	Ms. Soma Ghosh	11	-	-	-
11	Mr. Md. Zahangir Alam*	8	8	57,600	72.73
12	Ms. Kazi Mahjaben Momtaz **	8	8	57,600	72.73
13	Mr. Mohammad A. Hafiz***	7	3	21,600	27.27
	<b>Total</b>			<b>748,800</b>	<b>72.73</b>

\* Mr. Md. Zahangir Alam Nominated by Design & Source Limited was withdrawn from the Board of FFIL on October 28, 2018.

\*\* Ms. Kazi Mahjaben Momtaz Nominated by P&L Agro Farms Limited was withdrawn from the Board of FFIL on October 28, 2018.

\*\*\* Mr. Mohammad A. Hafiz Nominated by Nikita & Company Limited was withdrawn from the Board of FFIL on October 09, 2018.

Note: Directors who could not attend the meeting were granted leave of absence by the Board.

### Executive Committee (EC) meeting held during 2018 and attendance of each Member

Sl. No.	Name	Meeting Held	Meeting Attended	Total (Tk)	%
1	Mr. Md. Zahangir Alam	0	0	0	0
2	Mr. Md. Siddiqur Rahman	0	0	0	0
3	Mr. Anjan Kumer Roy	0	0	0	0
4	Mr. Arun Kumer Kundu	0	0	0	0
5	Dr. Uddab Mallick	0	0	0	0
	<b>Total</b>			<b>0</b>	<b>0</b>

### Audit Committee (AC) meeting held during 2018 and attendance of each Member

Sl. No.	Name	Meeting Held	Meeting Attended	Total (Tk)	%
1	Mr. Anjan Kumer Roy	9	8	57,600	88.89
2	Mr. Md. Zahangir Alam*	8	7	50,400	77.78
3	Mr. Md. Abul Shahjahan	9	9	64,800	100.00
4	Mr. Pradip Kumar Nandi	9	6	43,200	66.67
5	Mr. Md. Atharul Islam	9	3	21,600	33.33
				<b>237,600</b>	<b>73.33</b>

\* Mr. Md. Zahangir Alam Nominated by Design & Source Limited was withdrawn from the Board of FFIL on October 28, 2018.

Note: Members who could not attend the meeting were granted leave of absence by the Committee.

# Shareholder's Information as on December 31, 2018

## Distribution of Shareholdings

Category	Number of Share	% of total Paid up Capital
Sponsor/Director	25,409,998	17.90
Govt.	0	0
Institute	32,833,153	23.13
Foreign	0	0
General Public	83,735,291	58.97
<b>Total</b>	<b>141,978,442</b>	<b>100.00</b>

## Shareholdings of the Directors

Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit.

Sl. No.	Name	Shares Hold	% of Holding
1	Mr. Md. Siddiqur Rahman	6,058,552	4.69
2	Ms. Soma Ghosh (Nominated by P&L International Limited)	6,930,000	5.37
3	Mr. Md. Abul Shahjahan (Nominated by P&L International Limited)		
4	Mr. Arun Kumer Kundu (Nominated by Reptiles Farm Limited)	10,111,447	7.83
5	Dr. Uddab Mallick (Nominated by Reptiles Farm Limited)		
6	Mr. Md. Atharul Islam (Nominated by Reptiles Farm Limited)		
7	Ms. Mahfuza Rahman Baby (Nominated by Reptiles Farm Limited)		
8	Mr. Anjan Kumer Roy (Independent Director)	-	Nil
9	Mr. Pradip Kumar Nandi (Independent Director)	-	Nil
10	Mr. Birendra kumar Shome (Independent Director)	-	Nil

Sl. No.	Designation	Name	Share Hold	% of Holding
1	Chief Executive Officer	Mr. Pritish Kumar Sarker	Nil	Nil
2	Company Secretary	Mr. Zahid Mahmud	Nil	Nil
3	Chief Financial Officer (CC)	Mr. A.K.M. Shamsher Ali	Nil	Nil
4	Head of Internal Audit	Mr. Md. Munir Hossain	Nil	Nil

Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit):

Sl. No	Designation	Name	Share Hold	% of Holding
1	Deputy Managing Director	Mr. Md. Nurul Haque Gazi	Nil	Nil
2	Senior Vice President, Head of Recovery & Legal Affairs	Mr. Md. Shahjahan Amin	Nil	Nil
3	Senior Vice President & Head of HR & Admn.	Mr. Md. Abul Kalam Howlader	Nil	Nil
4	Assistant Vice President, Finance & Accounts	Mr. Ramendra Nath Kar	Nil	Nil
5	Manager & In-Charge of Corporate Finance	Mr. Md. Ahasan Rakib	Nil	Nil

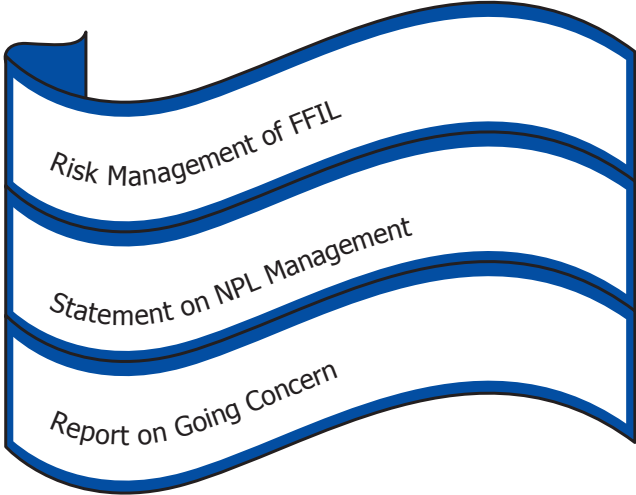
Shareholders holding ten percent or more voting interest in the company: Nil

Range of Shareholdings as on 31 December 2018 was as under:

Shareholding Range as on December 31, 2018	Number of holders		% of total holding	
	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
1-500	2,164	2,878	0.35	0.22
501-5,000	3621	2,319	3.43	5.34
5,001-10,000	871	400	2.43	4.83
10,001-20,000	607	258	3.02	6.33
20,001-30,000	228	133	2.59	4.04
30,001-40,000	137	79	2.20	3.38
40,001-50,000	90	60	2.19	2.98
50,001-100,000	167	87	5.15	8.44
100,001-1,000,000	138	91	19.67	22.46
1,000,001 and above	15	22	59.10	41.86
<b>Total</b>	<b>8,752</b>	<b>5,613</b>	<b>100.00</b>	<b>100.00</b>



# Risk Management



# Risk Management of FFIL

## CREDIT RISK MANAGEMENT (CRM)

Credit risk is simply defined as the potential risk that a Bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a financial institution’s risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. FAS Finance and Investment Ltd. (FFIL) has introduced an independent CRM Department to address the credit risk properly and triggering to capture the quality portfolio by mixing of both corporate and SME investment bucket. Credit risk management filter the moot problem of risk factor and excavate the problem flawlessly because wrong assessment at any stage can have consequential adverse effect in smooth continuation and create dire impact which leverage the NPL conundrum in entire loan portfolio. A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. CRM is a continuous effort of identifying, measuring, monitoring and mitigating the credit risk in both pre-sanction as well as post sanction stage. Bank and NBFIs need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credit or transactions. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any Bank & Financial Institution. While the credit decision is relatively straightforward in principle (a lender must decide whether to give credit or refuse credit to a potential client), in practice it involves experience, judgment and a range of analytic and evaluative techniques that are designed to determine the likelihood that money will be repaid or, equally, that the money will be lost by the credit not being able to repay. by the credit not being able to repay.

### Major Duties and Responsibilities:



Risk Management is embedded in the organizational structure, culture, operations, systems and process. Business risks across the Company are addressed in a structured and systematic way through a predefined risk management framework. The Board updates policies to strike a balance between risk and growth. While the Board sets the policies, management is responsible for executing those policies across the organization

### Risk Management Principles

The following principles guide our management of risk:

- effective balancing of risk and reward by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive controls and transferring risk to third parties.

- shared responsibility for risk management as business segments are responsible for active management of their risks, with direction and oversight provided by risk management department and other business units.
- business decisions are based on an understanding of risk as we perform rigorous assessment of risks in relationships, products, transactions and other business activities.
- avoid activities that are not consistent with our Values, Code of Conduct or Policies, which contributes to the protection of our reputation.
- proper focus on clients reduces our risks by knowing our clients and ensuring that all products and transactions are suitable for, and understood by our clients.
- use of judgment and common sense in order to manage risk throughout the organization.

In evaluation of credit risk, following areas are considered-

**Borrower risk Analysis:** The majority shareholders, management team and group or affiliate companies are assessed. Cash flow is the blood line of any business. Revenue generates either in cash based or credit due to nature of any business that refers to the collection, concentration, and disbursement of cash. The goal is to manage the cash balances of an enterprise in such a way as to maximize the availability of cash not invested in fixed assets or inventories and to do so in such a way as to avoid the risk of insolvency. Factors monitored as a part of cash management including a company's level of liquidity, its management of cash balances, and its short-term investment strategies.

**Industry risk Analysis:** This is another key risk factors of the borrower's rival industry, any issue regarding the borrower's position vis-à-vis rivalry position in the homogeneous industry, overall industry concerns or competitive forces are addressed and the strengths and weaknesses of the borrower relative to its competition, macro environmental element, political imbroglio, foreign currency exchange rate etc. should be considered in industry risk.

**Supplier/Buyer Analysis:** Customer or supplier concentration of borrower is addressed. The demand and supply side, diversification of product, create supply chain, establish distribution network, successor planning, customer base, geographical footprints and outreach capability, established relationship with key suppliers/ key customers lead to stability of supply and demand retain policy, strength of business model to be reflected in proven growth rate of sales/EBITDA/net profit etc.

**Historical Financial Analysis:** Analysis of minimum 3 years historical financial statements of the borrower is in practice. Business financial statements, the quality and sustainability of earnings, cash flow, leverage, Productivity, liquidity, Safety cushion against liability, coverage position as well as inventory, receivable and payable position, profitability and the strengths of the borrower's balance sheet are also analyzed.

**Projected Financial Performance:** Projection of the borrower's future financial performance is also made. The financial analysis will judge the sufficiency of cash flow to service debt repayments.

**Credit Background:** Reflection of credit background in CIB is a major criterion for evaluation.

**Account Conduct:** For existing borrowers, the historic performance in meeting repayment obligations (trade

payments, cheques, interest and principal payments, etc.) is assessed. The main constraints faced by SMEs clients include paucity of freehold land; absence of owned premises, fragmented market, low entry barrier, deficient infrastructure and utility services, weak legal and regulatory framework, inadequate access to finance, lack of skilled workforce, poor business support services, risk associated with potential supply disruption for natural calamity or political imbroglio, import dependency, limited internal fund generation capacity due to weaker bottom-line profitability, weaker retained earnings which limits the growth funding capability of the firm by its own, Limited capacity utilization and further capacity enhancement planning may give rise to external borrowing and hike the leverage position while lower the adequate coverage against increased financial cost. etc.

**Mitigating Factors:** Mitigating factors for identified risks in the credit assessment are explored. Possible risks include, but are not limited to: margin sustainability and/or volatility, high debt load (leverage/gearing), overstocking or debtor issues; rapid growth, acquisition or expansion; new business line/product expansion; management changes or succession issues; customer or supplier concentrations; and lack of transparency or industry issues.

**Facility Structure:** The amounts and tenors of proposed credit facilities are justified based on the projected repayment ability and facility purpose as excessive tenor or amount relative to business needs increases the risk of fund diversion and may adversely impact the borrower's repayment ability.

**Purpose of Credit:** It is required to ensure that the credit is used for the purpose it was borrowed. In case of corporate facilities, where borrower owns group of companies, such diligence becomes more important.

**Security:** Current valuation of collateral is obtained and the quality and priority of security being proposed are assessed internally and preferably by a third party. Facilities are not granted based solely on security. Adequacy and the extent of the insurance coverage are also assessed. The entire amount of loan facilities should be covered by the value of collateral. Additionally, the guarantors information should scrutiny in subtle way for safety cushion of credit.

#### **Credit Information Bureau (CIB)**

Credit Information Bureau (CIB) is an important tool for credit risk management as it helps us to understand the various dimensions of risk involved in different credit transactions. As a part of the venture to ingrain any financing into the business, practices of Banks and FIs, to expand the risk management horizon of them, to properly address the link

between probabilities of default with the vulnerabilities of entity, CIB (Credit information bureau) report is indispensable. The CIB report is especially useful when lending institutions make decisions regarding individuals and SME's. While lending to large companies, a detailed analysis of the potential borrower's financial standing and payment history is found to be a sufficiently good predictor of the probability of default of those companies. The expert opined that the CIB report helps to reduce the ex-ante cost and time of loan processing and the ex-post rate of default, which encourages Banks/NBFIs to report credit information to the CIB database. The CIB was set up in Bangladesh Bank aiming to improve credit risks and reduce the extent of default loan in the country's banking system by providing the participants with timely reports on credit information based on the enquiry/request about the loan applicants so as to facilitate credit risk analysis by the Banks/FIs and decide promptly on the loan applications. In practice, Banks are usually more willing to lend to clients based on their borrowing capacity and good repayment histories. The goal of CIB is also to ease problems arising between borrowers and lenders. Formal information exchanges help lenders to identify good borrowers, thus reducing the incidence of adverse selection. The practical consequence is better risk management, which enables Banks and FIs to avoid risky large loans and increase their lending volume to small and medium-sized enterprises (SME) thus contributing to economic growth, employment generation and poverty alleviation.

## **TYPES OF RISKS:**

### **Liquidity risk:**

Liquidity risk is the risk that either does not have sufficient financial resources available to meet our obligations as they fall due, or can only access these financial resources at excessive cost.

Liquidity risk management involves not only analyzing on and off-balance sheet positions to forecast future cash flows but also how the funding requirement would be met. The later involves identifying the funding market in which an FI has access, understanding the nature of those markets, evaluating FIs current and future use of the market and monitoring signs of confidence erosion.

The formality and sophistication of risk management process established to manage liquidity risk reflect the nature, size and complexity of FFIL's activities. We have a thorough understanding of the factors that could give rise to liquidity risk and put in place the mitigating controls. Our liquidity risk management procedures are comprehensive and holistic. At the minimum, we should cover formulation of overall liquidity strategy, risk identification, measurement, and monitoring and control process.

FFIL have an agreed liquidity strategy for the day-to-day management of liquidity. This strategy addresses FFIL's goal of protecting financial strength and the ability to withstand stressful events in the market.

### **Operational Risk:**

Operational risk comprises of risk of loss inherent in day to day operation of the organization and caused by inadequate or inappropriate internal processes, inadequate or inappropriate systems, absence of right people at right place, mistakes of people whether such mistakes are deliberate, accidental or natural and by any other external reason.

### **Strategic Risk:**

Business needs a comprehensive, well-thought-out business plan. But it's also a fact of life that things change, and the best-laid plans can sometimes come to look very outdated, very quickly.

Strategic Risk Management (SRM) is a process performed by management for identifying, assessing and managing risks and uncertainties, affected by internal and external events, scenarios and risks that could impede the organization's ability to achieve its strategy and strategic objectives.

### **Compliance Risk:**

Compliance risk is exposure to legal penalties, financial forfeiture and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.

### **Financial Risk:**

Financial risk is the possibility that shareholders will lose money when they invest in a company that has debt, if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors are repaid before its shareholders if the company becomes insolvent. Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.

### **Market risk**

Market risk can be defined as the potential loss of earnings or economic value due to adverse changes in financial market rates or prices. Our exposure to market risk arises principally from customer-driven transactions. The objective of our market risk policies and processes is to obtain the best balance of risk and return whilst meeting customers' requirements.

The primary categories of market risk are:

- Interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options

- Currency exchange rate risk: arising from changes in exchange rates and implied volatilities on foreign exchange options
- Commodity price risk: arising from changes in commodity prices and commodity option implied volatilities; covering energy, precious metals, base metals and agriculture
- Equity price risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options

## CREDIT RISK MITIGATION

### Managing Problem Credit

Identifying problem credit ahead of time, when there may be more options available for remedial measures is crucial for any financial organization. Once the credit is identified as a problem, it is managed in FFIL under a dedicated remedial process. Our credit risk policies clearly set out how we will manage problem credits. Responsibility for problem credits is assigned to the originating business function, a specialized workout section, or a combination of both, depending upon the size and nature of the credit and the reason for its problems.

A problem credit management process encompasses the following basic elements:

- a. **Negotiation & follow up:** A proactive effort is taken in dealing with borrowers to implement remedial plans by maintaining frequent contact and internal records of follow-up actions. Rigorous efforts at an early stage may prevent us from litigations and loan losses.
- b. **Workout remedial strategies:** Sometimes appropriate remedial strategies such as restructuring of the credit facility, enhancement in credit limits, or reduction in interest rates help improve the borrower's repayment capacity. However, it depends upon business conditions, the nature of problems being faced and most importantly the borrower's commitment and willingness to repay the credit. While such remedial strategies often bring up positive results, we exercise great caution in adopting such measures and ensure that such a policy must not encourage borrowers to default intentionally. FFIL's interest should be the primary consideration in case of any such workout plans. Before implementation, the workout plan is always approved by competent authority.

- c. **Reviewing collateral and security documents:** It is preponderant to ascertain the credit recoverable amount by updating the values of available collateral with formal valuation. Security documents are also reviewed to ensure the completeness as well as enforceability of contracts and collateral/ guarantee.
- d. **Status report and review:** Problem credits are subject to more frequent review and monitoring. The review should update the status and development of the credit accounts and progress of the remedial plans. Progress made on problem credit is reported to the senior management.

### Managing Credit Concentration Risk

Strategies to manage or mitigate the concentration risk may vary. Depending on the current status of the portfolio, we design our short and long term plans to deal with the credit concentration risk. While setting the limits on lending in each group elements, we consider the followings:

- a. current exposure must be within the prescribed limit set by the regulators (if any);
- b. credit quality of that group element;
- c. profitability of that group element;
- d. current economic trend and prospects as well as risks of that group element; and
- e. expertise and professionalism to manage that group element.

Depending on such analysis, we set the overall risk appetite for our portfolio. A continuous monitoring on the above issues is in place to assess whether to redefine the strategies.

In credit management, it is conventional that proposals of credit facilities must be supported by a complete analysis of the proposed credit. More importance should be given on refund of loans out of funds generated by the borrower from their business activities (cash flow) instead of realization of money by disposing of the securities held against the advance, which is very much uncertain in present context of Bangladesh, where a number of creditors are willful defaulters.

# Statement on NPL Management

Non-Performing Loan (NPL) is a debt obligation where the borrower has not paid previously agreed upon interest and principal repayments to the designated lender for an extended period of time. The nonperforming asset is therefore not yielding any income to the lender in the form of principal and interest payments. Therefore, managing NPL to keep it at the lowest possible level is at the core of our business priorities. We have embedded the essence of asset quality in our business values, therefore, instituted the best local as well as international industry practices throughout our business processes.

## Processes and Structures to Facilitate NPL Management

NPL management is one of the topmost priorities of the management. At FFIL, NPL management starts from the very beginning of our business process. Step by step NPL management flow is as under:

- Credit Risk Management (CRM) independently reviews the credit proposals, approves (as per approved delegated authority) or recommends for onward approval those cases which are screened off of potential risks ensuring adequate protection against any potential NPL. The reporting authority of CRM division is also independent of reporting line of Corporate Finance Department.
- The credit proposals recommended by CRM are reviewed by the Management Credit Committee (MCC) consisting of the Managing Director, Deputy Managing Director and Heads of Corporate Finance Department. Operations Department and CRM Department who put into a wide variety of inputs from different aspects ensuring the least possibility of NPL.
- Thereafter, credit proposals recommended by MCC are reviewed and if found acceptable, approved by the concerned authority which may be the Managing Director, the Board of Executive Committee (BEC) or the Board of Directors (BOD) independently.
- The senior management is vigilant to monitor and review all the relevant aspects; provides necessary directions and guidance time to time; all to ensure asset quality maintaining the NPL ratio towards its desired goals outperforming the industry ratio.
- On top of all, the Board of Directors periodically monitors and reviews the NPL movements and performance of the management in arresting NPL; provides necessary directions and guidance, thereby ensures highest quality of

assets of the company to ensure a quality asset portfolio thereby maximize business and profitability growth.

## Classification of Loan Portfolio

Loans are classified into the following categories:

- Regular payees
- One month overdue accounts
- Two months overdue accounts
- Three months overdue accounts
- Four months overdue accounts
- Five months overdue accounts
- Six months and above overdue accounts
- Written off accounts

The above mentioned classification is based on the period of the loan portfolio. The strategy of recovery is based on the period of overdue of the loan facility.

## Recovery Processes

The various recovery actions in order of intensity is given below:

- Phone Call/ SMS
- Letter/ E-mail
- Visit
- Reminder
- 2nd Reminder
- Visit conducted by senior level employee/s
- Letter to guarantor/s
- Final letter for legal notice
- Legal Notice
- Report to Central Bank and to other agencies
- Terminate the loan
- Ask the guarantor of payment/ encashment of security
- Litigation/ Legal action under NI Act/ Artha Rin Adalat Act. etc.

## NPL Status as on December 31, 2018

During the year 2018, the NPL ratio of the Company slightly increased to 15.21% from previous year's 11.67%. The absolute figures show the increase in classified portfolio from BDT 1,636.47 million in 2017 to BDT 2,335.35 million in 2018. Special efforts were made during the course of the year, which were further intensified during last quarter of the year and it helped reduce the impact of stressful economy on NPL to a sizable extent comparing to the industry.

# Report on Going Concern

Going concern is one of the fundamental assumptions in the preparation of financial statements. As per the requirements of International Accounting Standard, Companies Act, Listing Rules and Bangladesh Securities & Exchange Commission Guidelines, management and directors should satisfy themselves about the appropriateness of using going concern assumption in the preparation of the financial statements. The management of an entity therefore has a responsibility to assess the entity's ability to continue as a going concern in the foreseeable future. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The management and directors of the Company has made annual assessment for the year ended December 31, 2018 whether the Company is a going concern involves making appropriate inquiries including review of budget and future outcome of inherent risk associated in the business. The management and directors of the Company are satisfied from the following factors that the preparation of financial statement for the year ended December 31, 2018 on the basis of going concern assumption is appropriate.

The following indicators underline the company's ability to continue as a going concern:

**High Interest Coverage Ratio:** During the year 2018, interest coverage ratio stood at 1.12 times, which means the company has strong debt servicing capacity.

**Less Dependency on Bank Borrowings:** As of December 31, 2018, total bank borrowing of the Company was BDT 6,691.06 million which is 39.93% of the total liabilities. This indicates that Company has no significant dependency on bank borrowings.

**Continuous Support from the Depositors:** The Company has a very good relationship with the depositors and a good track record and reputation in settling its obligation to its depositors. As of December 31, 2018, total deposits stood at BDT 8,376.61 million. The depositors continued to keep strong confidence on us which is reflected in higher acquisition rate and renewal rates of deposits. This trend is expected to continue in coming days.

**Favorable Key Financial Ratios:** The Company's financial ratios (Please see the Key Financial and Operating Performance) revealed the sound financial strength and prospect of the Company.

**Consistent Payment of Dividend:** FAS Finance & Investment Limited has been paying dividend consistently on a regular basis to the shareholders since 2006 which reflect Company's long-term viability in operational existence.

**Strong Capability in Settling of Obligation:** The Company has strong credibility in terms of settlement of obligation to the lenders.

**Growth in Operating Profit:** In the year 2018, FFIL achieved 12% growth of operating profit compared to year 2017 which reflects the growth in profitability from regular operation.

**Solid Growth in Quality Lending Portfolio:** In the year 2018 the performing portfolio of loans, leases and advances increased by 9.51% compared to year 2017, whereas classified loan ratio stands at 5.26% which is much below the industry average. This represents the positive indication of sustainable business of the Company.

**Expansion of Business:** Company introduced new loan product category such as consumer white goods finance during the year 2018. Furthermore, FFIL has carried out various IT development which will help drive future growth.

**Employee Satisfaction and Working Environment:** FFIL is an employee friendly organization. There exists a very good corporate environment in the Company. The Company pays a very competitive compensation package with fringe benefits like leave encashment facility, provident fund, performance bonus, gratuity, group insurance, hospitalization insurance, reward and recognition program etc.

**Maintenance of Capital Adequacy Ratio (CAR):** As per DFIM circular number 14, dated December 28, 2011 of Bangladesh Bank regarding Capital Adequacy and Market Discipline for Financial Institutions, each Financial Institutions are required to maintain Capital Adequacy Ratio (CAR) at least 10.00% of the total risk weighted assets. As of December 31, 2018, CAR of FFIL is 11.27% as per the requirement of 10.00% i.e. Company maintains 1.27% surplus capital.

**Strong Equity Base:** FFIL is one of the highest equity-based Companies among the Financial Institutions. As of December 31, 2018, total equity of the Company is BDT 2,020.11 million including paid up capital of BDT 1,419.78 million.

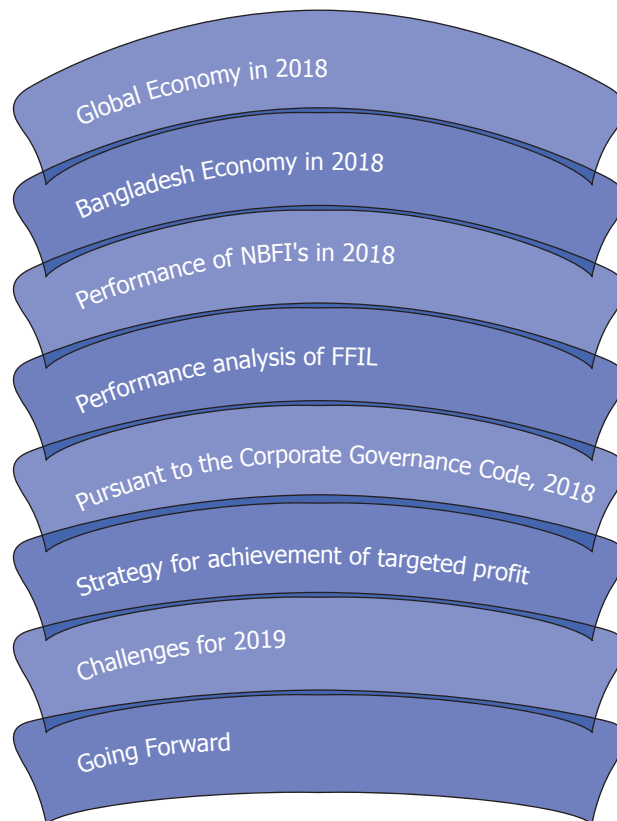
## FAS Finance & Investment Limited

**Ability to Pay Day-to-day Operational Expenses:** The Company has not faced any difficulties in meeting its day to day operational expenses and has continued its reputation of paying vendors in time. The company generates sufficient operating cash flow to meet operational expenses.

Based on the review of the major indicators, the management and Directors of the Company is of the view that the preparation of the financial statements of the Company for the year ended 31 December 2018 on the basis of "going concern assumption" is appropriate.



# Management Discussion & Analysis



# Management Discussion & Analysis

The Bangladesh's financial services sector, comprising of a range of institutions from Commercial and Specialized Banks (private and public), Non-Banking Financial Institutions (NBFIs), Insurance Companies, Co-operative Societies etc., are diverse in their nature and expanding rapidly. Over the years, the Government of Bangladesh has initiated several reforms to liberalise this industry and expand its reach to the un-Banked people in the rural and remote areas popularly termed it as Financial Inclusion. Adding a further dimension, the Government and Bangladesh Bank have also allowed new entities such as Mobile Financial Services Provider to enter the financial sector. Despite many challenges FAS Finance & Investment Limited consolidates its strength to weather subdued performance of financial sector. Last year financial sector of Bangladesh experienced the scarcity of liquidity stemmed from widening savings-investment gap amid robust demand for capital, current and balance of payment deficits. The scenario, in case of NBFIs was also worsen because of lack of confidence as arisen from some odd reporting on banking sector in some daily newspapers. However, Regulators remain careful in maintaining macro-economic stability that results into controlled inflation at the end of the year and sense of austerity in excessive credit expansion. In this rapidly changing economy, we have changed ourselves by enhancing our capacity and strengthened our capital base for our customer's betterment. As we graduated from low to middle income country, we are focusing on increasing productivity and efficient deployment of assets under FFIL's management.

## Global Economy in 2018

The global economy continued to make sluggish growth with GDP growing by 3.73% in 2018 compared to 3.74% in 2017. In addition, ongoing trade war between the United States and China can potentially damage the growth prospect of the global economy. However, China stayed fortified due to relieved monetary policy and ongoing economic reforms. Despite tightened financial conditions, most of the emerging economies remained buoyant, which continued to drive the growth of the global economy. The world economy continues its recovery journey, the prospect of 2019 and beyond is again under serious pressure with the development of some geopolitical events which may dampen cross-border investment and world's trade volume, put inflationary pressure, spur instability in financial markets and volatility in exchange rates and commodity prices.

## Bangladesh Economy in 2018

The Bangladesh economy experienced an impressive growth in FY18, underpinned by strong domestic and external

demand, as reflected in buoyant public and private investment and consumption, driven by higher exports, remittances and private credit growth. During the period, a good harvest of food production may offset some inflation risks from the pass-through effects of global oil and commodity prices.

Bangladesh has achieved a record GDP growth of 7.86 percent in FY18, up from 7.3 percent in FY17. Growth decomposition shows that the industry sector appeared to attain the highest growth followed by services and agriculture sector.

**a) Agriculture Sector:** The growth in agriculture sector increased to 4.2 percent in FY18 from 3.0 percent in FY17. This growth in agriculture sector mainly aided by favorable weather, higher crop prices, and timely supply of inputs and finance.

**b) Industry Sector:** The industry sector, constituting around one-third of gross value-added (GVA) in the economy, grew by around 12.1 percent in FY18, up from 10.2 percent in FY17, led mainly by manufacturing and construction activities. The Growth in large and medium scale industry increased to 14.3 percent in FY18 from 11.2 percent in FY17, growth in electricity, gas and water supply increased to 9.2 percent in FY18 from 8.5 percent in FY17 and growth in construction increased to 9.9 percent in FY18 from 8.8 percent in FY17. The construction sector received a boost from the government's mega projects implementation. Growth in manufacturing sub-sector increased to 13.4 percent from 11.0 percent over the same period. In the subsequent year Bangladesh received mega project investments from China, Japan and India for development in the industry sector which gradually influences the better GDP growth.

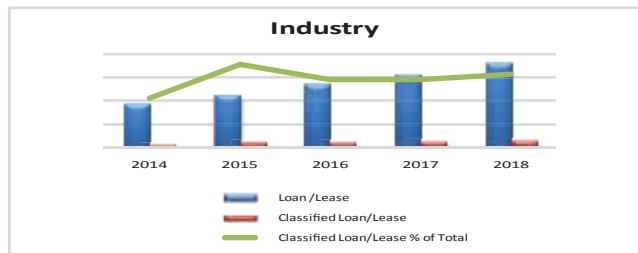
**c) Service Sector:** Despite some moderation, the service sector, comprising more than half of gross value-added (GVA), registered a modest growth of 6.4 percent in FY18. Within the sector, larger growth impulse primarily came from the wholesale and retail trade, transport and financial intermediation. The sub-sectors viz. wholesale and retail trade, transport and financial intermediation grew by 7.5, 6.6 and 7.9 percent in FY18 compared to 7.4, 6.8 and 9.1 percent in FY17, respectively.

## Performance of NBFIs in 2018

Non-Bank Financial Institutions (NBFIs), have been playing a crucial role by providing additional financial services that is not usually provided by the banks. Share of deposits, the major source of fund in FIs' total funds reached 55.9 percent

as on September 30, 2018. Loans and leases comprising 72.6 percent of total assets dominated the asset composition. The total assets of the non-banking financial institution sector stood at BDT 882 billion in September 2018, an increase of 8.8%, from BDT 810 billion in September 2017. Loans and advances stood at BDT 640 billion, an increase by 7.9% on year-on-year (YoY) basis whereas YoY growth in previous period was 16.0%. Similarly, Total deposits of the NBFIs increased to BDT 467.98 billion (64.41 percent of total liabilities) in December 2018 from BDT 382.43 billion (63.05 percent of total liabilities) in December 2017 showing an overall growth of 22.37 percent. At the end of June 2018, total deposit of NBFIs increased to BDT 480.1 billion. At the end of June 2018, the NPL for NBFIs was 9.22 percent and as on December, 2018 the NPL rate reduced to 7.90 percent. The weaker growth in loans and deposits during the current period was mainly due to the tight liquidity condition which prevailed throughout the year 2018. As a result, cost of fund increased to 9.9% in September 2018 from 8.3% in September 2017. Consequently, spread fell to 2.9% at the end of September 2018 from 3.2% in September 2017. Sustained pressure on banks and financial institutions for reducing Interest Rate could further narrow-down the spread in future.

**Trends of Total loan/Lease and classified loan/Lease**



Particulars	2011	2012	2013	2014	2015	2016	2017	2018
Loan/Lease	209.7	252.1	273.6	371.0	448.5	534.2	614.6	722.5
Classified Loan/Lease	10.3	13.7	16.8	19.7	40	39.2	45.2	54.6
Classified Loan/Lease % of Total	4.9%	5.4%	6.1%	5.3%	8.9%	7.3%	7.3%	7.9%

**Performance analysis of FFIL**

The financial year 2018 has been challenging one with an operating environment, constrained margins and rate volatility in both deposits and loans rate. Nonetheless, we have managed to end the year with satisfactory results.

Considering our management excellence in understanding the financial business and specialization in human capital, we are pleased with the progress of the company.

**Last 5 years Operating Performance of FFIL**



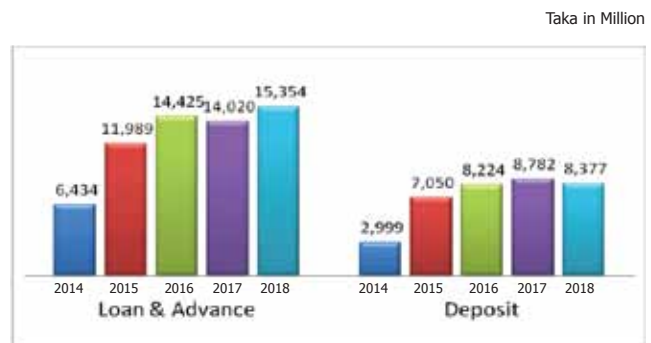
**Total Asset**

In terms of Asset Growth, FFIL's total assets grew faster than the industry average from 2014 to 2018. From the year 2014 to 2018 asset base of NBF Industry grew at a Cumulative Average Growth Rate (CAGR) of 14.71%. At the same time FFIL's asset base grew at a CAGR of 30%.

**Total Deposit**

Total Deposit of NBF Industry mainly sourced through Term Deposits. FFIL maintains a well-diversified term deposit portfolio with a good number of products depending on depositors' preference. CAGR of 36.00% against industry CAGR of 19.88% over the last five years describes the depositors' confidence in FFIL. The trend is slightly lower which is because of tremendous pressure on encashment of deposits as compared to slower new deposit mobilization.

**Last 5 years Loans & Advance and Deposit Performance of FFIL**



**Leases, Loans and Advances**

FFIL offers well-diversified and need-based loan/leases products for its valuable clients. In case of growth in leases, loans and advances portfolio FFIL outperformed Industry in the last five years. From 2014 to 2018 NBF Industry grew at a CAGR of 15.31% and in comparison FFIL's CAGR was 28.00% for the same duration.

**Investments pattern of overall industry and FAS Finance**



**Asset Quality**

Maintaining the soundness of the asset quality is one of the major strategic priorities of FFIL. However, this year the trend of increasing the NPL in the Banking sector is a Predominant factor. FFIL was not out of that trend. At the end of 2018, FFIL's stand-alone NPL ratio stood at 15.21% against the Industry average of 7.9%. By the end of 2018 FFIL the management has adverted these issues as a most challenging area and has taken several steps to improve the situation.

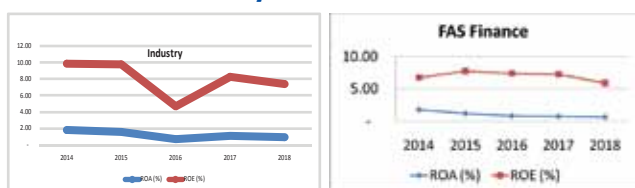
### Return on Asset (ROA)

FFIL's ROA for the year 2018 was 0.64% compared to Industry's ROA 0.90%. However, FFIL has been trying to improve the ROA in future. Despite a modest growth of its asset base, FFIL maintained a satisfactory ROA for the last five years. FFIL's consolidated ROA for the year 2018 was also 0.64%.

### Return on Equity (ROE)

FFIL's ROE for 2018 was 5.88% against the Industry ROE of 7.40%. FFIL has been maintaining an above average ROE compared to the Industry for each of the last five years along with maintaining a stable equity growth. FFIL's consolidated ROE for 2018 was 5.97%.

### Trends of Profitability



	2014	2015	2016	2017	2018
ROA (%)	1.80	1.60	0.70	1.14	0.90
ROE (%)	9.90	9.80	4.70	8.30	7.40

	2014	2015	2016	2017	2018
ROA (%)	1.78	1.22	0.83	0.75	0.64
ROE (%)	6.75	7.75	7.39	7.26	5.88

Because of some adverse reporting in the media as well as for national election in 2018, liquidity crunch in banking sector had worsened. At the same time continued bearish capital market throughout 2018, our bottom line result has been greatly affected. As profitability decreased EPS stood significantly low. FFIL's Earnings per Share stood at BDT 0.84 for the year 2018 compared to BDT 0.94 of 2017. To support the expansion plan in the coming days, we will focus more on Retail Deposits, which are sticky in nature, and other funding arrangements like Government and foreign Funds.

### Performance analysis on projected and actual

Taka in Million

Particulars	Year 2017	Year 2018	Year 2018	Growth (%)	Budget variance
	(Actual)	(Actual)	(Budget)		
Lease, Loan & Advance	14,020	15,354	14,517	10%	6%
Deposits	8,782	8,377	10,102	-5%	-17%
Operation Profit	209	274	215	31%	27%
PBT	201	190	219	-5%	-13%
Net Profit after Tax	133	119	143	-11%	-17%

**Pursuant to the Corporate Governance Code, 2018 the management of FFIL has prepared the following analysis in relation to the company's position and operations along with brief discussion of changes in the financial statements among others, focusing on:**

#### 1) Accounting policies and estimation for preparation of financial statements

The financial statements have been prepared on a going concern basis and accrual method under historical cost convention and therefore did not take into consideration of

the effect of inflation. The preparation and presentation of the financial statements and the disclosure of information have been made in accordance with the DFIM circular no. 11 dated 23rd December 2009 in conformity with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Financial Institutions Act 1993, Securities and Exchange Rules 1987, the listing rules of Dhaka and Chittagong Stock Exchanges and other applicable laws & regulations in Bangladesh and practices.

As Bangladesh Bank is the primary regulator of Financial Institutions, Bangladesh Bank's guidelines, circulars, notifications and any other requirements are given preference to IASs and IFRSs, where any contradictions arise. 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.

#### 2) Changes in accounting policies and estimation

The principle accounting policies had been consistently maintained since inception of the Company except the changes in the Depreciation Method from Reducing Balance Method to Straight Line Method. Thus, the cost of the fixed asset is recovered through charging in Profit & Loss Account within a reasonable time. During the year under consideration, the Company has not adopted any change in the accounting policies and estimates.

#### 3) Comparative analysis of financial performance and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof

#### Summarized Income Statement

Taka in million

Details	2018	2017	Growth
Net Interest Income	409.73	339.25	20.78%
Interest Income	2,085.63	1,833.70	13.74%
Interest Expense	1,675.90	1,494.44	12.14%
Net Operating profit	269.05	239.42	12.37%
Profit after Tax	118.84	133.12	(10.73%)

**Net Interest Income:** Despite being affected by certain industry challenges, our core activities have produced satisfactory results in 2018. Net interest income (which contributes higher than the total operating income) increased by 20.78%. Investment income decreased by (5.31) million in 2018 compared with 30.39 million in 2017.

**Interest Income:** Company's interest income, mostly from corporate loans, increased by 13.74% (BDT251.93 million).

**Interest Expense:** Company's interest expense on deposit and borrowing increased by 12.14% (BDT 181.46 million).

Bank and FI industry faced a sudden shortage of liquid funds in 2018 which forced banks and FIs to collect deposit at higher rate.

**Net Operating Profit:** Due to slight growth of operating expenses 1.83% compared to previous year and moderate growth of operating income 8.60% compared to previous year, Net operating profit of the company increased by 12.37% and reached at BDT 269.05 million in 2018.

**Profit After Tax:** Eventually, the profit after tax of the company decreased by 10.73% and stands at BDT 118.84 million due to the factors mentioned above. As a result, our earnings per share (EPS) in 2018 has also decreased to BDT 0.84 (BDT 0.94 in 2017).

### Provisions for Loans/Investments

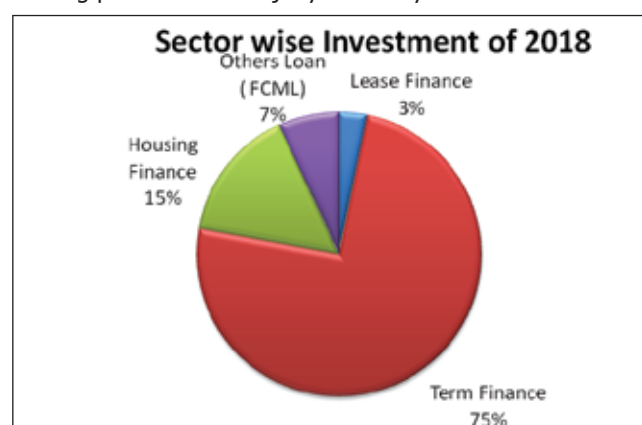
Provisions have been maintained for classified loans as per the provisioning policy by the Central Bank. Increase in provision in 2018 exceeded that of 2017 by BDT 40.005 million. The majority of the increase came from Provision for Diminution in Value of Investments arising from some unrealized capital market losses and large number of classified accounts increased during the year. On the other hand, successful collection efforts and regularization of payments from a few large clients with temporary liquidity issues, restricted Specific Provision.

### Provision for Income Tax

The provision for Income Tax during the year 2018 was BDT 71.33 million, which was higher than 2017 BDT 3.91 million.

### Total Loan Portfolio

Our core lending portfolio grew by 9.5% reaching BDT 15.35 billion in 2018 from BDT 14.02 billion in 2017. The growth in lending portfolio was majorly driven by Term Finance.



### Non-Performing Loans (NPL)

During the year 2018, the overall Non Performing Loan (NPL) of the industry was 7.90% where the FFIL NPL recorded 15.21%. Due to inclusion of some new loan in classified portfolio our overall NPL percentage increased and the Management of the Company for exerting their best effort to recover from the NPL of the Company.

### Base Rate of FFIL

Particulars	2018	2017
Cost of fund	10.99%	10.58%
Cost of CRR & SLR	0.04%	0.04%
Cost of Administration	0.86%	0.78%
Cost of Equity Capital	0.98%	0.94%
Average Base Rate	12.87%	12.34%

Basically the cost of deposit has increased in 2018 due to increase of deposit rates which affects the average base rate of the Company.

### Cash Flow Analysis

Taka in million

Particulars	2018	2017
A) Net cash flows from/(used in) operating activities	(634)	839
B) Net cash flows from/(used in) investing activities	209	64
C) Net cash flow from financing activities	(280)	96
D) Net increase/(decrease) in cash and cash equivalents (A+ B + C)	(765)	999
E) Cash and cash equivalents at beginning of the year	2,835	1,836
F) Cash and cash equivalents at end of the year (D+E)	2,130	2,835

### Cash Flow from Operating Activities

In 2018, cash flow from operating activities before adjusting the changes in operating assets and liabilities increased by 218.44%, amounting to BDT 455.72 million. It was BDT 143.11 million in the prior year. The growth primarily came from increased inflows of receipts from interest.

### Cash Flow from Investing Activities

The cash flow from investing activities increased to BDT 208.70 million in 2018 from BDT 64.35 million in 2017, as a result of decrease in investments in marketable securities keeping to tackle market volatility.

### Cash Flow from Financing Activities

The FFIL reduced the long term borrowings from Bank's and NBFI's during 2018 BDT (279.98) million where in 2017 the long term borrowings from Bank's and NBFI's was 95.48 million.

### Overall Scenario

The cash and cash equivalent balance of the Company decreased to BDT 2.13 billion in 2018 compared to BDT 2.83 billion in 2017.

**Financial Highlights of FAS Finance & Investment Limited**

All figures in Taka million except (%)

Operating Year	2018	2017	2016	2015	2014
Total Assets	18,778.79	18,335.11	17,110.15	13,278.22	7,449.90
Total Liability	16,757.65	16,433.84	15,341.96	11,636.12	5,822.72
Operating Income	404.96	372.89	349.54	433.75	271.50
Operating Expenses	135.91	133.48	113.15	88.29	78.29
Financial Expenses	1,675.90	1,494.44	1,412.45	948.78	473.35
Net Profit After Tax	118.84	133.12	126.05	126.67	108.19
Debt to Equity (times)	8.30	8.64	8.68	7.09	3.58
ROA (%)	0.65	0.75	0.83	1.22	1.78
ROE (%)	5.88	7.26	7.39	7.75	6.75
Earnings Per Share (Tk.)	0.84	0.94	0.89	0.89	0.76
P/E Ratio (Times)	16.07	21.07	14.80	11.07	19.59
Dividend Payout Ratio (%)	5.95	9.71	5.10	9.71	10.31
Year End Market Price Per Share (Tk.)	13.50	21.70	14.50	11.40	19.00
NAV Per Share (Tk.)	14.23	13.39	12.45	11.57	11.46

**4) Comparative financial performances with the peer industry**

Operating Year	as at 30th September, 2018 ( Un -Audited)										Amount in Million		
	FAS Finance	ILFSL	Bay	BD Fin	First Fin	Midas	Lanka Bangla	IDLC	IPDC	Uttara	Phoenix		
Total Assets	19,051	46,153	17,489	19,429	11,436	11,696	78,137	111,243	45,148	45,124	31,092		
Total Liability	17,098	43,317	15,038	16,657	10,539	10,224	69,488	97,955	41,751	38,264	28,319		
Operating Income	263	553	121	303	(69)	250	2,171	4,513	1,251	1,866	693		
Operating Expenses	114	251	95	198	201	147	1,238	1,649	538	148	207		
Financial Expenses	1,266	3,249	959	1,094	676	683	4,540	5,040	2,442	1,647	2,013		
Profit Before Tax	62	243	(23)	85	(363)	47	417	2,528	546	1,647	294		
Net Profit After Tax	52	126	(29)	10	(367)	32	319	1,822	286	1,007	175		
Earnings Per Share (Tk.)	0.37	0.60	(0.21)	0.18	(3.16)	0.24	0.63	4.83	1.31	8.04	1.44		

FFIL continued keeping satisfactory outcome in 2018 as compared to its peer group in terms of growth of different performance and financial position measures.

**Trends of Assets-liabilities Ratio**

Taka in Million



**Trends of deposits percentage of total liabilities**

Taka in Million



**Trends of total Lease loan and classified Lease loan**



The FI industry is still burdened with an alarming amount of non-performing loans (NPLs) that make funds costlier and FIs' operations riskier. FFIL however has tightened its belt and taking coordinated steps to gear up recovery efforts to hold NPL volume to a level where requirements for financial provisions against such loans could be saddled up to a bare minimum with lesser impact on profitability. All this is expected to bolster business and benefits for all stakeholders over time.

Last five years have been the years of success and accomplishments for FFIL on the operational and financial fronts. Though faced with numerous challenges, FFIL has been able to make strong average ROE compared to major competitors in the industry. Despite of a modest weaker of its asset base FFIL maintained average ROA lower than the industry ROA.

### 5) Risk and concerns as well as the mitigation plan related to the financial statements

The Company always concentrates on delivering high value to its stakeholders through appropriate tradeoff between risk and return. A well-structured and proactive risk management system is in place within the Company to address the risks relating to credit, market, liquidity and operations. Details of the Risk Management have been described on page no.95 to 98 of this annual report.

### 6) Future plan for Company's operation, performance and financial position with justification thereof

The business target of Tk. 1,450.00 million has been projected by Credit Department for the year 2019. This amount will be disbursed in the form of Lease, Term Loan, House Finance, SME & Women Entrepreneurship Finance etc. The actual Loan, Advances & Lease portfolio as on 31-12-2018 was Tk.15,353.57 million. The total portfolio for the year 2019 is expected to be reached at Tk. 16,395.40 million. In the year-2019 main focus will be on SME, Corporate & Industrial financing. In full rhythms of effort, we are optimistic to achieve our budgeted target in the year-2019 as we did in the year-2018.

Following assumptions have been taken into consideration while preparing the Projection for 2019:

01. New Deposit collection from TDR and other scheme estimated to 10% growth for the year 2019.
02. Projected amount of Lease, Loan and Advances will be increased (net) at 9%.
03. The Lease and Loan tenures are considered and accounted for 3-7 years (except short term fund) with standard terms & conditions and concerned by sufficient collateral.

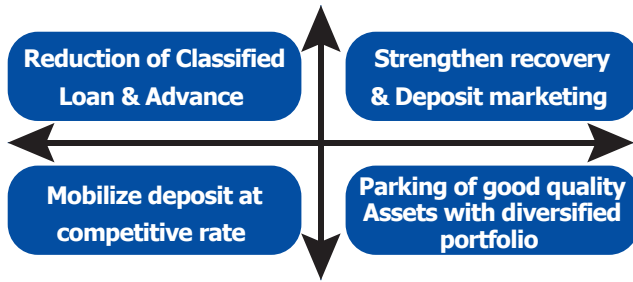
04. Our existing Deposit balance as on 31-12-2018 was Tk. 8,376.60 million (From Commercial Banks & NBFIs-Tk. 4,923.60 million, Other than Banks & NBFIs-Tk. 2,307.10 million & Individuals- Tk. 1,145.90 million).
05. We have the plan to increase the individual & corporate deposit in the mix with medium & long term schemes.
06. Projected operating revenue is estimated to increase by 9% from the previous year & expenditure is estimated to increase by 10% from the previous year.
07. The Company has a plan to expand its liability marketing team for massive deposit mobilization.

### Strategy for achieve targeted profit

Based on our vision, we have chosen to give priority to our overall strategic objectives that creates the foundation for strong growth and focuses on continuous value enhancement. Major strategies are as follows:

- Recovery from NPL's/written off loans and to maintain quality of assets
- Ensuring quality customer service. Harnessing the power of technology to deliver better customer services
- More quality business to generate more profit
- Mobilizing deposits at competitive rates increasing the numbers of deposit clients. Exploring potential deposit customers. Activate the door to door liability marketing team with more vibrant team members
- Expanding & Diversifying the loan /Lease portfolio maintaing the quality
- Educate with proper training to the marketing team
- Conducting our business with the highest levels of integrity
- Demonstrating a strong will to win in the marketplace
- Encouraging under-served and under-penetrated communities with tailor-made products and services
- Launching of innovative products
- Special attention should be given to evade the threat of upcoming NPLs & avoid deterioration of asset quality
- Early settlement of problem loans / bad loans & leases with waiver of some interest
- Early disposal of suits. Settlement outside the court may be another option
- Compliance of all regulatory requirements
- Strengthening of Anti-Money Laundering activities
- Preventing fraud & forgery
- Minimizing Operating Expenses.
- Monitoring Performance & Development of Human Resources.
- Ensuring IT Security
- Exercise good working environment
- Expanding the span of Corporate Social Responsibilities

### Key points for optimistic the target outcome



### Challenges for 2019

- Retaining present depositor's confidence with timely payment
- Arrest of Increasing trend of NPL
- Deposit Mobilization at competitive rate
- Maintaining healthy spread
- Retaining brand image & reputation
- Adapt new technology for driving efficiencies and service excellence

### Going Forward

Considering the overall situation, we intend to achieve cautious and healthy growth in earnings in the coming year as the political situation is expected to improve in upcoming days. However, we intend to pick up pace in the medium term future by leveraging the opportunities of the country's growing economy. Given the well-tested management excellence, goodwill of the company, relationship with the regulators and stakeholders, we are well positioned to reap the benefits from such prospects.

Pritish Kumar Sarker  
Managing Director & CEO



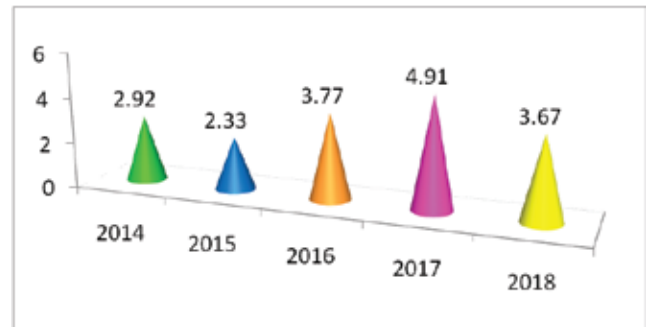
# Corporate Social Responsibility

Corporate Social Responsibility (CSR) being an integral part of the long term sustainable strategy has now emerged as a growing practice. A strong perception has developed in recent years among the management that they need to manage their organizations in a socially responsible way for economic viability and long term sustainability in the competitive market place. CSR practices not only improve our own standard but also affect the socially responsible behavior of other businesses.

The Management believes that successful CSR program cannot be achieved individually. CSR includes the participation of the society, nature and ethics in making strategy that can improve the competitive position of the company. CSR takes care of the interest of all stakeholders rather than that of the stockholders only. By incurring CSR expenditure, FFIL can strengthen its competitiveness, counter the risk of losing

the existing market shares and establish its presence in emerging ones. Instead of thinking CSR as a regulatory or discretionary cost, the management sees it as an investment that brings long-term benefits for the company.

Amount in Lac



As a part of CSR in 2018, FFIL contributed 3.67 lac taka to several social activities in different arrangement. The government of Bangladesh has introduced CSR guidelines for organizations to spend a portion of their profit on social activities under certain bindings and FFIL's CSR programs are guided by those policies.



# Sustainability Development Report



# Corporate Environment

Corporate Environment has an immense impact on FFIL's human resources through knowledge acquisition, job development, training, communication and leading to job satisfaction. In this environment important is placed on effective management, a clear definition of responsibility, straightforward work processes with minimum bureaucracy. In this way FFIL is able to serve its customers at the best helping to achieve their goals.

In order to ensure that our customers are getting the best possible service, we have organized the tenets of its culture into following business principles and these principles are undertaken by all FFIL's operations.

**Welcoming change:** The business environment is constantly undergoing changes, bringing the company up against new challenges. In order to assist clients in gaining a competitive advantage, we need to keep ourselves abreast of changing business practices and seeks to implement changes ahead of the competition.

**Intelligent risk taking:** FFIL uses its expertise to advise its clients on the risks they face and enable them to make informed decisions. Up to date information and qualified personnel ensure intelligent risk assessment and decision-making.

**Efficient decisions:** Effective service to the customers is based on effective and efficient decision-making. This is

achieved through the devolution of power and open communication. This also makes for an exciting and highly motivating work environment that attracts talents and qualified candidates.

**Long-term relationships:** FFIL's main objective is to develop and maintain long-term relationships with its clients. Their needs and interests are made a priority, since their success consequently fuels our success, thus establishing a common goal.

**Teamwork:** The best results are achieved only when the employees of FFIL and its customers work together as a team. Effective co-operation and proper communication ensure quick and professional service and provides the basis for efficient teamwork.

**Identifying opportunities:** By identifying opportunities where others see business as usual, FFIL is able to advise its clients effectively and provide them with exceptional choices. We are confident that our employees are able to perform this task by providing customers building their confidence and encouraging their initiative.

**Rewarding talent:** To ensure that our clients receive superior services, we reward those employees who perform most successfully. Our greatest resource is our employees and it places great emphasis on retaining good employees, that is, those who provide the greatest benefits to our customers

## Our Stakeholders

At FFIL, being a stakeholder-centric enterprise, our relationship with our stakeholder ecosystem has a direct and indirect impact on our reputation, our business activities and on our license to operate. Our stakeholders include customers, shareholders, employees, suppliers (of finance and credit), the central bank and other government regulators and the communities and societies in which we operate.

We are proactive in our stakeholder responses in the sense that while our individual teams are responsible to engage with each specific stakeholder group with the emergence of material developments, our centralized stakeholder reporting is supervised by the senior management team. As a Company that is bound by regulatory frameworks, we are also proactive in issuing material notifications to the central bank, regulatory authorities and the exchanges as and when they happen.

### Stakeholder Management

**Safety of Deposits:** As a frontline financial services entity with strong controls and governance standards, we enjoy an unmatched reputation with a robust brand recall of being trusted, credible and dependable.

**Timely Loan disbursement:** A large number of customers, especially SME clients, require speedy loan disbursements. In this context, we are increasingly leveraging technology and service orientation to deliver industry-leading loan turn around times.

**Ensuring Process Simplification:** Fostering a culture in which our customers find it convenient to engage with us, we provide a number of options that eases the customer in securing the loan including near paper-less transactions, minimal visits to our offices as well as the contractual agreement that is easy to read and understand.

### Investors

**Industry Potential:** As a Company that is focused on unlocking the developmental potential of Bangladesh, we are closely linked with the growth prospects of the country. While the nation's population stands at about 165-million with attractive demographics, the penetration of financial services is extremely low, which together represent sustainable and structural growth opportunities. Inspired by our legacy and shareholding structure, as mostly represented by the P & L International Ltd. & Reptiles Farm Ltd., we are in a better position to ride the developmental wave that will bring a larger population into the umbrella of formal finance.

**Investment Stage of the Company:** With the strategic transformation helping financial revival, the Company is still in investment mode, securing IT upgradation and recruiting a large number of resources to drive its business aspirations and growth. However, these investments are made one-time, but will generate sustainable and repeatable benefits in the long-term.

### Employees

**Well-defined Career Progression Opportunities:** With a sustained focus on succession planning, talent development for critical senior management roles and skills development, we constantly provide our employees training opportunities that enable them to progress through their careers. Being a meritocratic organization, we focus on attitude and work ethics above anything else.

**Talent Attraction:** As an enterprise that is well-known among the country, we are getting hundreds of thousands of applications for job postings. With a well-structured and rigorous screening and selection process, we ensure that we attract the right talent to take forward our corporate goals and aspirations.

### Suppliers

**Timely Return of Capital:** We adhere to our contracts and commitments through the timely disbursement of capital (with interest), which helps us with the smooth access to credit as and when we require it.

**Continual Engagement:** We continuously engage with our banking channel partners for access to lower-cost credit and for demand projections that strengthens our ability to increasingly balance our assets and liabilities.  
Central Bank and other Government Regulators

**Engagement in Upcoming Regulations:** We engage with the regulators to help them draft policies or comment on upcoming guidelines which help in the development of a more vibrant industry.

**Inspire Confidence:** As a well-established Company with a strong heritage, we inspire the confidence of our regulators in meeting policy requirements and in fostering a culture that places the highest emphasis on governance and transparency.

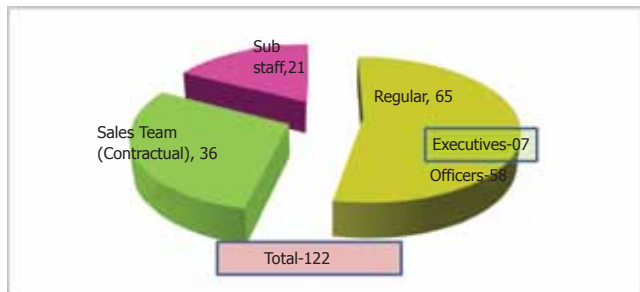
# Report on Human Resources

FFIL is an organization which believes its human resources to be one of its best investments. It is the performance and productivity of its manpower which establishes its position. Human resources being one of the highest contributing factors in the success of the company, FFIL focuses on hiring the right person for the right position at the right time and also concentrate on the proper development and motivation of the personnel. The company also considers strategy for retention of its top performers seriously.

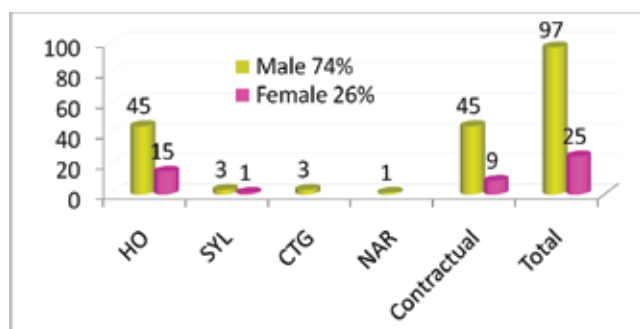
## Overview of HR Functions



## Category wise Employee

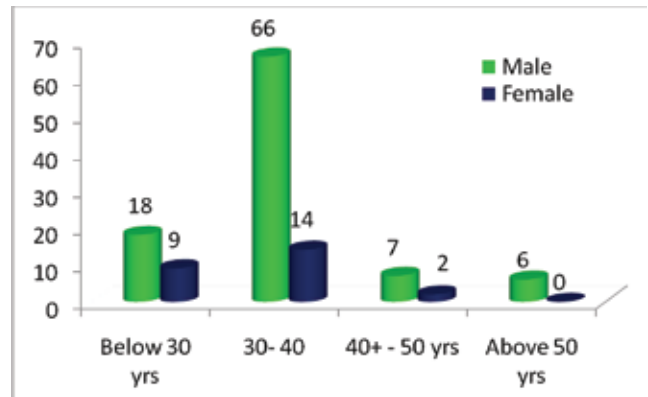


## Male & Female Ratio



HO-Head Office  
 SYL-Sylhet Branch  
 CTG-Chattogram Branch  
 NAR-Narsingdi Branch

## Average Age of the Employees



## Training Summary



## Human capital - our core strength

Effective human resource management has proven to be a critical component in the success of a business. FFIL is focused on recruiting the best resources and implementing programs to develop and retain high quality human resources. FFIL continues to implement human resource management policies and practices that are aimed at growing and developing employees and ensuring their active contribution towards the achievement of corporate goals. Effective human resources have also been linked to superior company performance. FFIL believes that its human resources are sophisticated in building and running the Company. Each and every employee is considered, developed and motivated to contribute optimally towards the achievement of corporate goals.

## Our Human Resources Department (HRD) mission

FFIL's HRD is committed to work strategically with diverse business segments in identifying and responding to the evolving business needs. As a strategic business partner, FFIL's HRD creates a work environment that thrives on diversity, high individual and organizational productivity and performance, continuous improvement and exceptional customer service. We are dedicated to construct an outstanding service oriented culture as well as maintain a

strong work-life balance. Moreover, by encouraging employee engagement, we foster the spirit of teamwork and collaboration with a strong focus on quality in our day-to-day operations.

### **Our resources are precious to us**

At FFIL, we are powered by talents. We consider our human resources as the most important asset and mobilize people and teams by engaging them in cutting-edge financial industry practices. As an attractive employer, we offer a broad spectrum of opportunities for both professional and personal development as well as encourage a work environment that is characterized by respect, trust, co-operation and collaboration. We do so because the skills and enthusiasm of our employees are a major force that helps us to achieve sustainable results.

### **The right people in the right place at the right time**

While the goal is to provide the best candidate for the Company's needs, it is also important that we place people in the right position at the right time. This requires us to emphasize on the efficiency of our hiring and staffing processes even as we continue to look for ways to create efficiencies in our hiring methodologies. We also recognize the need to use further analytics in our recruitment efforts to enable us to understand our workforce needs, levels and the effectiveness of our recruitment strategies. The purpose of FFIL's merit based recruitment and selection process is to ensure that vacancies are filled by the most competent incumbents. FFIL provides equal employment opportunities to all applicants without any bias to race, religion, gender, age, disability or any other criteria permissible by the statutory laws of the country. Recruitment and selection is based solely on job-related criteria. The recruitment and selection process is consistently applied and promotes fairness, diversity and transparency. The process complies with all state laws, regulations and policies.

### **Performance appraisal**

Performance appraisals can benefit employees and organizations by clarifying objectives and expectations, and creating an environment of open communication. The best performance appraisals offer positive feedback and advice for improvement and typically consist of a conversation between the management and the employees. FFIL is a performance-driven Company. Our performance appraisal is the single-most important tool that enables the Company to measure the performance of an individual and plan his/ her career progression accordingly. At FFIL, the sole motive of the performance appraisal system is to maximize efficiency of the Company's objectives with the guidance to achieve each member's career aspira

tions. The performance appraisal system is fully structured to assess the competency of all full-time employees. This extensive process starts with the circulation of appraisal forms, approved by the management.

### **Promotion**

Promotion opportunities are the life-blood of staffing and retention. Without the proper use of incentives and coaching, employees are likely to refrain from maintaining relationships with a business for an extended period of time. Competitors take the best talent from other companies by offering individuals enhanced pay and benefits. Promotions and bonuses to the personnel help in ensuring that they do not feel the need to leave their employers. At FFIL, promotions signify our management's commitment to recognize and reward outstanding performers. It motivates employees to aspire for advancement opportunities within the Company. It also contributes to employee satisfaction and retention. Employee promotion is made by examining all factors necessary to determine the best qualities and capabilities to fill the position.

### **Benefits Policy**

FFIL has the following benefits and facilities for its employees:

- Festival Bonus
- Provident Fund
- Gratuity
- Employee personal loan facility at a subsidized rate
- Group insurance and health insurance coverage
- Leave encashment facility
- Annual Incentive Bonus based on performance
- Reward and recognition for employees' hard work and dedication to the Company

### **HR Committee**

FFIL's HR Committee is a forum for the discussion of various HR-related issues of the Company. The main role and function of the Committee is to assist HRD in developing and administering a fair and transparent procedure for setting policies on the overall human resources strategy of the Company.

The Committee's responsibility is to ensure that the Company has a wide scope for equal opportunity and transparency in terms of:

- Suitable recruitment;
- Compensation on the basis of merit, qualification and competence;
- Adequate training and development facilities;
- Promotions based on individual performance and contribution;

- In addition, the Committee looks into any other benefits related issues regarding the Company's operating results and comparable market statistics.

#### **Fostering a healthy workplace**

One of our goals is to move towards a comprehensive approach to creating a healthier workplace. This is in our best interests as individual and the institution as a whole. Employees enjoy favourable working hours so that they can ensure a balance between professional and personal interests. FFIL ensures that the workplace health and safety

complies with internal health and safety policies and procedures. It also develops, co-ordinates and implements strategies to prevent workplace injuries and illnesses and sets standards for health and safety training. In this regard, it organizes training on fire fighting and vaccination programs. FFIL covers hospitalization insurance to ensure holistic medical security of its employees and also, group life insurance schemes cover the unforeseen risk of death as well. Moreover, special accidental issues related to the employee and his/ her family members are reviewed by the HR Committee to compensate them in any way possible.

# Some Projects Financed by FAS FINANCE & INVESTMENT LIMITED



Pharmaceutical Industry



Cable Industry



Power Industry



Jute Industry



# Some Projects Financed by FAS FINANCE & INVESTMENT LIMITED



Textile Industry



Energy Industry



Chemical Industry



Shipping Service Industry

# EVENT HIGHLIGHTS



21<sup>st</sup> Annual General Meeting



Registration of Shareholders



A Partial view of Shareholders



Training on Anti-Money Laundering (AML) & Combating the Financing of Terrorism (CFT)



NID Verification from the Election Commission, Bangladesh

# EVENT HIGHLIGHTS



Annual Business Conference-2019 at a Hotel



Participation in the Green & PPP Convention & Expo 2018 at Bangabandhu International Conference Center



Crest Receiving by the Managing Director & CEO in the Green & PPP Convention & Expo 2018



Celebration of 17<sup>th</sup> Anniversary of FAS Finance & Investment Ltd.



Promotion Celebration of Deputy Managing Director

# Financial Statements of the FAS Finance & Investment Limited

Auditors' Report to the Shareholder

Consolidated Balance Sheet

Consolidated Profit and Loss Account

Consolidated Cash Flow Statement

Consolidated Statement of Changes in  
Shareholders' Equity

Balance Sheet of FFIL

Profit and Loss Account of FFIL

Cash Flow Statement of FFIL

Statement of Changes in Shareholders'  
Equity of FFIL

Liquidity Statement of FFIL

Notes to the Financial Statements of FFIL

# Independent Auditor's Report

## To the Shareholders of FAS Finance & Investment Limited

### Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

We have audited the consolidated financial statements of FAS Finance & Investment Limited and its subsidiary (the "Group") as well as the separate financial statements of FAS Finance & Investment Limited (the "Company"), which comprise the consolidated and separate Balance Sheets as at 31 December 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the company give a true and fair view of the Consolidated Balance Sheet of the Group and the separate Balance Sheet of the Company as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 1.

#### Matter of Emphasis

Without qualifying our opinion, we draw attention to the matter that inadequate provision on the balance of margin loan (adjusted) was made as per circular no. SEC/CMRRCD/2009-193/196 dated 28 December 2016, SEC/CMRRCD/2009-193/203 dated 28 December 2017 and the latest circular no. BSEC/SRI/MB-Policy/5/2016/491 dated 27 June 2018 of Bangladesh Securities and Exchange Commission (BSEC) due to unusual negative balance of collateral security arising out of fall in market value.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. We summarize below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters are discussed below together with an explanation of how the risk and our audit response were tailored to address these specific areas.

All key audit matters are applicable to both the group and parent company.

Sl.	Particulars	Risks	Auditor's responses
I	<p><b>Provision for loans and advances:</b></p> <p>As of the reporting date, the Group reports loans &amp; advances BDT 1543.05 crore represents 82 % of total assets, provisions regarding loan &amp; advances of BDT 9.54 crore.</p>	<p>The financial statement risk arises particularly from estimation uncertainties in the calculation of individually assessed provision on loan which are, especially in these industries, based upon judgmental assumptions and scenarios i.e. probability of default, ability to</p>	<p>We established our audit approach over the individual provision including control and substantive testing:</p> <ul style="list-style-type: none"> <li>The accuracy of data input into the system used for credit grading and the approval of credit facilities</li> </ul>

	<p>Refer to note no 6(a) &amp; 36(a) to the financial statements.</p>	<p>repossess collateral, recovery scenario, going concern scenario etc.</p> <p>As part of our risk assessment, we identified the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>▪ Completeness and timing of recognition of provision of loans in accordance with criteria set out in FID circular no. 03, 06 &amp; 08.</li> <li>▪ For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The ongoing monitoring and identification of loans displaying indicators of provision and whether they are migrating, on a timely basis including generation of days past due reports.</li> </ul> <p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>▪ Tested the credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>▪ Identification of loss events, including early warning and default warning indicators;</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>▪ Reviewed the adequacy of the company's general and specific provisions; Assessed the methodologies on which the provision amounts based, recalculated the Provisions and tested the completeness and accuracy of the underlying information;</li> </ul> <p><b>Optimum results:</b> Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
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Sl.	Particulars	Risks	Auditor's responses
ii.	<p><b>Measurement of deferred tax liabilities:</b></p> <p>The deferred tax liabilities amounting to BDT 86.10 Lac was shown in the financial statements as at 31 December 2018.</p> <p>For significant accounting policies and critical accounting estimates for the recognition and measurement of deferred tax liabilities.</p> <p>We refer to note number 1.07.3 and 13.3 (a) of the consolidated financial statements.</p>	<p>Recognition and measurement of deferred tax liabilities contain judgment and objective estimates regarding future taxable profit and the usability of unused tax losses and tax credits.</p> <p>The significant risk arises from estimation of future usability of the benefits. Such estimation required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of profitability available in near future.</p>	<p>We have conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following:</p> <ul style="list-style-type: none"> <li>▪ Evaluation of the policies used for recognition and measurement of deferred tax liabilities in accordance with IAS 12,</li> <li>▪ Test of design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax liabilities,</li> <li>▪ The computation of deferred tax liabilities by applying appropriate provisions of tax law to scheduled reversals particularly the potential tax rates applicable at the time of expected reversals,</li> <li>▪ The strategy's compliance with the tax laws.</li> </ul> <p><b>Optimum results:</b> We considered recognition and measurement of deferred tax liabilities in particular regarding the assumptions and parameters to develop the taxable profit and usability of tax losses and credits to be reasonable.</p>

Sl.	Particulars	Risks	Auditor's responses
iii.	<p><b>Carrying value of investments in subsidiary by the Company:</b> The Company has invested in equity shares of its subsidiary FAS Capital Management Limited is BDT 24.30 crore.</p> <p>Refer to note no 9.01 to the consolidated financial statements.</p>	<p>Recoverability of the investment is considered a high risk of significant misstatement or subject to significant judgment. However, due to the materiality of the investment in the context of the parent company financial statements, this is considered to be the area that had the greatest focus of our overall parent company audit.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its subsidiary FAS Capital Management Limited in accordance with IAS 36.</p>	<p>Comparing the carrying amount of the total investment balance with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p><b>Optimum results:</b> We considered the Company's assessment of the recoverability of the investment in subsidiaries to be acceptable.</p>

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Company in accordance with IFRSs as explained in note 1, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institution Act, 1993 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Company. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

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

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

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

### We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Report on other Legal and Regulatory Requirements**

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

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) The consolidated balance sheet and consolidated profit and loss account together with the annexed notes 1 to 43 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) 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;
- (x) Nothing has come to our attention that the Company has adopted any unethical means to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xi) 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;
- (xii) 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;
- (xiii) 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;
- (xiv) We have reviewed over 80% of the risk weighted assets of the Company and we have spent around 915 person hours for the audit of the books and accounts of the Company;
- (xv) The Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvi) The Company has complied with the 'First Schedule' of Bank Companies Act, 1991 in preparing these financial statements; and
- (xvii) All other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

*Pinaki Das*

**Pinaki Das, FCA**

Pinaki & Company

Chartered Accountants

Dhaka

Dated: 15.05.2019

# FAS Finance & Investment Limited

## Consolidated Balance Sheet

As at 31 December 2018

Particulars	Notes	Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	2 (a)	<b>6,954,831</b>	<b>52,386,564</b>
In hand (including foreign currencies)		116,773	86,654
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		6,838,058	52,299,910
<b>Balance with other banks and financial institutions</b>	3 (a)	<b>2,126,350,259</b>	<b>2,786,900,934</b>
In Bangladesh		2,126,350,259	2,786,900,934
Outside Bangladesh		-	-
<b>Money at call and on short notice</b>	4 (a)	<b>-</b>	<b>-</b>
<b>Investments</b>	5 (a)	<b>284,303,236</b>	<b>1,106,527,427</b>
Government		-	-
Others		284,303,236	1,106,527,427
<b>Loans, advances and leases</b>		<b>15,430,518,903</b>	<b>13,979,799,394</b>
Loans, cash credits, overdrafts, and leases etc.	6 (a)	15,430,518,903	13,979,799,394
Bills purchased and discounted	7 (a)	-	-
<b>Fixed assets including premises, furniture and fixtures Annexure-1 (a)</b>	8 (a)	<b>323,519,335</b>	<b>331,700,916</b>
<b>Other assets</b>	9 (a)	<b>601,341,023</b>	<b>596,675,714</b>
<b>Non-Financial assets-held for sale</b>	10 (a)	<b>44,665,893</b>	<b>44,665,893</b>
<b>Total Assets</b>		<b>18,817,653,480</b>	<b>18,898,656,842</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions, and agents</b>	11 (a)	<b>7,167,736,685</b>	<b>6,715,356,511</b>
<b>Deposits and other accounts</b>	12 (a)	<b>7,826,613,857</b>	<b>8,781,681,956</b>
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed deposits	12 (a)	7,824,901,857	8,781,681,956
Bearer certificates of deposit		-	-
Other deposits	12 (a)	1,712,000	-
<b>Others liabilities</b>	13 (a)	<b>1,802,407,281</b>	<b>1,500,866,108</b>
<b>Total Liabilities</b>		<b>16,796,757,823</b>	<b>16,997,904,575</b>
<b>Capital/Shareholders' Equity</b>		<b>2,014,069,753</b>	<b>1,893,962,884</b>
Paid-up capital	14	1,419,784,420	1,290,713,110
Statutory reserve	15	205,579,082	181,811,273
Other reserve	16	315,000	315,000
Revaluation reserve	17	221,028,609	228,221,449
Retained earnings	18 (a)	167,362,642	192,902,052
Non-Controlling Interest		<b>6,825,904</b>	<b>6,789,383</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>18,817,653,480</b>	<b>18,898,656,842</b>
<b>Net asset value per share</b>		<b>14.19</b>	<b>13.34</b>


# FAS Finance & Investment Limited

## Consolidated Balance Sheet

As at 31 December 2018


Particulars	Notes	Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>		-	-
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>		<b>2,074,196,208</b>	<b>2,259,084,889</b>
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	19 (a)	2,074,196,208	2,259,084,889
		-	-
<b>Total</b>		<b>2,074,196,208</b>	<b>2,259,084,889</b>
<b>Other memorandum items</b>	20 (a)	<b>946,613,314</b>	<b>510,042,679</b>

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

  
**Anjan Kumer Roy, FCA**  
 Chairman (Acting)

  
**Md. Atharul Islam**  
 Director

  
**Prithish Kumar Sarker**  
 Managing Director & CEO

  
**A.K.M. Shamsheer Ali**  
 CFO (CC)

  
**Zahid Mahmud**  
 Company Secretary

  
**Pinaki & Company**  
 Chartered Accountants

Date: 15 May 2019


# FAS Finance & Investment Limited

## Consolidated Profit and Loss Account

For the Year ended 31 December 2018


Particulars	Notes	Amount in Taka	
		01 Jan 2018 to 31 Dec 2018	01 Jan 2017 to 31 Dec 2017
<b>OPERATING INCOME</b>			
Interest income	22 (a)	2,127,657,529	1,781,803,118
Less: Interest paid on deposits and borrowings, etc.	23 (a)	1,725,434,857	1,494,442,654
<b>Net interest income</b>		<b>402,222,672</b>	<b>287,360,464</b>
Investment income	24 (a)	(42,517,602)	111,755,254
Commission, exchange and brokerage	25 (a)	450,000	150,000
Other operating income	26 (a)	24,386,135	7,020,540
		<b>(17,681,467)</b>	<b>118,925,794</b>
<b>Total operating income (a)</b>		<b>384,541,205</b>	<b>406,286,258</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	27 (a)	71,759,068	76,383,364
Rent, taxes, insurance, electricity, etc.	28 (a)	30,067,872	22,397,998
Legal expenses	29 (a)	360,290	1,380,559
Postage, stamps, telecommunication, etc.	30 (a)	2,123,743	3,642,261
Stationery, printings, advertisements, etc.	31 (a)	4,794,295	5,804,528
Chief executive's salary & fees		5,517,742	4,212,500
Directors' fees	32 (a)	1,330,200	1,659,450
Auditors' fees	33 (a)	207,750	764,000
Depreciation and repairs of FI's assets	34 (a)	20,997,657	21,097,163
Other expenses	35 (a)	15,640,141	18,117,078
<b>Total operating expenses (b)</b>		<b>152,798,758</b>	<b>155,458,901</b>
<b>Profit before provision (c=a-b)</b>		<b>231,742,447</b>	<b>250,827,357</b>
Provision against loans, advances and leases	36 (a)	95,473,485	52,804,701
Provision for diminution in value of investments	37 (a)	(65,398,872)	(14,671,038)
Other provisions		3,924,000	-
<b>Total provision (d)</b>		<b>33,998,613</b>	<b>38,133,663</b>
<b>Profit before taxation (c-d)</b>		<b>197,743,834</b>	<b>212,693,694</b>
<b>Provision for taxation</b>	38 (a)	<b>77,600,480</b>	<b>69,914,894</b>
Current tax		77,444,298	69,715,333
Deferred tax		156,182	199,561
<b>Net profit after taxation</b>		<b>120,143,354</b>	<b>142,778,800</b>
<b>Attributable:</b>		<b>120,143,354</b>	<b>142,778,800</b>
Shareholders of the company		120,106,833	142,508,424
Non-Controlling Interest		36,521	270,376
<b>Appropriations</b>		<b>23,767,809</b>	<b>26,624,503</b>
Statutory reserve	15	23,767,809	26,624,503
General reserve		-	-
Dividend, etc.		-	-
<b>Retained surplus</b>		<b>96,339,024</b>	<b>115,883,921</b>
<b>Earnings per share-EPS (Last year restated)</b>	40(a)	<b>0.85</b>	<b>1.00</b>

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

  
**Anjan Kumer Roy, FCA**  
 Chairman (Acting)

  
**Md. Atharul Islam**  
 Director

  
**Prithish Kumar Sarker**  
 Managing Director & CEO

  
**A.K.M. Shamsheer Ali**  
 CFO (CC)

  
**Zahid Mahmud**  
 Company Secretary

  
**Pinaki & Company**  
 Chartered Accountants

Date: 15 May 2019


# FAS Finance & Investment Limited

## Consolidated Cash Flow Statement

### For the Year ended 31 December 2018


Particulars	Notes	Amount in Taka	
		01 Jan 2018 to 31 Dec 2018	01 Jan 2017 to 31 Dec 2017
<b>Cash flows from operating activities</b>			
Interest receipts		2,124,049,236	1,719,071,570
Interest payments		(1,453,712,401)	(1,406,639,340)
Dividend receipts		18,219,142	25,455,948
Fee and commission receipts		450,000	150,000
Recoveries on loans previously written off		-	2,646,062
Payments to employees		(77,825,677)	(79,593,534)
Income taxes paid		(60,855,336)	(86,247,896)
Receipts from other operating activities		(32,003,356)	97,282,756
Payment for other operating activities		(51,494,957)	(75,078,934)
<b>Operating profit before changes in operating assets &amp; liabilities</b>		<b>466,826,651</b>	<b>197,046,632</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans, advances and leases to customers		(1,347,298,407)	75,299,754
Other assets		2,378,524	(4,670,374)
Deposit from other FI's		(1,097,219,924)	(150,078,972)
Deposit from customers		142,151,825	707,482,303
Other liabilities to customer		12,741,166	(37,515,865)
Trading liabilities (short-term borrowing)		460,137,416	243,690,514
Other liabilities		(4,097,397)	2,710,266
		<b>(1,831,206,797)</b>	<b>836,917,626</b>
<b>Net cash from/(used in) operating activities (a)</b>		<b>(1,364,380,146)</b>	<b>1,033,964,258</b>
<b>Cash flows from investing activities</b>			
Purchase/sale of trading securities, shares, bonds, etc.		862,919,179	(200,483,999)
Purchase/sale of property, plant and equipment		(11,219,996)	(9,161,132)
<b>Net cash used in investing activities (b)</b>		<b>851,699,183</b>	<b>(209,645,131)</b>
<b>Cash flows from financing activities</b>			
Increase/(decrease) of long-term borrowings		(193,304,237)	139,482,298
Dividend paid		2,792	(21,728)
<b>Net cash flow from financing activities (c)</b>		<b>(193,301,445)</b>	<b>139,460,570</b>
<b>Net increase/(decrease) in cash (a+b+c)</b>		<b>(705,982,408)</b>	<b>963,779,697</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of the year</b>		2,839,287,498	1,875,507,801
<b>Cash and cash equivalents at end of the year*</b>		<b>2,133,305,090</b>	<b>2,839,287,498</b>
<b>Cash and cash equivalents at end of the year</b>			
Cash in hand and balance with Bangladesh Bank		6,954,831	52,386,564
Balance with other banks		2,126,350,259	2,786,900,934
Money at call and short notice		-	-
Treasury bills		-	-
Prize bond		-	-
		<b>2,133,305,090</b>	<b>2,839,287,498</b>

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

  
**Anjan Kumer Roy, FCA**  
 Chairman (Acting)

  
**Md. Atharul Islam**  
 Director

  
**Prithish Kumar Sarker**  
 Managing Director & CEO

  
**A.K.M. Shamsher Ali**  
 CFO (CC)

  
**Zahid Mahmud**  
 Company Secretary

  
**Pinaki & Company**  
 Chartered Accountants

Date: 15 May 2019


# FAS Finance & Investment Limited

## Consolidated Statement of Changes in Shareholders' Equity


For the Year ended 31 December 2018

Particulars	Amount in Taka							
	Paid-up capital	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Total	Non Controlling Interest	Total
Balance as at 01 January 2018	1,290,713,110	181,811,273	228,221,449	315,000	192,902,052	1,893,962,884	6,789,383	1,900,752,267
Prior year adjustment for tax provision	-	-	-	-	36	36	-	36
<b>Restated Balance</b>	<b>1,290,713,110</b>	<b>181,811,273</b>	<b>228,221,449</b>	<b>315,000</b>	<b>192,902,088</b>	<b>1,893,962,920</b>	<b>6,789,383</b>	<b>1,900,752,303</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-
Net gains and losses not recognized in the Profit and Loss Account	-	-	-	-	-	-	-	-
Net profit after taxation for the year	-	-	-	-	120,106,833	120,106,833	36,521	120,143,354
Transfer to statutory reserve	-	23,767,809	-	-	(23,767,809)	-	-	-
Stock dividend-2017	129,071,310	-	-	-	(129,071,310)	-	-	-
Transfer of depreciation charged to profit & loss account	-	-	(7,192,840)	-	7,192,840	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>1,419,784,420</b>	<b>205,579,082</b>	<b>221,028,609</b>	<b>315,000</b>	<b>167,362,642</b>	<b>2,014,069,753</b>	<b>6,825,904</b>	<b>2,020,895,657</b>
<b>Balance as at 31 December 2017</b>	<b>1,290,713,110</b>	<b>181,811,273</b>	<b>228,221,449</b>	<b>315,000</b>	<b>192,902,052</b>	<b>1,893,962,884</b>	<b>6,789,383</b>	<b>1,900,752,267</b>


The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

  
Anjan Kumar Roy, FCA  
Chairman (Acting)

  
Md. Atharul Islam  
Director

  
Pritish Kumar Sarker  
Managing Director & CEO

  
A.K.M. Shamsheer Ali  
CFO (CC)

  
Zahid Mahmud  
Company Secretary

# FAS Finance & Investment Limited

## Balance Sheet

As at 31 December 2018

Particulars	Notes	Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	2	<b>6,881,038</b>	<b>52,345,461</b>
In hand (including foreign currencies)	2.1	42,980	45,551
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)	2.2	6,838,058	52,299,910
<b>Balance with other banks and financial institutions</b>	3	<b>2,122,907,573</b>	<b>2,782,812,721</b>
In Bangladesh	3.1	2,122,907,573	2,782,812,721
Outside Bangladesh		-	-
<b>Money at call and on short notice</b>	4	<b>-</b>	<b>-</b>
<b>Investments</b>	5	<b>132,785,843</b>	<b>297,338,840</b>
Government	5.1	-	-
Others	5.2	132,785,843	297,338,840
<b>Loans, advances and leases</b>		<b>15,353,565,267</b>	<b>14,020,128,589</b>
Loans, cash credits, overdrafts, and leases etc.	6	15,353,565,267	14,020,128,589
Bills purchased and discounted	7	-	-
<b>Fixed assets including premises, furniture and fixtures (Annexure-1)</b>	8	<b>309,056,385</b>	<b>322,293,292</b>
<b>Other assets</b>	9	<b>807,899,727</b>	<b>815,531,092</b>
<b>Non-Financial assets-held for sale</b>	10	<b>44,665,893</b>	<b>44,665,893</b>
<b>Total Assets</b>		<b>18,777,761,726</b>	<b>18,335,115,888</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowings from other banks, financial institutions, and agents</b>	11	<b>6,691,063,363</b>	<b>6,325,356,511</b>
<b>Deposits and other accounts</b>	12	<b>8,376,613,857</b>	<b>8,781,681,956</b>
Current deposits and other accounts		-	-
Bills payable		-	-
Savings bank deposits		-	-
Fixed deposits	12.1	8,374,901,857	8,781,681,956
Bearer certificates of deposit		-	-
Other deposits	12.1	1,712,000	-
<b>Others liabilities</b>	13	<b>1,689,971,189</b>	<b>1,326,803,150</b>
<b>Total Liabilities</b>		<b>16,757,648,409</b>	<b>16,433,841,617</b>
<b>Capital/Shareholders' Equity</b>		<b>2,020,113,317</b>	<b>1,901,274,271</b>
Paid-up capital	14	1,419,784,420	1,290,713,110
Statutory reserve	15	205,579,082	181,811,273
Other reserve	16	315,000	315,000
Revaluation reserve	17	221,028,609	228,221,449
Retained earnings	18	173,406,206	200,213,439
<b>Total Liabilities and Shareholders' Equity</b>		<b>18,777,761,726</b>	<b>18,335,115,888</b>
<b>Net asset value per share</b>		<b>14.23</b>	<b>13.39</b>

# FAS Finance & Investment Limited

## Balance Sheet

As at 31 December 2018

Particulars	Notes	Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>		-	-
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
<b>Other commitments</b>		<b>2,074,196,208</b>	<b>2,259,084,889</b>
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	19	2,074,196,208	2,259,084,889
		-	-
<b>Total</b>		<b>2,074,196,208</b>	<b>2,259,084,889</b>
Other memorandum items	20	-	-

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.



**Anjan Kumer Roy, FCA**  
Chairman (Acting)



**Md. Atharul Islam**  
Director



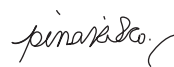
**Prithish Kumar Sarker**  
Managing Director & CEO



**A.K.M. Shamsheer Ali**  
CFO (CC)



**Zahid Mahmud**  
Company Secretary



**Pinaki & Company**  
Chartered Accountants

Date: 15 May 2019




# FAS Finance & Investment Limited

## Profit and Loss Account

For the Year ended 31 December 2018


Particulars	Notes	Amount in Taka	
		01 Jan 2018 to 31 Dec 2018	01 Jan 2017 to 31 Dec 2017
<b>OPERATING INCOME</b>			
Interest income	22	2,085,629,844	1,833,696,003
Less: Interest paid on deposits and borrowings, etc.	23	1,675,896,541	1,494,442,654
<b>Net interest income</b>		<b>409,733,303</b>	<b>339,253,349</b>
Investment income	24	(5,312,610)	30,386,127
Commission, exchange and brokerage	25	-	-
Other operating income	26	536,949	3,254,431
		<b>(4,775,661)</b>	<b>33,640,558</b>
<b>Total operating income (a)</b>		<b>404,957,642</b>	<b>372,893,907</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	27	63,271,568	63,909,645
Rent, taxes, insurance, electricity, etc.	28	25,293,713	17,043,155
Legal expenses	29	283,240	1,204,443
Postage, stamps, telecommunication, etc.	30	1,773,712	3,198,267
Stationery, printings, advertisements, etc.	31	4,597,992	5,497,268
Chief executive's salary & fees		5,517,742	4,212,500
Directors' fees	32	1,233,600	1,518,000
Auditors' fees	33	144,500	718,000
Depreciation and repairs of FI's assets	34	18,884,597	19,425,495
Other expenses	35	14,910,458	16,748,774
<b>Total operating expenses (b)</b>		<b>135,911,122</b>	<b>133,475,547</b>
<b>Profit before provision (c=a-b)</b>		<b>269,046,520</b>	<b>239,418,360</b>
Provision against loans, advances and leases	36	95,473,485	52,804,701
Provision for diminution in value of investments	37	(20,517,065)	(13,929,542)
Other provisions		3,924,000	-
<b>Total provision (d)</b>		<b>78,880,420</b>	<b>38,875,159</b>
<b>Profit before taxation (c-d)</b>		<b>190,166,100</b>	<b>200,543,201</b>
<b>Provision for taxation</b>	38	<b>71,327,054</b>	<b>67,420,686</b>
Current tax	13.2	71,078,927	66,751,700
Deferred tax	13.3	248,127	668,986
<b>Net profit after taxation</b>		<b>118,839,046</b>	<b>133,122,515</b>
<b>Appropriations</b>		<b>23,767,809</b>	<b>26,624,503</b>
Statutory reserve	15	23,767,809	26,624,503
General reserve		-	-
Dividend, etc.		-	-
<b>Retained surplus</b>		<b>95,071,237</b>	<b>106,498,012</b>
<b>Earnings per share-EPS (Last year restated)</b>	<b>40</b>	<b>0.84</b>	<b>0.94</b>

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

  
**Anjan Kumer Roy, FCA**  
 Chairman (Acting)

  
**Md. Atharul Islam**  
 Director

  
**Prithish Kumar Sarker**  
 Managing Director & CEO

  
**A.K.M. Shamsher Ali**  
 CFO (CC)

  
**Zahid Mahmud**  
 Company Secretary

  
**Pinaki & Company**  
 Chartered Accountants

Date: 15 May 2019


# FAS Finance & Investment Limited

## Cash Flow Statement

For the Year ended 31 December 2018


Particulars	Notes	Amount in Taka	
		01 Jan 2018 to 31 Dec 2018	01 Jan 2017 to 31 Dec 2017
<b>Cash flows from operating activities</b>			
Interest receipts		2,031,887,063	1,728,792,246
Interest payments		(1,403,820,196)	(1,406,993,229)
Dividend receipts		2,424,834	10,352,428
Recoveries on loans previously written off		-	2,646,062
Payments to employees		(68,325,825)	(68,147,850)
Income taxes paid		(54,200,769)	(81,251,963)
Receipts from other operating activities		(6,834,705)	26,718,186
Payment for other operating activities		(45,408,555)	(69,002,395)
<b>Operating profit before changes in operating assets &amp; liabilities</b>		<b>455,721,847</b>	<b>143,113,485</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans, advances and leases to customers		(1,155,899,360)	(106,164,110)
Other assets		(1,652,264)	(5,953,020)
Deposit from other FI's		(1,097,219,924)	(150,078,972)
Deposit from customers		692,151,825	707,482,303
Other liabilities to customer		12,741,166	(37,515,865)
Trading liabilities (short-term borrowing)		460,137,416	288,400,884
Other liabilities		(72,051)	72,051
		<b>(1,089,813,192)</b>	<b>696,243,271</b>
<b>Net cash from/(used in) operating activities (a)</b>		<b>(634,091,345)</b>	<b>839,356,756</b>
<b>Cash flows from investing activities</b>			
Purchase/sale of trading securities, shares, bonds, etc.		212,884,004	72,868,752
Purchase/sale of property, plant and equipment		(4,187,463)	(8,519,847)
<b>Net cash used in investing activities (b)</b>		<b>208,696,541</b>	<b>64,348,905</b>
<b>Cash flows from financing activities</b>			
Increase/(decrease) of long-term borrowings		(279,977,559)	95,482,298
Dividend paid		2,792	(21,728)
<b>Net cash flow from financing activities (c)</b>		<b>(279,974,767)</b>	<b>95,460,570</b>
<b>Net increase/(decrease) in cash (a+b+c)</b>		<b>(705,369,571)</b>	<b>999,166,231</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of the year</b>		2,835,158,182	1,835,991,951
<b>Cash and cash equivalents at end of the year*</b>		<b>2,129,788,611</b>	<b>2,835,158,182</b>
<b>*Cash and cash equivalents at end of the year</b>			
Cash in hand and balance with Bangladesh Bank		6,881,038	52,345,461
Balance with other banks		2,122,907,573	2,782,812,721
Money at call and short notice		-	-
Treasury bills		-	-
Prize bond		-	-
		<b>2,129,788,611</b>	<b>2,835,158,182</b>

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.

  
**Anjan Kumer Roy, FCA**  
 Chairman (Acting)

  
**Md. Atharul Islam**  
 Director

  
**Prithish Kumar Sarker**  
 Managing Director & CEO

  
**A.K.M. Shamsher Ali**  
 CFO (CC)

  
**Zahid Mahmud**  
 Company Secretary

  
**Pinaki & Company**  
 Chartered Accountants

Date: 15 May 2019

# FAS Finance & Investment Limited

## Statement of Changes in Shareholders' Equity

For the Year ended 31 December 2018

Particulars	(Amount in Taka)					
	Paid-up capital	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Total
Balance as at 01 January 2018	1,290,713,110	181,811,273	228,221,449	315,000	200,213,439	1,901,274,271
Effects of changes in accounting policy	-	-	-	-	-	-
<b>Restated Balance</b>	<b>1,290,713,110</b>	<b>181,811,273</b>	<b>228,221,449</b>	<b>315,000</b>	<b>200,213,439</b>	<b>1,901,274,271</b>
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognized in the Profit and Loss Account	-	-	-	-	-	-
Net profit after taxation for the year	-	-	-	-	118,839,046	118,839,046
Transfer to statutory reserve	-	23,767,809	-	-	(23,767,809)	-
Stock dividend-2017	129,071,310	-	-	-	(129,071,310)	-
Transfer of depreciation charged to profit & loss account	-	-	(7,192,840)	-	7,192,840	-
Issue of share capital	-	-	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>1,419,784,420</b>	<b>205,579,082</b>	<b>221,028,609</b>	<b>315,000</b>	<b>173,406,206</b>	<b>2,020,113,317</b>
<b>Balance as at 31 December 2017</b>	<b>1,290,713,110</b>	<b>181,811,273</b>	<b>228,221,449</b>	<b>315,000</b>	<b>200,213,439</b>	<b>1,901,274,271</b>

The Accounting policies and other notes from 01 to 43 form an integral part of the financial statements.



Anjan Kumer Roy, FCA

Chairman (Acting)



Md. Atharul Islam

Director



Pritish Kumar Sarker

Managing Director & CEO



A.K.M. Shamsher Ali

CFO (CC)



Zahid Mahmud

Company Secretary

**FAS Finance & Investment Limited**  
**Liquidity Statement**  
**(Asset and Liability Maturity Analysis)**  
As at 31 December, 2018

Particulars	Amount in Taka					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	
<b>Assets</b>						
Cash in hand (including balance with Bangladesh Bank)	42,980	-	6,838,058	-	-	6,881,038
Balance with other banks and financial institution	556,259,009	550,481,064	1,016,167,500	-	-	2,122,907,573
Money at call and on short notice	-	-	-	-	-	-
Investments	2,776,864	2,222,288	62,728,884	65,057,807	-	132,785,843
Loan, advances and leases	168,805,457	1,452,029,847	6,215,551,132	6,009,032,971	1,508,145,860	15,353,565,267
Fixed assets including premises, furniture and fixture	-	-	-	-	309,056,385	309,056,385
Other assets	508,137	7,833,083	141,666,258	414,382,949	243,509,300	807,899,727
Non-Financial assets-held for sale	-	-	44,665,893	-	-	44,665,893
<b>Total assets</b>	<b>728,392,447</b>	<b>2,012,566,282</b>	<b>7,487,617,725</b>	<b>6,488,473,727</b>	<b>2,060,711,545</b>	<b>18,777,761,726</b>
<b>Liabilities</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	83,298,437	166,146,658	4,144,099,257	2,297,519,011	-	6,691,063,363
Deposits and other accounts	573,411,072	1,743,373,008	2,986,677,953	2,861,691,896	211,459,928	8,376,613,857
Provision and other liabilities	67,419,600	28,292,864	335,019,011	1,259,239,714	-	1,689,971,189
<b>Total liabilities</b>	<b>724,129,109</b>	<b>1,937,812,530</b>	<b>7,465,796,221</b>	<b>6,418,450,621</b>	<b>211,459,928</b>	<b>16,757,648,409</b>
<b>Net liquidity excess/(shortage)</b>	<b>4,263,338</b>	<b>74,753,752</b>	<b>21,821,504</b>	<b>70,023,106</b>	<b>1,849,251,617</b>	<b>2,020,113,317</b>

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **1.00 Legal status and Nature of the Company**

FAS Finance & Investment Limited (formerly named as Fidelity Assets & Securities Company Limited) is a Non-Banking Financial Institution (NBFI) formed under the Financial Institutions Act, 1993. The Company was also registered as a Merchant Bank with the Bangladesh Securities and Exchange Commission on 22 January 1998. FAS Finance & Investment Limited (FFIL) was incorporated as a Private Limited Company on 04 March 1997 under the Companies Act, 1994 and was converted into Public Limited Company on 18 August 2001. It started lease financing operation after obtaining license from Bangladesh Bank on 17 September 2001. FFIL obtained license for principal branch vide Bangladesh Bank letter dated September 26, 2001 and 1<sup>st</sup> lease agreement & commencement of public deposit mobilization commenced on December 27, 2001. FFIL obtained license for Chattagram, Narsingdi and Sylhet branches under section 4(1) of the Financial Institution Act, 1993 on 14 February 2007, 18 July 2007 and 09 July 2008 respectively. The Company is listed with both Dhaka and Chittagong Stock Exchanges (09 January 2008). It launched its first trading of shares in Dhaka and Chittagong Stock Exchange on 16 January 2008.

The Head Office of FAS Finance & Investment Limited (FFIL) is situated at Suvastu Imam Square (4<sup>th</sup> & 5<sup>th</sup> floor), 65 Gulshan Avenue, Gulshan, Dhaka-1212.

#### **Subsidiary Company**

FAS Finance & Investment Ltd. (Former Fidelity Assets & Securities Co. Ltd.) started its activity as a Merchant Bank in 1997. In the year 2010 BSEC (letter No. SEC/Reg/MD- Policy/Part-VI/2008/286 Dated 26 July 2010) instructed to form a separate subsidiary company for Merchant Banking alone with in 30<sup>th</sup> September, 2010. Accordingly the management formed a separate subsidiary Merchant Banking Company named as FAS Capital Management Ltd (FCML). Due to formulation of a new Merchant Banking Company FAS Finance and Investment Ltd. transferred the entire investment portfolio amounting Tk.97.20 crore to FAS Capital Management Ltd. The FAS Capital Management Ltd. applied on 26.09.10 to BSEC in order to transfer the Merchant Banking license in favor of the newly formed subsidiary company and got the license from BSEC on 16 May 2012.

The company acquired 97.20% shares of "FAS Capital Management Limited" (formerly Fidelity Assets & Securities Company Limited) (24,300,000 shares of Tk.10 each). The subsidiary is a private limited company, incorporated with the Registrar of Joint Stock Companies vide registration no. C-87541/10 dated 13<sup>th</sup> October 2010 under the companies Act, 1994.

#### **1.01 Financial Activities**

##### **(a) Lease financing**

FFIL provide lease finance under simple terms and conditions for acquisition of capital machineries for industrial undertakings, industrial equipments, office equipments, medical equipments and construction equipments etc.

##### **(b) Transport financing**

FFIL have a significant presence in Commercial Transport Sector. We provide various trade & commercial entities to procure vehicles to operate commercially. Also we provide corporate financing to the reputed Dealer or Distributor of the commercial vehicle to their operators. Besides this corporate clients may also apply to acquire vehicles for official purpose under the scheme.

##### **(c) Term financing**

FFIL provides loan to the customers within the period of series from one year to five years in the manufacturing industries. The Company also extends financing in the processing industries of the agricultural products depending on the nature of a product, profitability of the project and socioeconomic factors. The range of finance can be between one year to five years or more (negotiable).

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

**(d) Project financing**

FFIL offers financing of long term infrastructure and industrial projects based upon a complex financial structure under its project financing scheme where the projects seem to be financially sound. FFIL contributes as sponsor or syndicate member of the projects.

**(e) House financing (Real Estate Finance)**

The clients are indulged in FFIL regardless of their professions and occupations. FFIL provide competitive interest rate in construction of house both land owner & developer, purchase of flat & renovation of existing house/flat. At present, the Company is providing loan facility to the client for a maximum period of fifteen years as decided by management. FFIL also provide financing for the construction of a project.

**(f) Small and Medium Enterprise (SME) refinancing**

FFIL provide refinance in the SME sectors after compliance with the terms and conditions of the Company. It also encourages women entrepreneurs by providing loan facilities under this scheme as per the rules and regulations given by Bangladesh Bank as per ACSPD circular no. 08, dated 26 May 2008.

**(i) Manufacturing and Service Sector:**

**Cottage Industry:**

As per SMESPD Circular no.02 on 29.06.2017, Cottage Industry means those industries which are controlled by own family members and value of fixed assets including establishment costs except organization own land & factory Bhaban below 10 Lac and workforces are not more than 15 persons. However, if a factory is treated as "Cottage industry" on the basis of any one set criteria and it may be included as "Micro Industry" on the basis of other criterion.

Maximum Tk.10.00 lac may be financed to a borrower under cottage Industry.

**Micro Industry:**

**For Manufacturing Micro Industry**

As per SMESPD Circular no.02 on 29.06.2017, Manufacturing Micro Industry means those industries where value of fixed assets including establishment costs except land & factory Bhaban are between Tk. 10.00 Lac to Tk.75.00 Lac or workforce of the factory is 16-30 people or less than 16-30.

**For Service providing Micro Industry**

As per SMESPD Circular no.02 on 29.06.2017, Service providing Micro Industry means those industries where value of fixed assets including establishment costs except land & factory Bhaban below 10.00 Lac or workforce of the factory is maximum 15 persons.

However, if a factory is treated as Micro Industry on the basis of any one criterion, it may also be a "Cottage Industry" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Cottage industry".

Maximum Tk.100.00 lac may be financed to a borrower of Micro Industry under manufacturing sector and Maximum Tk.25.00 lac may be financed to a borrower of Micro Industry under Service Sector.

**(ii) Small Industry**

**For manufacturing concern**

As per SMESPD Circular no.02 on 29.06.2017, Small Industry means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is Tk. 75.00 Lac to 1,500.00 Lac or workforce of the factory is 31-120 persons.

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **For Service Industry concern**

As per SMESPD Circular no.02 on 29.06.2017, Small Industry means those industries where value of fixed assets including establishment costs except land & factory Bhaban Tk. 10.00 Lac to 200.00 Lac or workforce of the factory is 16-50 persons.

However, if a factory is treated as "Small Industry" on the basis of any one criterion, it may also be a "Cottage Industry" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Small Industry".

This provision is not applicable for Garment Industry/Labor Oriented industry.

Maximum Tk. 2,000.00 lac may be financed to a borrower of Small Industry under manufacturing sector and Tk. 5,00.00 lac may be financed to a borrower of Medium Industry under Service Industry.

#### **(iii) Medium Industry**

##### **For manufacturing concern**

As per SMESPD Circular no.02 on 29.06.2017, Medium Industry means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is above Tk. 1,500.00 Lac to 5,000.00 Lac or workforce of the factory is 121-300 persons.

##### **For Service Industry concern**

As per SMESPD Circular no.02 on 29.06.2017, Small Industry means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is Taka. 200.00 Lac to 3,000.00 Lac or workforce of the factory is 51-120 persons.

However, if a factory is treated as Medium Industry on the basis of any one criterion, it may also be a "Large Industry" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Large Industry".

Maximum Tk. 7,500.00 lac may be financed to a borrower of Small Industry under manufacturing Medium sector and Tk. 5,000.00 lac may be financed to a borrower of Medium Industry under Service Industry sector as per circular. But FFIL is allowing loan under Medium & large Industry in favor of a single client maximum 30% of our company total capital i.e Taka 5,700 lac for complying prudential guideline for FIs.

#### **(iv) Trading/Business Sector**

As per SMESPD Circular no.02 on 29.06.2017, Micro Entrepreneurship means those industries where value of fixed assets including establishment costs except organization own land & factory Bhaban is Taka. 10.00 lac or workforce of the factory is maximum 15 persons or annual turnover is Tk. 100.00 lac.

As per SMESPD Circular no.02 on 29.06.2017, Micro Entrepreneurship means those industries where value of fixed assets including establishment costs except organization own land & factory bhaban is Taka. 10.00 lac to 200 Lac or workforce of the factory is maximum 16-50 persons or annual turnover is above Tk. 100 lac but not exceeding 1200.00 Lac.

However, if a factory is treated as Lower Level Sector on the basis of any one criterion, it may also be a "Higher level Sector" on the basis of another set of criteria as per circular. In that case, the industry will be treated as "Higher level Sector".

Maximum Tk. 25.00 lac may be financed to a borrower of Micro Entrepreneurship business under Trading/Business Sector and Tk. 500.00 lac may be financed to a borrower of Small Entrepreneurship business under Trading/Business Sector as per circular.

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

**(g) Working capital financing**

Working capital gives investors an idea of the companies underlying operational efficiency. Upon measuring the company's efficiency & its short-term financial needs FFIL provides working capital to some selective business enterprise to meet-up their both short & long term liabilities. By availing this finance from FFIL the borrower company is able to pay off their short & long term liability which keeps the business running smoothly.

**(h) Factoring**

FFIL is offering to purchase accounts receivable (i.e. invoice) at discount under its purchasing option of financial assets.

**(i) Deposit mobilization**

FFIL provide attractive interest rate among firms, companies, financial institutions and individual clients.

#### **1.02 Significant accountings policies and basis of preparation of financial statements**

##### **1.02.1 Statement of compliance**

The financial statements have been prepared on the basis of going concern concept under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with International Financial Reporting Standards (IFRSs).

##### **1.02.2 Basis of consolidation**

The Consolidated Financial Statements include the Financial Statements of FAS Finance and Investment Ltd and its Subsidiary, FAS Capital Management Ltd. made up to end of the reporting year. The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS)-10: Consolidated Financial Statements. The Consolidated Financial Statements are prepared to a common reporting year ended 31 December 2018.

##### **1.02.3 Compliance with local laws**

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Financial Institution Act 1993, Guidelines from Bangladesh Bank, the Bangladesh Securities and Exchange Ordinance 1969, the Bangladesh Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchange and other relevant local laws and regulations as applicable for its operation.

##### **1.02.4 Materiality of financial statements**

Each material item as considered by management significant has been presented separately in the financial statements wherever applicable.

##### **1.02.5 Statement of Cash Flows**

Statement of Cash Flows is prepared principally in accordance with IAS-7 Statement of Cash Flows and the cash flow from the operating activities have been presented under direct method as prescribed by the Bangladesh Securities and Exchange Rules, 1987 and the considering the provisions of Paragraph 18(b) of IAS which prescribed that Enterprise of changes encourage to report Statement of Cash Flows from operating activities using the direct method.

##### **1.02.6 Statement of Changes in Equity**

Statement of Changes in Equity is prepared principally in accordance with IAS-1 "Presentation of Financial Statements" and under the guidelines of Bangladesh Bank's DFIM Circular No.11, dated December 23, 2009.



## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **1.02.7 Liquidity statements**

The liquidity statement of assets and liabilities as on the reporting date has been prepared on the following basis:

- a) Cash in hand (including balance with Bangladesh Bank)
- b) Balance with other banks and financial institution
- c) Money at call and on short notice
- d) Investments
- e) Loan, advances and leases
- f) Fixed assets including premises, furniture and fixture
- g) Other assets
- h) Non-banking assets
- i) Borrowings from Bangladesh Bank, other banks, financial institutions and agents
- j) Deposits and other accounts
- k) Provision and other liabilities

#### **1.02.8 Basis of measurement**

The financial statements have been prepared on the historical cost basis.

#### **1.02.9 Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimate and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **1.02.10 Current maturity**

Current maturity of long term debts, lease receivables, term financing and house financing has been shown in the financial statements.

#### **1.02.11 Reporting period**

These financial statements cover for the period from 01 January 2018 to 31 December 2018.

#### **1.02.12 Director of the Company**

At the end of the year under audit, there were ten Directors in the Board of Directors of the Company excluding the Managing Director. The Managing Director is the Chief Executive and Ex-officio Director of the Company.

#### **1.02.13 Comparative information**

Comparative information has been disclosed in respect of the year 2017 for all numerical information in the financial statements for understanding of current year financial statements.

#### **1.02.14 Presentational and reporting currency**

The presentation of financial statements has been made in accordance with the DFIM No. 11, dated 23 December 2009 of Bangladesh Bank. These financial statements have been prepared in Bangladesh Taka (BDT) which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka. The financial statements are stated in Taka unless or otherwise signified.

## FAS Finance & Investment Limited

### Notes to the Financial Statements

as at and for the year ended 31 December 2018

#### 1.03 Assets and basis of their valuations:

##### 1.03.1 Fixed assets

Fixed assets are capitalized at cost of acquisition and subsequently stated at cost/ valuation less accumulated depreciation in compliance with the Benchmark treatment of IAS-16 "Property, Plant and Equipment". The cost of acquisition of assets comprises purchase price and any direct attributable cost of bringing the assets within the operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes; if any.

##### 1.03.2 Subsequent cost of fixed assets

The cost of replacing a part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. Maintenance expenses of the fixed assets are recognized in the profit and loss account as incurred.

An item of fixed asset is derecognized on its disposal. The gain/loss arising from de-recognition of an asset is determined as the difference between the net disposal proceeds, if any the carrying amount of the item.

##### 1.03.3 Depreciation on fixed assets

Fixed assets are depreciated based on diminishing balance method at different rates varying from 5% to 20% per annum.

Additions of fixed assets are depreciated when it is available for use at the applicable rates and depreciation is charged up to the date of disposal.

Rates of depreciation applied are shown below:

Sl. No.	Category of assets	Rate of depreciation
1	Office buildings	5%
2	Furniture and fixtures	10%
3	Office decoration	10%
4	Office equipment	15%
5	Motor vehicles	20%
6	Electrical installation	15%
7	Computer	15%
8	Telephone line & PABX system	15%
9	Software	15%

##### 1.03.4 Investment

Investment is carried in Financial Statement at cost. Provision is made for diminishing in value of investment.

##### 1.03.5 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at bank, that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

##### 1.03.6 Off balance sheet exposures

Under general operating transactions, liabilities against acceptance and endorsements, Letters of guarantee, irrevocable letters of credit, Bills for collection-other contingent liabilities & Commitments have been given and claims exist there against, have been shown as off balance sheet items.

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **1.04 Share capital**

##### **1.04.1 Authorized Share capital**

Authorized Capital is the maximum amount of Share Capital that the Company is authorized by its Memorandum and Article of Association to issue to shareholders.

##### **1.04.2 Paid up Capital**

Paid up capital represents total amount of shareholders' capital that has been paid in fully by the ordinary shareholders. Holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meeting.

#### **1.05 Revenue recognition**

The revenue during the year is recognized as follows complying with all the conditions of revenue recognition as provided in IFRS-15 Revenue from Contract with customer.

##### **(a) Accounting for lease financing**

Leased equipment under the possession of lessee are accounted for as receivable of the Company. The interest portion accrued is recognized as revenue as per IFRS 15.

##### **(b) Accounting for term financing**

Term finance operation consists of long term, short term and working capital financing, for which books of account are maintained based on accrual method of accounting. Interest earnings from term financing are recognized as operational revenue periodically.

##### **(c) Accounting for house financing**

The interest income from house finance is recognized when interest accrued.

##### **(d) Accounting for overdue interest**

The overdue interest on lease, term & house finance is recognized when interest is received.

##### **(e) Other operational income**

Other operational income is recognized whenever these are received. Such income comprises of the following components of the FFIL;

- i) Appraisal and documentation fees;
- ii) Service charges;
- iii) Processing fees;
- iv) Miscellaneous.

##### **(f) Dividend income from shares**

Dividend income from shares is recognized during the year in which they are declared and ascertained.

#### **1.06 Revaluation reserve**

Revaluation reserve arises from the revaluation of property, plant and equipment, when the market price of property, plant and equipment increased significantly from the carrying value. When an asset's carrying amount is increased as a result of revaluation, the increase amount should be credited directly to equity under the heading of revaluation surplus/reserve as per IAS-16 "Property, Plant and Equipment". The Company revalued its land and building during the year 2010 and there arises revaluation surplus of Tk. 313,888,244. The revaluation was done by G.K.Adjusters Ltd.

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **1.07 Liabilities and Provisions and basis of their valuation**

##### **1.07.1 Borrowings from other banks, financial institutions and agents**

Bank and financial institution borrowings include interest bearing borrowings, which are brought to account at gross value of the outstanding as on 31 December 2018.

##### **1.07.2 Provision for taxation**

Provision for current year income tax has been made @ 37.50% as prescribed in the Finance Act, 2018. The accounting profit has made by the company after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS-12. Assessments completed up to 2018-2019 but some years are in different stages for some legal issues. In assessment year: 1998-1999 to 2003-2004 tax clearance certificates have been issued in favor of FAS Finance & Investment Limited. Assessment year: 2004-2005, 2005-2006 & 2008-2009 are pending at appeal stage. High Court Order already received for the assessment year: 2006-2007, 2007-2008, 2009-2010, 2010-2011 & 2011-2012. Assessment year: 2012-2013, 2013-2014, 2014-2015, 2015-2016 are pending at High Court stage. Assessment for the year 2016-2017, 2017-2018 & 2018-2019 has been completed under section 82BB.

##### **1.07.3 Deferred taxation**

Deferred tax is recognized on temporary (taxable and deductible) differences between the carrying amount of assets and liabilities in the balance sheet and the amount attributed to such assets and liabilities for tax purposes. 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 is recognized in the profit and loss account as per IAS-12 "Income Taxes" at the year end. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

##### **1.07.4 Non-controlling Interest:**

Minority interest is the equity in a subsidiary not attributable, directly or indirectly, to parent. As per IFRS-10 'Consolidated Financial Statements' company presents Non-controlling Interest (NCI) separately in Financial Statements.

##### **1.07.5 Provision on lease, house loan and term finance**

Provision has been made at an estimated rate on outstanding exposures based on lease receivables and other financing(s) against aging of receivables as per FID circular no. 08, dated 03 August 2002 and subsequent to the time it is revised in FID circular no. 03, dated 03 May 2006 and in FID circular no. 06, dated 20 August 2006 and DFIM circular no. 03, dated 29 April 2013 of Bangladesh Bank. The provision is considered adequate to meet probable losses. These have been shown under other liabilities in the balance sheet with corresponding effect given in the revenue account over the years. The FID circular's terms and conditions are stated as under;

- (i) Leases and term financing running overdue for 6 months and above have been treated as substandard, doubtful and bad & loss depending on non-payment status of rentals or installments;
- (ii) Investments and interests which include overdue rentals and installments have not been taken into income and shall remain suspended till recovery; and
- (iii) Basis of classification and rate of percentages for provision thereon.

**FAS Finance & Investment Limited****Notes to the Financial Statements**

as at and for the year ended 31 December 2018

**Lease or Loan up to 5 years**

<b>Limit of overdue rentals &amp; installments</b>	<b>Classification</b>	<b>Provision of percentage</b>
1-2 rentals/installments (up to 2 months) for SME	Standard	0.25%
1-2 rentals/installments (up to 2 months) other than SME	Standard	1%
3-5 rentals/installments (up to 5 months)	SMA	5%
6-11 rentals/installments (6 to 11 months)	Substandard	20%
12-17 rentals/installments (12 to 17 months)	Doubtful	50%
18 and above rentals/installments (18 months and above)	Bad and loss	100%

**Lease or Loan above 5 years**

<b>Limit of overdue rentals &amp; installments</b>	<b>Classification</b>	<b>Provision of percentage</b>
1-5 rentals/installments (up to 5 months) for SME	Standard	0.25%
1-5 rentals/installments (up to 5 months) other than SME	Standard	1%
6-11 rentals/installments (up to 11 months)	SMA	5%
12-17 rentals/installments (12 to 17 months)	Substandard	20%
18-23 rentals/installments (18 to 23 months)	Doubtful	50%
24 and above rentals/installments (24 months and above)	Bad and loss	100%

**House Loan up to 5 years**

<b>Limit of overdue rentals &amp; installments</b>	<b>Classification</b>	<b>Provision of percentage</b>
1-8 rentals/installments (up to 8 months) for SME	Standard	0.25%
1-8 rentals/installments (up to 8 months) other than SME	Standard	1%
9-11 rentals/installments (up to 11 months)	SMA	5%
12-17 rentals/installments (12 to 17 months)	Substandard	20%
18-23 rentals/installments (18 to 23 months)	Doubtful	50%
24 and above rentals/installments (24 months and above)	Bad and loss	100%

**House Loan above 5 years**

<b>Limit of overdue rentals &amp; installments</b>	<b>Classification</b>	<b>Provision of percentage</b>
1-8 rentals/installments (up to 8 months) for SME	Standard	0.25%
1-8 rentals/installments (up to 8 months) other than SME	Standard	1%
9-17 rentals/installments (up to 17 months)	SMA	5%
18-23 rentals/installments (18 to 23 months)	Substandard	20%
24-35 rentals/installments (24 to 35 months)	Doubtful	50%
36 and above rentals/installments (36 months and above)	Bad and loss	100%

**1.07.6 Provision for diminution in value of investment in shares and bonds**

Provision has been made for diminution in value of investment in shares and bonds.

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **1.07.7 Interest suspense account**

Income outstanding over ninety days is not recognized as revenue rather it is recognized as interest suspense account as per FID circular no. 08, dated 03, August 2002 and FID circular no. 03, dated 03 May 2006 of Bangladesh Bank. Suspended interest is recognized as revenue when it is received.

#### **1.07.8 Liabilities and provisions**

All material liabilities and provisions have been included in the financial statements

- (i) When the company has a present obligation, legal or constructive result of a past event;
- (ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- (iii) When a reliable estimate can be made of the amount of the obligation.

#### **1.08 Risk management**

Risk is defined as the possibility of losses, financial or otherwise. Risk management of the Company covers core risk areas of Companies credit risk, liquidity risk, market risk that includes foreign exchange risk, interest rate risk and equity risk, operational risk and reputation risk arising from operational inefficiencies. The prime objective of the risk management is that the Company evaluates and takes well calculative business risks and thereby safeguarding the Company's capital, its financial resources and profitability from various business risks through its own measures and through implementing Bangladesh Bank's guidelines and following some of the best practices as under:

##### **Credit risk**

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Company. The failure may result from unwillingness of the counter party or decline in his / her financial condition. Therefore, the Company's credit risk management activities have been designed to address all these issues.

The Company has segregated duties of the officers / executives involved in credit related activities. Separate Corporate / SME / Retail divisions have been formed at Head Office which is entrusted with the duties of maintaining effective relationship with customers, marketing of credit products, exploring new business opportunities etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Risk Management (CRM) Division. These are (a) Credit Risk Management Unit (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending, sanctioning credit, formulating policy / strategy for lending operation, etc.

A thorough risk assessment is done before sanction of any credit facility at risk management units. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the credit facility etc. The assessment process starts at the relationship level and ends at Credit Risk Management Unit when it is approved / declined by the competent authority.

##### **Liquidity risk**

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under the leadership of the Chief Financial Officer (CFO) as per approved policy guidelines.

##### **Market risk**

The exposure of market risk of the Company is restricted to interest rate risk and equity risk.

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **Interest rate risk**

Interest rate risk may arise either from trading portfolio and non-trading portfolio. The trading portfolio of the Company consists of Government treasury bills and bonds of different maturities. Interest rate risk arises from mismatches between the future yield of an asset and their funding cost.

#### **Portfolio risk**

Portfolio risk arises from movement in market value of equities held.

#### **Operational risk**

Operational risk may arise from error and fraud due to lack of internal control and compliance. Management through Internal Control and Compliance Division controls operational procedure of the Company. Internal Control and Compliance Division undertakes year call and special audit of the Company for review of the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the Internal Control and Compliance Division.

#### **Implementation of BASEL -II**

To comply with International Best Practice and to make the Company's Capital more risk-sensitive as well as to build the Financial Industry more shock absorbent and stable, Bangladesh Bank provide revised regulatory capital framework "Risk Based Capital Adequacy" for Company's which is effected from January 2012.

- a. Standardized Approach for calculating Risk Weighted Assets (RWA) against Credit Risk;
- b. Standardized (Rule Based) Approach for calculating Risk Weighted Assets (RWA) against Market Risk;
- c. Basic Indicator Approach for calculating Risk Weighted Assets (RWA) against Operational Risk;

Under the Standard Approach of the Risk Based Capital Adequacy Framework (BASEL-II) credit rating is to be determined on the basis of risk profile assessed by the External Credit Assessment Institutions (ECAIs).

As per CDMD guideline, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10% of Risk Weighted Assets (RWA).

#### **Internal Capital Adequacy Assessment Process (ICAAP)**

Internal Capital Adequacy Assessment Process (ICAAP) represents the Company's own assessment of its internal capital requirements. The Company's approach to calculating its own internal capital requirement has been to take the minimum capital required for credit risk, market risk and operational risk under Pillar-I as the starting point, assess whether this is sufficient to cover those risks and then identify other risks (Pillar-II) and assess prudent level of capital to meet them.

The assessment is undertaken using time series of data and Bangladesh Bank's guidelines on Risk Based Capital Adequacy for Company to assess the likelihood of occurrence and potential impact. Purposes of Internal Capital Adequacy Assessment Process are to:

##### **i) Inform the Board of Directors about:**

- Assessing risks
- Initiatives to mitigate identified risks
- Capital requirement to support the operations in light of identified risks.

##### **ii) Comply with Bangladesh Bank's requirement.**

#### **1.09 Statutory reserve**

This represents 20% of net profit after tax which is set aside in compliance with clause 6 of the Financial Institution Regulations, 1994.

## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **1.10. Employees benefits**

There were two benefit schemes for FFIL employees, provident fund and gratuity fund. Both of these benefit plans are operated in compliance with IAS-19 "Employees Benefits" and stated as under;

##### **1.10.01 Provident fund**

The Company operates a contributory provident fund scheme for its employees, which is recognized by the National Board of Revenue under Clause 2(1) of the First Schedule Part B of the Income tax Ordinance, 1984 of (XXXVI) effective from 31 August 2008. Both the company and employees are contributing to the fund.

##### **1.10.02 Gratuity fund**

The Company extends gratuity benefits to its employees, which is recognized by the National Board of Revenue (NBR) under clause 2(1) of the First Schedule Part-B of the Income Tax Ordinance, 1984 of (XXXVI) effective from 25 November 2008. The gratuity is paid on the basis of the last two basic pay and is payable at the rate of two month's basic pay for every completed year of service.

#### **1.11 Earnings per share (IAS -33)**

##### **Basic earnings per share**

Basic earnings per share have been calculated in accordance with IAS-33 "Earnings Per Share" which has been shown on the face of the profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

In computing the basic earnings per share during the year January 1, 2018 to December 31, 2018, the total number of shares including the said bonus shares has been considered as the weighted average no. of shares outstanding during the year January 1, 2018 to December 31, 2018 as per IAS-33 "Earnings Per Share".

#### **1.12 Related party disclosure (IAS-24)**

The Company transacts with related parties. Parties are considered to be related if one party has the ability to control the other or exercise significant influence in making the financial and operating decisions.

#### **1.13 Impairment of assets (IAS-36)**

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit or loss.

#### **1.14 Cash Reserve Requirements and Statutory Liquidity Requirements**

The Company maintains cash reserve requirements and statutory liquidity reserve with the Bangladesh Bank current account as per FID circular no. 06, dated 06 November 2003 and subsequent in FID circular no. 02, dated 10 November 2004 for statutory cash reserve requirements. The Company meets the terms of CRR and SLR in a satisfactory way in accordance with Section-19 of the Financial Institutions Act 1993 and Clause-05 of the Financial Institution Regulations 1994.

#### **1.15 Foreign currency transaction (IAS-21)**

Translation in foreign currencies are translated in Bangladesh Taka and recorded at the ruling exchange rates applicable on the date of transaction and in accordance with IAS-21 "The Effects of Changes in Foreign Exchange Rates"



## **FAS Finance & Investment Limited**

### **Notes to the Financial Statements**

as at and for the year ended 31 December 2018

#### **1.16 Events after the reporting period (IAS -10)**

As per IAS-10 "**Events after the reporting period**" Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) Those that is indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

There were no materials events have occurred after the reporting period which could affect the values stated in the financial statements.

#### **1.17 General**

- a. These financial statements are presented in Taka, which is the Company's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.
- b. Figures of previous year have been rearranged whenever necessary to conform to current year presentation.

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka		
		31-Dec-2018	31-Dec-2017	
<b>2</b>	<b>Cash</b>			
	Cash in hand (including foreign currency)	2.1	42,980	45,551
	Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)	2.2	6,838,058	52,299,910
			<b>6,881,038</b>	<b>52,345,461</b>
<b>2.1</b>	<b>Cash in hand (including foreign currency)</b>			
	Local currency		42,980	45,551
	Foreign currency		-	-
			<b>42,980</b>	<b>45,551</b>
<b>2.2</b>	<b>Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)</b>			
	<b>Balance with Bangladesh Bank</b>			
	Local currency		6,838,058	52,299,910
	Foreign currency		-	-
			<b>6,838,058</b>	<b>52,299,910</b>
	<b>Agent Bank of Bangladesh Bank</b>		-	-
			<b>6,838,058</b>	<b>52,299,910</b>
<b>2.3</b>	<b>Statutory deposits</b>			
<b>2.3.1</b>	<b>Cash reserve requirement (CRR) and statutory liquidity reserve (SLR)</b>			
	Cash reserve requirement and statutory liquidity reserve have been calculated and maintained in accordance with Financial Institution Act, 1993 & Financial Institution Regulations 1994 and FID circular number 06 dated November 06, 2003 and FID circular number 02 dated November 10, 2004.			
	Cash reserve requirement (CRR) has been calculated at the rate of 2.50% on total term deposits which is preserved in current account maintained with Bangladesh Bank. 'Total term deposit' means term or fixed deposit, security deposit against lease/loan and other term deposits, received from individuals and institutions (except banks & financial institutions).			
	Statutory liquidity reserve (SLR) has been calculated at the rate of 5.00% on total liabilities (except banks & financial institutions), including CRR of 2.50% on total term deposit. SLR is maintained in liquid assets in the form of cash in hand (notes & coin in BDT), balance with Bangladesh Bank and other banks and financial institutions, investment at call, unencumbered treasury bill, prize bond, savings certificate & any other assets approved by Bangladesh Bank.			
<b>(a)</b>	<b>Cash reserve requirement (CRR)</b>			
	The Company requires to maintain cash with Bangladesh Bank current account equivalent to 2.50% of Term Deposits other than deposit taken from banks and financial institutions.			
	Required reserve		68,751,014	43,180,246
	Actual reserve maintained		7,149,430	43,302,267
	<b>Surplus/(shortage)</b>		<b>(61,601,584)</b>	<b>122,021</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

Amount in Taka	
31-Dec-2018	31-Dec-2017

### (b) Statutory liquidity reserve (SLR)

The Company requires to maintain SLR equivalent to 5.00% of total liability including 2.50% of CRR and excluding loans and deposits taken from banks and financial institutions.

Required reserve (Including CRR)	199,827,302	127,913,554
Actual reserve maintained (Including CRR)	2,105,241,527	2,246,363,682
<b>Surplus</b>	<b>1,905,414,225</b>	<b>2,118,450,128</b>

Total required reserve	199,827,302	127,913,554
Total actual reserve maintained	2,105,241,527	2,246,363,682
<b>Surplus/(shortage)</b>	<b>1,905,414,225</b>	<b>2,118,450,128</b>

### 2 (a) Consolidated Cash

#### i. Cash in hand (including foreign currency)

FAS Finance & Investment Limited	2.1	42,980	45,551
FAS Capital Management Limited		73,793	41,103
		<b>116,773</b>	<b>86,654</b>

#### ii. Balance with Bangladesh Bank and its agent bank(s) (including foreign currency)

FAS Finance & Investment Limited	2.2	6,838,058	52,299,910
FAS Capital Management Limited		-	-
		6,838,058	52,299,910
		<b>6,954,831</b>	<b>52,386,564</b>

### 3 Balance with other banks and financial institutions

In Bangladesh	3.1	2,122,907,573	2,782,812,721
Outside Bangladesh		-	-
		<b>2,122,907,573</b>	<b>2,782,812,721</b>

#### 3.1 In Bangladesh

##### Current deposits

Al-Arafah Islami Bank Ltd., VIP Road Branch, Nayapaltan, Dhaka	CD-0141020041903	1,068,253	1,059,503
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	CD-010111100028541	602,554	604,549
Islami Bank Bangladesh Ltd., Foreign Ex. Cor. Br., Dhaka	AWCA-1090100819116	91,782	92,932
Islami Bank Bangladesh Ltd., Foreign Ex. Cor.Br., Dhaka	AWCA-1090100870618	-	1,081
NRB Bank Ltd., Corporate Branch, Dhaka	CD-1012010102227	299,175	-
Pubali Bank Ltd., Mohakhali Branch, Dhaka	CD-3677901015917	1,339	1,449,431
Southeast Bank Ltd., Gulshan Branch, Dhaka	CD-001011100017141	849	1,539
Standard Bank Ltd., Gulshan Branch, Dhaka	CD-00933010415	1,260	2,410
Uttara Bank Ltd., Corporate Branch, Dhaka	CD-154512200212029	980	395,631
Woori Bank Ltd., Dhaka Branch, Dhaka	CDA-923915855	1,652	3,207
		<b>2,067,844</b>	<b>3,610,283</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>Special notice deposit accounts</b>			
Bank Asia Ltd., Paltan Branch, Dhaka	SND-04936000058	-	44,121
Bank Asia Ltd., Sonargaon-Janapath Road Branch, Dhaka	SND-07536000033	60,475	57,484
Bangladesh Commerce Bank Ltd., Principal Branch, Dhaka	SND-00232000082	102,537	101,659
BASIC Bank Limited, Bangshal Branch, Dhaka	SND-0616-01-0000635	8,895	41,847
Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka	SND-1161200000974	131,400	973,217
Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka	SND-1161200003865	11,101,253	11,786,402
Dutch Bangla Bank Ltd., CDA Avenue Branch, Chittagong	SND-1291200000707	2,699	1,781
EXIM Bank Ltd., Gulshan Branch, Dhaka	SND-00713100065009	22,480	23,165
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	SND-010113100001512	361,122	356,109
First Security Islami Bank Ltd., Ring Road Branch, Dhaka	SND-013313100000056	247,880	222,907
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	SND-010113100002301	5,778	6,729
First Security Islami Bank Ltd., Dilkusha Branch, Dhaka	SND-13100009342	487,950	474,416
Mercantile Bank Ltd., Main Branch, Dhaka	SND-110113110196932	5,678	14,802,028
Midland Bank Ltd., Dilkusha Corporate Branch, Dhaka	SND-0001-1090000296	16,064	1,273
Mutual Trust Bank Ltd., Gulshan Branch, Dhaka	SND-0022-0320001041	1,005	2,155
Mutual Trust Bank Ltd., Gulshan Branch, Dhaka	SND-0022-0320000131	388,409	385,935
Mutual Trust Bank Ltd., CDA Avenue Branch, CTG	SND-0009-0320000889	8,758	236,087
Mutual Trust Bank Ltd., Sylhet Branch, Sylhet	SND-0023-0320000578	107,229	2,385,167
NCC Bank Ltd., Bashundhara Branch, Dhaka	SND-0096-0325000017	2,521	1,751
NCC Bank Ltd., Gulshan Branch, Dhaka	SND-0012-0325000802	59,712	59,722
NRB Bank Ltd., Bhulta Branch, Dhaka	SND-1131030002531	14	241,086
NRB Commercial Bank Ltd., Principal Branch, Dhaka	SND-010136000000012	21,314	25,862
One Bank Limited, Ganakbari Branch, Savar	SND-0053000000323	9,556	16,840
Prime Bank Limited, Dhanmondi Branch, Dhaka	SND-14631090025594	21	196,235
Pubali Bank Ltd., Narsingdi Branch, Narsingdi	SND-0722102000518	500,469	96,631
Social Islami Bank Ltd., Begum Rokeya Sarani Br, Dhaka	SND-0131360001027	51,090	20,040,088
South Bangla Agriculture & Commerce Bank Ltd., Gulshan Br, Dhaka	SND-01130000097627	-	5,785
Padma Bank Ltd., Motijheel Branch, Dhaka	SND-0113000007464	179,144	172,271
The Premier Bank Limited, Gulshan Circle-2 Branch, Dhaka	SND-13100000070	174	10,266
The Premier Bank Limited, Tejgaon Link Road Br, Dhaka	SND-13100000020	376	11,220
Uttara Bank Ltd., Corporate Branch, Dhaka	SND-154514100041132	5,702	8,738
Woori Bank Ltd., Dhaka Branch, Dhaka	NDA-923000195	3,207,951	24,486,711
		<b>17,097,656</b>	<b>77,275,688</b>
<b>Savings deposits</b>			
		-	-
<b>Fixed deposits</b>			
International Leasing and Financial Services Limited		554,092,500	400,000,000
National Bank of Pakistan		-	100,000,000
Peoples Leasing & Financial Services Limited		804,191,165	970,000,000
Premier Leasing & Finance Limited		400,000,000	400,000,000

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

	Amount in Taka	
	31-Dec-2018	31-Dec-2017
Social Islami Bank Limited	312,075,000	300,000,000
Union Bank Ltd.	-	500,000,000
Woori Bank Limited	33,383,408	31,926,750
	<b>2,103,742,073</b>	<b>2,701,926,750</b>
	<b>2,122,907,573</b>	<b>2,782,812,721</b>

### 3.1.a Account-wise/grouping of balance with other banks and financial institutions

Current deposits	2,067,844	3,610,283
Special notice deposit accounts	17,097,656	77,275,688
Savings deposits	-	-
Fixed deposits	2,103,742,073	2,701,926,750
	<b>2,122,907,573</b>	<b>2,782,812,721</b>

### 3.1.b Maturity grouping of balance with other banks

Repayable-on demand	2,067,844	3,610,283
-up to 3 months	1,104,672,229	1,879,202,438
-over 3 months but within 1 year	1,016,167,500	900,000,000
-over 1 year but within 5 years	-	-
-over 5 years	-	-
	<b>2,122,907,573</b>	<b>2,782,812,721</b>

### 3 (a) Consolidated balance with other banks and financial institutions

#### i. In Bangladesh:

FAS Finance & Investment Limited	3.1	2,122,907,573	2,782,812,721
FAS Capital Management Limited	3 (a)i	3,442,686	4,088,213
		<b>2,126,350,259</b>	<b>2,786,900,934</b>

#### ii. Outside Bangladesh:

FAS Finance & Investment Limited	-	-
FAS Capital Management Limited	-	-
	<b>2,126,350,259</b>	<b>2,786,900,934</b>

### 3 (a)i Bank balance of FAS Capital Management Limited

#### Current deposits

State Bank India	CD-05420271520201	-	1,648
Woori Bank Ltd., Dhaka Branch, Dhaka	CDA-923920015	7,435	146,465
		<b>7,435</b>	<b>148,113</b>

#### Special notice deposit accounts

Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka	SND-116.120.1505	6,581	372,885
Dutch Bangla Bank Ltd., Gulshan Branch, Dhaka-LRHR	SND-116.120.4323	106,449	555,857
Mutual Trust Bank Ltd., Gulshan Branch, Dhaka	SND-0022-0320000793	3,534	76,591
One Bank Ltd., Principal Branch	SND-0013000001743	207,969	-

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
One Bank Ltd., Principal Branch	SND-0013000001754	188,214	-
Prime Bank Ltd., Mohakhali Branch, Dhaka	SND-11031050015284	1	1
Social Islami Bank Ltd., Gulshan Branch, Dhaka	SND-0081360000649	45,959	164,776
The City Bank Ltd., Gulshan Branch, Dhaka	6002-PIAA	2,006,073	14,282
The City Bank Ltd., Gulshan Branch, Dhaka	SND-3101221156001	814,228	196,791
The City Bank Ltd., Gulshan Branch, Dhaka	SND-3101221156003	39,835	1,911,832
Woori Bank Ltd., Dhaka Branch, Dhaka	NDA-923000208	16,408	647,085
		<b>3,435,251</b>	<b>3,940,100</b>
<b>Fixed deposits</b>			
FAS Finance & Investment Limited		550,000,000	-
		<b>550,000,000</b>	-
Less: Inter company transaction		(550,000,000)	-
		-	-
<b>Total</b>		<b>3,442,686</b>	<b>4,088,213</b>
<b>4 Money at call and on short notice</b>			
With banks		-	-
With financial institutions		-	-
		-	-
<b>4 (a) Consolidated money at call and on short notice</b>			
FAS Finance & Investment Limited	4	-	-
FAS Capital Management Limited		-	-
		-	-
<b>5 Investments</b>		<b>132,785,843</b>	<b>297,338,840</b>
<b>5.1 In Government securities</b>			
Treasury bills		-	-
National investment bonds		-	-
Bangladesh bank bills		-	-
Government notes/bonds		-	-
Prize bonds		-	-
Others		-	-
		-	-
<b>5.2 Other investments</b>			
Preference shares		-	-
Ordinary shares (Quoted and Unquoted)	5.2.a	132,785,843	297,338,840
Debentures		-	-
Bonds		-	-

# FAS Finance & Investment Limited

## Notes to the Financial Statements

### as at 31 December 2018

Zero Coupon Bond  
Other investments  
Gold, etc.

Amount in Taka	
31-Dec-2018	31-Dec-2017
-	-
-	-
-	-
<b>132,785,843</b>	<b>297,338,840</b>
<b>132,785,843</b>	<b>297,338,840</b>

#### 5.2.a Ordinary shares (Quoted and Unquoted)

##### Quoted

Aamra Network Limited	-	118,560
AB Bank Limited	4,730,751	3,651,505
Active Fine Chemical Limited	-	5,946,772
ACI Limited	-	4,921,608
Al-Arafah Islami Bank Limited	-	10,115,300
Aman Cotton Fibrous Ltd.	313,840	1,255,400
Aman Feed Limited	-	1,696,508
Appollo Ispat Complex Limited	6,245,255	12,165,364
Bashundhara Paper Mills Ltd.	864,560	3,458,080
Baraka Power Limited	-	25,317,725
CVO Petrochemical Refinery Limited	177	5,842,063
Delta Life Insurance Company Limited	-	4,922,595
Eastern Lubricants Limited	353,482	-
First Security Islami Bank limited	-	6,711,740
Fortune Shoes Limited	-	15,674,549
Golden Son Limited	38,308,080	38,308,079
GPH Ispat Limited	-	28,948,302
Investment Corporation of Bangladesh	-	2,486,318
ICB AMCL Second Mutual Fund	-	2,412,064
International Leasing and Financial Services Limited	-	23,793,118
Intraco Refueling Station Limited	2,549	-
Kattali Textile Limited	100,640	-
Linde Bangladesh Limited	-	2,039,384
Malek Spinning Mills Limited	-	3,491,105
Mercantile Bank Limited	-	17,236,270
Nahee Aluminum Composite Panel Limited	-	62,247
National Housing Finance & Investment Limited	-	3,946,724
National Polymer Industries Limited	-	440,505
Niloy Cement Industries Limited	67,845	67,845
Nitol Insurance Company Limited	51,288,262	-
Oimex Electrode Limited	-	64,800
Quasem Drycell Limited	-	7,247,466
Saif Powertec Limited	583,719	20,577,782

# FAS Finance & Investment Limited

## Notes to the Financial Statements

### as at 31 December 2018

	Amount in Taka	
	31-Dec-2018	31-Dec-2017
Shajibazar Power Company Limited	-	15,942,534
Silva Pharmaceuticals Limited	91,930	-
SK Trims Industries Limited	52,785	-
Union Capital Limited	15,974,034	18,476,528
VFS Thread Dyeing Limited	38,389	-
	<b>119,016,298</b>	<b>287,338,840</b>
<b>Unquoted</b>		
Achia Sea Foods Limited	10,000,000	10,000,000
AND Telecom Limited	569,040	-
Esquir Knit Composite Limited	1,880,100	-
Genex Infosys Limited	104,660	-
Runner Automobiles Limited	1,080,825	-
S.S Steel Limited	134,920	-
	<b>13,769,545</b>	<b>10,000,000</b>
	<b>132,785,843</b>	<b>297,338,840</b>

(A schedule of investments in share is given in annexure-2)

### 5.3 Maturity grouping

Repayable-on demand	-	-
-up to 3 months	4,999,152	3,000,000
-over 3 months but within 1 year	62,728,884	9,000,000
-over 1 year but within 5 years	65,057,807	285,338,840
-over 5 years	-	-
	<b>132,785,843</b>	<b>297,338,840</b>

### 5 (a) Consolidated Investments

#### i. In Government securities

FAS Finance & Investment Limited	-	-
FAS Capital Management Limited	-	-
	-	-

#### ii. Other Investments

FAS Finance & Investment Limited	5.2	132,785,843	297,338,840
FAS Capital Management Limited	5 (a)i	151,517,393	809,188,587
		<b>284,303,236</b>	<b>1,106,527,427</b>
		<b>284,303,236</b>	<b>1,106,527,427</b>

### 5 (a)i Ordinary shares (Quoted and Unquoted) of FAS Capital Management Limited

#### Quoted

Aamra Network Limited	-	118,560
AB Bank Limited	19,681,429	17,124,531
ACI Limited	-	24,440,619
Active Fine Chemicals Limited	-	1,899,983
Al-Arafah Islami Bank Limited	-	37,249,675



# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

	Amount in Taka	
	31-Dec-2018	31-Dec-2017
Alif Manufacturing Company Limited	-	8,241,884
Aman Feed Limited	-	13,741,480
Appollo Ispat Complex Limited	10,678,131	28,407,473
Bangladesh Building System Limited	-	22,262,588
Bangladesh Shipping Corporation	-	21,349,856
Baraka Power Limited	-	37,385,961
BRAC Bank Limited	729,683	-
CVO Petrochemical Refinery Limited	92	326,320
Esquire Knit Composite Limited	1,880,100	-
Eastern Lubricant Limited	270,548	-
First Security Islami Bank limited	-	20,321,571
Foutune Shoes Limited	-	7,805,615
Glaxo Smithkline Bangladesh	23,122,776	20,876,534
GPH Ispat Limited	-	56,486,653
Grameen Phone Limited	-	4,757,425
IDLC Finance Limited	-	6,768,445
IFIC Bank Limited	-	12,932,599
International Leasing and Financial Services Limited	-	28,658,691
ICB AMCL Second Mutual Fund	-	1,802,675
IFAD Autos Limited	539,475	128,812
Indo-Bangla Pharmaceuticals Ltd.	2,676	-
Intraco Refueling Station Ltd.	12,157	-
Investment Corporation of Bangladesh	-	11,790,200
KDS Accessories Limited	-	16,412,335
Khan Brothers PP Waven Bag Industries Limited	-	206,590
Lanka Bangla Finance Limited	-	18,339,681
Malek Spinning Mills Limited	-	25,750,991
Mercantile Bank Limited	-	77,354,174
MJL Bangladesh Limited	-	3,472,335
M.L. Dyeing Ltd.	35,242	-
Nahee Aluminum Composite Panel Limited	-	62,247
National Housing Finance & Investment Limited	-	13,828,496
National Polymer Industries Limited	1,836,477	1,071,324
National Tubes Limited	-	127,156
NCC Bank 1st Mutual Fund	-	1,740,075
NLI 1st Mutual Fund	-	35,410,506
Oimex Electrode Limited	-	64,800
One Bank Limited	-	9,684,868
PHP 1st Mutual Fund	-	10,593,621
Popular 1st Mutual Fund	-	9,472,446
Quasem Drycells Limited	-	9,671,389
Rangpur Dairy Food Ltd.	2,354,792	

# FAS Finance & Investment Limited

## Notes to the Financial Statements

### as at 31 December 2018

	Amount in Taka	
	31-Dec-2018	31-Dec-2017
Saif Powertec Limited	1,793,052	30,304,164
SEML Lacture E.Management Fund	-	6,475,460
Shahjibazar Power Company Limited	-	51,915,043
Simtex Industries Limited	40,401,973	1,934,527
SK Trims & Industries Limited	164,268	-
Southeast Bank 1st MF	-	28,110,052
Square Pharma Limited	1,284,392	956,227
The City Bank Limited	-	7,986,860
The IBN Sina Pharma Limited	-	3,697,139
Union Capital Limited	37,457,919	50,454,451
United Power GD Company Limited	1,473,407	-
VFS Thread Dyeing Limited	38,389	-
	<b>143,756,978</b>	<b>799,975,107</b>
<b>Unquoted</b>		
AND Telecom Limited	569,040	-
Aman Cotton Fibrous Limited	313,840	1,255,400
Bashundhara Paper Mills Limited	864,560	3,458,080
Genex Infosys Limited	104,660	-
Indo-Bangla Pharmaceuticals Limited	4,500,000	4,500,000
Kattali Textile Limited	100,640	-
Runner Automobile Limited	1,080,825	-
S.S. Steel Limited	134,920	-
Silva Pharmaceuticals Limited	91,930	-
	<b>7,760,415</b>	<b>9,213,480</b>
<b>Total</b>	<b>151,517,393</b>	<b>809,188,587</b>
<b>6 Loans, advances and leases</b>	<b>15,353,565,267</b>	<b>14,020,128,589</b>
<b>6.1 Maturity wise grouping's</b>		
Repayable-on demand	-	-
-not more than 3 months	1,620,835,304	2,827,125,141
-more than 3 months but not more than 1 year	6,215,551,132	7,510,095,591
-more than 1 year but not more than 5 years	6,009,032,971	2,876,782,061
-more than 5 years	1,508,145,860	806,125,796
	<b>15,353,565,267</b>	<b>14,020,128,589</b>
<b>6.2 Loans, cash credits, overdrafts, and leases etc</b>		
<b>In Bangladesh</b>		
Loans-General	15,061,061,639	13,682,603,305
Cash credits	-	-
Overdrafts	-	-
Leases	292,503,628	337,525,284
	<b>15,353,565,267</b>	<b>14,020,128,589</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

	Amount in Taka	
	31-Dec-2018	31-Dec-2017
<b>Outside Bangladesh</b>	-	-
	<b>15,353,565,267</b>	<b>14,020,128,589</b>
<b>6.3 Loans, advances &amp; leases on the Basis of Significant</b>		
Advance to allied concerns of Directors	-	-
Advance to chief executive officer, other executives and staffs	-	782,184
Advances to industries	789,999,940	8,918,972,550
Advance to customer groups	14,563,565,327	5,100,373,855
	<b>15,353,565,267</b>	<b>14,020,128,589</b>
<b>6.4 Industry-wise loans, advances and leases</b>		
Agriculture	249,126,203	220,534,104
Chemicals & pharmaceuticals	1,879,485,976	1,431,006,853
Electronics & electrical	116,416,069	106,032,258
Food & beverage	8,810,073	8,957,341
Garments & accessories	564,706,857	520,343,418
Home loan	749,087,858	719,123,929
Housing companies	1,506,096,554	1,527,473,812
Information technology	-	-
Iron, steel & engineering	254,150	1,588,249
Paper, printing & packaging	159,676,784	142,034,985
Plastics industries	3,653,559	4,606,856
Power, gas, water and sanitary service	166,583,024	200,221,164
Transport financing	1,483,915,041	1,279,481,266
Others	8,465,753,119	7,858,724,354
	<b>15,353,565,267</b>	<b>14,020,128,589</b>
<b>6.5 Geographical Location-wise (Division)</b>		
<b>In Bangladesh</b>		
Dhaka	15,207,489,898	13,862,289,030
Chattagram	137,504,890	146,628,956
Sylhet	8,570,479	11,210,603
	<b>15,353,565,267</b>	<b>14,020,128,589</b>
<b>6.6 Classification of loans, advances and leases</b>		
<b>Unclassified</b>		
Standard	12,705,927,863	12,171,768,431
Special mention account	312,288,110	211,891,258
<b>Total unclassified loans, advances and leases</b>	<b>13,018,215,973</b>	<b>12,383,659,689</b>
<b>Classified</b>		
Sub-standard	790,527,545	104,010,354
Doubtful	126,221,784	472,490,331
Bad/Losses	1,418,599,965	1,059,968,215
<b>Total classified loans, advances and leases</b>	<b>2,335,349,294</b>	<b>1,636,468,900</b>
	<b>15,353,565,267</b>	<b>14,020,128,589</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>6.7</b>	<b>Particulars of loans, advances and leases</b>		
i)	Loans considered good in respect of which the FI's is fully secured	10,686,932,209	7,636,386,708
ii)	Loans considered good against which the FI's holds no security other than the debtors' personal guarantee	3,743,873,184	5,553,622,942
iii)	Loans considered good and secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	922,759,874	830,118,939
iv)	Loans adversely classified but provision not maintained there against	-	-
		<b>15,353,565,267</b>	<b>14,020,128,589</b>
v)	Loans due by directors or officers of the FI's or any of them either separately or jointly with any other persons	-	782,184
vi)	Loans due from companies or firms in which the directors of the FI's 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 at any time during the year to directors or managers or officers of the FI's or any of them either separately or jointly with any other persons	782,184	994,361
viii)	Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the FI's are interested as Directors, partners or managing agents or, in the case of private companies, as members	-	-
ix)	Due from other FI's	-	-
x)	Amount of classified loans on which interest has not been charged:		
a)	Increase/decrease of provision (specific)	1,799,445	(3,413,147)
b)	Amount of loan written off	18,286,599	64,461,217
c)	Amount realized against loan previously written off	-	2,646,062
d)	Provision kept against loans classified as bad/loss on the date preparing the balance sheet	80,960,269	79,160,824
e)	Interest creditable to interest suspense account	137,562,103	73,061,744
xi)	Written off loan		
	Opening Balance	226,335,810	164,520,655
	During the year	18,286,599	64,461,217
	Cumulative to date (as per Bangladesh Bank guidelines)	244,622,409	226,335,810
	The amount of written off loans for which lawsuits have been filed for its recovery	244,622,409	226,335,810
<b>6 (a)</b>	<b>Consolidated loans, cash credits, overdrafts, and leases etc</b>		
	<b>i. In Bangladesh</b>		
	FAS Finance & Investment Limited	6.2	15,353,565,267
	FAS Capital Management Limited		14,020,128,589
			1,567,110,196
			<b>16,920,675,463</b>
			<b>15,398,060,772</b>
	Less: Inter company transaction		(1,490,156,560)
			<b>15,430,518,903</b>
			<b>13,979,799,394</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

Amount in Taka	
31-Dec-2018	31-Dec-2017

### ii. Outside Bangladesh

FAS Finance &amp; Investment Limited

-

-

FAS Capital Management Limited

-

-

-

-

**15,430,518,903 13,979,799,394**

**6(a).i.** Due to unusual/ unexpected fall in the share market, the market value of collateral securities as on 31 December 2018 fell below the receivable amount by Tk. 1,127,078,659 against which the company made provision for Tk. 89,668,773 which is equivalent to 7.96% of the net Unrealized loss of outstanding margin loan to client. As per circular no. SEC/ CMRRCD/ 2009-193/ 196, dated 28 December 2016, SEC/ CMRRCD/ 2009-193/ 203, dated 28 December 2017 and the latest circular no. BSEC/ SRI/ MB- Policy/ 5/ 2016/ 491 dated 27 June 2018 of Bangladesh Securities and Exchange Commission (BSEC) the company need be kept provision 20% of its negative equity balance for each five quarter from 31 December 2018 to 31 December 2020.

### 7 Bills purchased and discounted

In Bangladesh

-

-

Outside Bangladesh

-

-

-

-

#### 7.1 Maturity grouping

-payable within 1 month

-

-

-over 1 month but less than 3 months

-

-

-over 3 months but less than 6 months

-

-

-6 months or more

-

-

-

-

#### 7 (a) Consolidated bills purchased and discounted

FAS Finance &amp; Investment Limited

7

-

-

FAS Capital Management Limited

-

-

-

-

### 8 Fixed assets including premises, furniture and fixtures

#### Annexure-1

#### Cost:

Land

86,527,860

86,527,860

Office building

309,082,807

309,082,807

Furniture &amp; fixture

7,003,367

6,746,893

Office decoration

6,647,205

6,647,205

Office equipment

9,048,370

8,641,345

Motor vehicles

37,447,840

37,801,608

Electrical installation

1,959,142

1,959,142

Computer

5,638,348

5,580,073

Telephone line &amp; PABX system

1,067,650

812,763

Software

638,421

638,421

**465,061,010**

**464,438,117**

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka		
		31-Dec-2018	31-Dec-2017	
<b>Less: Accumulated depreciation:</b>				
	Office building	120,140,550	110,196,221	
	Furniture & fixture	3,641,920	3,274,087	
	Office decoration	3,545,662	3,201,046	
	Office equipment	5,086,948	4,428,826	
	Motor vehicles	17,817,236	15,894,196	
	Electrical installation	1,441,049	1,349,621	
	Computer	3,505,655	3,130,154	
	Telephone line & PABX system	526,586	431,549	
	Software	299,019	239,125	
		<b>156,004,625</b>	<b>142,144,825</b>	
<b>Written down value at the end of the year</b>		<b>309,056,385</b>	<b>322,293,292</b>	
<b>8 (a)</b>	<b>Consolidated fixed assets including premises, furniture and fixtures</b>	<b>Annexure-1 (a)</b>		
	FAS Finance & Investment Limited	8	309,056,385	322,293,292
	FAS Capital Management Limited		14,462,950	9,407,624
			<b>323,519,335</b>	<b>331,700,916</b>
<b>9</b>	<b>Others assets</b>			
	<b>Income generating</b>			
	i) Investment in Shares of subsidiary companies			
	-In Bangladesh	9.1	243,000,000	243,000,000
	-Outside Bangladesh		-	-
			<b>243,000,000</b>	<b>243,000,000</b>
	<b>Non-income generating</b>			
	ii) Stationery, stamps, printing, materials, etc.		191,555	230,693
	iii) Advance rent and advertisement		23,052,463	28,253,600
	iv) Interest accrued on investment but not collected, commission & brokerage receivable on shares and debenture and income receivable		160,888,235	171,892,896
	v) Security deposit		509,300	503,300
	vi) Preliminary, formation and organization expenses, renovation/development and prepaid expenses		26,013,235	24,030,021
	vii) Branch adjustment (net reconciled)		-	-
	viii) Suspense account		-	-
	ix) Silver		-	-
	x) Advance corporate income tax	9.2	347,428,130	293,227,361
	xi) Accounts receivable		6,816,809	3,104,925
	xii) Deferred tax asset	13.3	-	-
	xiii) others		-	51,288,296
			<b>564,899,727</b>	<b>572,531,092</b>
			<b>807,899,727</b>	<b>815,531,092</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>9.1</b>	<b>Investment in Shares of subsidiary companies</b>		
	In Bangladesh	9.1.a 243,000,000	243,000,000
	Outside Bangladesh	-	-
		<b>243,000,000</b>	<b>243,000,000</b>
<b>9.1.a</b>	<b>Investment in Shares of subsidiary companies-In Bangladesh</b>		
	FAS Capital Management Limited	243,000,000	243,000,000
		<b>243,000,000</b>	<b>243,000,000</b>
	Out of the total of 25,000,000 ordinary shares issued and paid up, FAS Finance & Investment Limited holds 24,300,000 ordinary shares of Tk. 10 each.		
<b>9.2</b>	<b>Advance corporate income tax</b>		
	Advance income tax on bank interest	25,992,089	15,904,172
	Advance income tax on dividend	6,421,631	5,913,085
	Advance income tax (LTU)	308,433,634	265,080,130
	Advance income tax on motor vehicle	683,445	432,643
	Advance income tax on share placement	5,620,000	5,620,000
	Advance income tax (source Tax)	277,331	277,331
		<b>347,428,130</b>	<b>293,227,361</b>
<b>9.2 (a)</b>	<b>Consolidated advance corporate income tax</b>		
	FAS Finance & Investment Limited	9.2 347,428,130	293,227,361
	FAS Capital Management Limited	3,827,491	6,947,972
		<b>351,255,621</b>	<b>300,175,333</b>
<b>9 (a)</b>	<b>Consolidated others assets</b>		
	<b>i. Income generating</b>		
	FAS Finance & Investment Limited	9 243,000,000	243,000,000
	FAS Capital Management Limited	-	-
		<b>243,000,000</b>	<b>243,000,000</b>
	Less: Investment in subsidiary companies (FAS Capital Management Limited)	(243,000,000)	(243,000,000)
		-	-
	<b>ii. Non-income generating</b>		
	FAS Finance & Investment Limited	9 564,899,727	572,531,092
	FAS Capital Management Limited	40,077,084	24,699,334
		<b>604,976,811</b>	<b>597,230,426</b>
	Less: Inter company transaction	(3,635,788)	(554,712)
		<b>601,341,023</b>	<b>596,675,714</b>
		<b>601,341,023</b>	<b>596,675,714</b>
<b>10</b>	<b>Non-Financial assets-held for sale</b>		
	Land & Building	44,665,893	44,665,893
		<b>44,665,893</b>	<b>44,665,893</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>10 (a) Consolidated Non-Financial assets-held for sale</b>			
FAS Finance & Investment Limited	10	44,665,893	44,665,893
FAS Capital Management Limited		-	-
		<b>44,665,893</b>	<b>44,665,893</b>
<b>11 Borrowings from other banks, financial institutions and agents</b>			
In Bangladesh	11.1	6,691,063,363	6,325,356,511
Outside Bangladesh		-	-
		<b>6,691,063,363</b>	<b>6,325,356,511</b>
<b>11.1 In Bangladesh</b>			
SME Refinancing Loan		250,000	1,662,857
Agrani Bank Limited		70,000,000	50,000,000
Al-Arafah Islami Bank Limited		510,432,630	383,994,770
Bangladesh Commerce Bank Limited		200,000,000	-
Bangladesh Development Bank Limited		158,500,000	170,000,000
Bangladesh Infrastructure Finance Fund Limited (BIFFL)		-	30,000,000
Bank Asia Limited		150,662,112	157,977,929
BASIC Bank Limited		372,588,671	380,569,511
Dhaka Bank Limited		104,259,374	99,446,630
Fareast Finance & Investment Limited		28,000,000	-
ICB Islamic Bank Limited		20,500,000	120,000,000
International Leasing and Financial Services Limited		452,200,000	437,000,000
Meghna Bank Limited		50,000,000	-
Mercantile Bank Limited		1,500,766,375	1,443,013,366
Midland Bank Limited		223,314,765	226,124,574
Mutual Trust Bank Limited		309,017,970	308,618,302
NCC Bank Limited		80,417,710	92,349,975
NRB Bank Limited		234,828,309	261,259,694
NRB Commercial Bank Limited		197,448,938	185,722,439
One Bank Limited		144,186,473	137,956,574
Prime Bank Limited		330,792,292	338,708,012
Rupali Bank Limited		37,000,000	-
Social Islami Bank Limited		77,937,897	94,933,317
Sonali Bank Limited		70,000,000	70,000,000
South Bangla Agriculture & Commerce Bank Limited		699,330,032	515,763,378
State Bank of India		51,396,778	77,047,738
The Premier Bank Limited		378,333,467	386,970,044
UAE-Bangladesh Investment Company Limited		10,515,992	24,581,898
Uttara Bank Limited		170,633,578	241,655,503
Woori Bank Limited		57,750,000	90,000,000
		<b>6,691,063,363</b>	<b>6,325,356,511</b>



# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>11.2</b>	<b>Security against Borrowings from other banks, financial institutions and agents</b>		
	Secured	6,690,813,363	6,323,693,654
	Unsecured	250,000	1,662,857
		<b>6,691,063,363</b>	<b>6,325,356,511</b>
<b>11.3</b>	<b>Maturity grouping's</b>		
	Repayable-on demand	-	-
	-up to 3 months	249,445,095	486,525,775
	-over 3 months but within 1 year	4,144,099,257	4,191,399,898
	-over 1 year but within 5 years	2,297,519,011	1,647,430,838
	-over 5 years	-	-
		<b>6,691,063,363</b>	<b>6,325,356,511</b>
<b>11 (a)</b>	<b>Consolidated borrowings from other banks, financial institutions and agents</b>		
	FAS Finance & Investment Limited	11	6,691,063,363
	FAS Capital Management Limited		6,325,356,511
			1,966,829,882
			<b>8,657,893,245</b>
			<b>8,133,617,889</b>
	Less: Inter company transaction		(1,490,156,560)
			(1,418,261,378)
			<b>7,167,736,685</b>
			<b>6,715,356,511</b>
<b>12</b>	<b>Deposits and other accounts</b>		
	Current deposits and other accounts		-
	Bills payable		-
	Savings bank deposits		-
	Fixed deposits	12.1	8,374,901,857
	Bearer certificates of deposit		8,781,681,956
	Others deposits	12.1	-
			1,712,000
			<b>8,376,613,857</b>
			<b>8,781,681,956</b>
<b>12.1</b>	<b>Fixed deposits</b>		
	Deposit from FI's-inside Bangladesh		4,723,593,604
	Other than FI's-inside Bangladesh		5,820,815,030
			3,653,020,253
			<b>8,376,613,857</b>
			<b>8,781,681,956</b>
<b>12.1.a</b>	<b>Maturity analysis of Fixed Deposits</b>		
	<b>Deposit from FI's-inside Bangladesh</b>		
	Repayable-on demand		-
	-within 1 month		462,375,000
	-over 1 month but within 6 months		1,159,386,450
	-over 6 months but within 1 year		2,231,311,104
	-over 1 year but within 5 years		779,907,500
	-over 5 years but within 10 years		1,270,000,000
			1,250,000,000
			-
			-
			<b>4,723,593,604</b>
			<b>5,820,815,030</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>Other than FI's-inside Bangladesh</b>			
Repayable-on demand		-	-
-within 1 month		111,036,072	65,902,817
-over 1 month but within 6 months		1,029,507,082	1,176,782,833
-over 6 months but within 1 year		689,325,275	1,302,937,464
-over 1 year but within 5 years		1,611,691,896	368,051,518
-over 5 years but within 10 years		211,459,928	47,192,294
		<b>3,653,020,253</b>	<b>2,960,866,926</b>
		<b>8,376,613,857</b>	<b>8,781,681,956</b>
<b>12 (a) Consolidated deposits and other accounts</b>			
<b>Fixed deposits</b>			
FAS Finance & Investment Limited	12.1	8,374,901,857	8,781,681,956
FAS Capital Management Limited		-	-
		<b>8,374,901,857</b>	<b>8,781,681,956</b>
Less: Inter company transaction		(550,000,000)	-
		<b>7,824,901,857</b>	<b>8,781,681,956</b>
<b>Others deposits</b>			
FAS Finance & Investment Limited	12.1	1,712,000	-
FAS Capital Management Limited		-	-
		<b>1,712,000</b>	<b>-</b>
		<b>7,826,613,857</b>	<b>8,781,681,956</b>
<b>13 Others liabilities</b>			
Accumulated provision against loans, advances and leases	13.1	317,848,372	237,778,210
Provision for current tax	13.2	433,836,734	362,757,807
Deferred tax liabilities	13.3	8,757,455	8,509,328
Interest suspense account	13.4	468,848,056	339,563,509
Accounts payable		13,833	85,884
Accrued expenses		684,872	1,866,310
Provision for gratuity	13.5	-	-
Provision against investments	13.6	22,054,909	42,571,974
Provision for other assets		6,345,126	2,421,126
Provident fund	13.7	-	-
Leases advance		1,549,062	1,721,167
Advance installment		44,252,265	33,365,549
Unclaimed dividend		1,276,719	1,273,927
Salary tax		587,678	124,193
Interest payable		320,681,098	272,153,073
Tax deduction at source		47,508,353	8,946,038
Vat payable		516,070	481,023
Sundry deposit		15,210,587	13,184,032
		<b>1,689,971,189</b>	<b>1,326,803,150</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

Amount in Taka	
31-Dec-2018	31-Dec-2017

### 13.1 Accumulated provision for loans, advances and leases

#### Provision for classified loans, advances and leases

Opening balance		155,954,693	124,370,441
Fully provided debts written off during the year	(-)	(15,403,323)	(50,781,050)
Recovery of amounts previously written off	(+)	-	-
Specific provision made for the year	(+)	60,848,793	82,365,302
Recoveries and provision no longer required	(-)	-	-
Net charge to profit and loss statement	(+)	-	-
<b>Total Provision for classified loans, advances and leases</b>		<b>201,400,163</b>	<b>155,954,693</b>

#### Provision for unclassified loans, advances and leases

Opening balance		81,823,517	111,384,118
Provision for the year		34,624,692	(29,560,601)
Adjustment during the year		-	-
<b>Total provision for unclassified loans, advances and leases</b>		<b>116,448,209</b>	<b>81,823,517</b>
<b>Total provision against loans, advances and leases</b>		<b>317,848,372</b>	<b>237,778,210</b>

Provision for	Required	Maintained	Excess/ (Shortage)
Classified loans, advances & leases	201,400,163	201,400,163	-
Un-classified loans, advances & leases	116,448,209	116,448,209	-
	<b>317,848,372</b>	<b>317,848,372</b>	<b>-</b>

### 13.1 (a) Consolidated provision against loans, advances and leases

FAS Finance & Investment Limited	13.1	317,848,372	237,778,210
FAS Capital Management Limited		89,668,773	89,668,773
		<b>407,517,145</b>	<b>327,446,983</b>

### 13.2 Provision for current tax

Opening balance		362,757,807	296,006,107
Add: Provision made during the year		71,078,927	66,751,700
Less: Adjustment during the year		-	-
		<b>433,836,734</b>	<b>362,757,807</b>

Income tax provision has been made as per Income Tax Ordinance 1984 and as amended for the time being.

### 13.2 (a) Consolidated provision for current tax

FAS Finance & Investment Limited	13.2	433,836,734	362,757,807
FAS Capital Management Limited		2,673,908	6,083,621
		<b>436,510,642</b>	<b>368,841,428</b>

### 13.3 Deferred tax

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 "Income Taxes".

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

Amount in Taka	
31-Dec-2018	31-Dec-2017

### Deferred tax liability is arrived at as follows:

Particulars	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
	Taka	Taka	Taka
<b>Assets:</b>			
Fixed assets net off depreciation as on December 31, 2018 (Excluding revaluation reserve)	88,027,776	64,674,562	(23,353,214)
<b>Total:</b>	<b>88,027,776</b>	<b>64,674,562</b>	<b>(23,353,214)</b>
<b>Applicable tax rate</b>			<b>37.50%</b>
Deferred tax liability as on December 31, 2018			<b>(8,757,455)</b>
Deferred tax liability as on December 31, 2017			<b>(8,509,328)</b>
<b>Deferred tax expenses accounted for during the year</b>			<b>(248,127)</b>

### Deferred tax asset is arrived at as follows:

Particulars	Carrying amount at balance sheet	Tax base	(Taxable)/deductible temporary difference
	Taka	Taka	Taka
<b>Liabilities:</b>			
Employee gratuity as on December 31, 2018	-	-	-
<b>Total:</b>	<b>-</b>	<b>-</b>	<b>-</b>
Applicable tax rate for employees' gratuity			-
Deferred tax asset as on December 31, 2018			-
Deferred tax asset as on December 31, 2017			-
<b>Deferred tax income accounted for during the year</b>			<b>-</b>
<b>Net deferred tax expense</b>			<b>(248,127)</b>

### 13.3 (a) Consolidated deferred tax liabilities

FAS Finance & Investment Limited	13.3	8,757,455	8,509,328
FAS Capital Management Limited		(147,439)	(55,494)
		<b>8,610,016</b>	<b>8,453,834</b>

### 13.4 Interest suspense account

Opening balance		339,563,509	296,114,223
Transfer during the year	(+)	282,725,122	463,004,938
Recovery during the year	(-)	(150,557,299)	(405,875,485)
Written off during the year	(-)	(2,883,276)	(13,680,167)
		<b>468,848,056</b>	<b>339,563,509</b>

### 13.5 Provision for gratuity

Opening balance		-	-
Add: Provision made during year		42,242	1,658,699
Less: Adjustment during the year		(42,242)	(1,658,699)
		<b>-</b>	<b>-</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>13.6</b>	<b>Provision against investments</b>		
	Opening balance	42,571,974	56,501,516
	Add: Provision made during the year	-	-
	Less: Adjustment during the year	(20,517,065)	(13,929,542)
		<b>22,054,909</b>	<b>42,571,974</b>
<b>13.6 (a)</b>	<b>Consolidated provision against investments</b>		
	FAS Finance & Investment Limited	22,054,909	42,571,974
	FAS Capital Management Limited	22,156,218	67,038,025
		<b>44,211,127</b>	<b>109,609,999</b>
<b>13.7</b>	<b>Provident fund</b>		
	Opening balance	-	-
	Add: Provision made during the year	4,237,668	3,820,682
	Less: Adjustment during the year	(4,237,668)	(3,820,682)
		-	-
<b>13. (a)</b>	<b>Consolidated other liabilities</b>		
	FAS Finance & Investment Limited	1,689,971,189	1,326,803,150
	FAS Capital Management Limited	116,071,880	174,617,670
		<b>1,806,043,069</b>	<b>1,501,420,820</b>
	Less: Inter company transaction	(3,635,788)	(554,712)
		<b>1,802,407,281</b>	<b>1,500,866,108</b>
<b>14</b>	<b>Share Capital</b>	<b>1,419,784,420</b>	<b>1,290,713,110</b>
<b>14.1</b>	<b>Authorized Capital</b>		
	210,000,000 ordinary shares of Taka 10 each	<b>2,100,000,000</b>	<b>2,100,000,000</b>
<b>14.2</b>	<b>Issued, subscribed and paid-up Capital</b>		
	39,065,700 ordinary shares of Taka 10 each issued for cash	390,657,000	390,657,000
	5,859,850 bonus shares of Taka 10 each issued for dividend for 2009	58,598,500	58,598,500
	6,738,830 bonus shares of Taka 10 each issued for dividend for 2010	67,388,300	67,388,300
	2,583,219 bonus shares of Taka 10 each issued for dividend for 2011	25,832,190	25,832,190
	3,254,855 bonus shares of Taka 10 each issued for dividend for 2012	32,548,550	32,548,550
	11,175,005 bonus shares of Taka 10 each issued for dividend for 2015	111,750,050	111,750,050
	6,146,253 bonus shares of Taka 10 each issued for dividend for 2016	61,462,530	61,462,530
	12,907,131 bonus shares of Taka 10 each issued for dividend for 2017	129,071,310	-
	54,247,599 right shares of Taka 10 each issued	542,475,990	542,475,990
		<b>1,419,784,420</b>	<b>1,290,713,110</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

Amount in Taka	
31-Dec-2018	31-Dec-2017

### 14.3 Percentage of shareholding

Group	Percentage of Share		No. of Shares	
	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
Sponsors/Directors	17.90	32.82	25,409,998	42,363,585
Government	-	-	-	-
Institutions	23.13	16.83	32,833,153	21,722,452
Foreign	-	-	-	-
General public	58.98	50.35	83,735,291	64,985,274
	<b>100.00</b>	<b>100.00</b>	<b>141,978,442</b>	<b>129,071,311</b>

### 14.4 Classification of Shareholders by holding of share

Shareholding range as on December31	Number of holders		% of total holding	
	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
1-500	2,878	2,164	0.35%	0.22%
501-5,000	3,621	2,319	5.34%	3.43%
5,001-10,000	871	400	4.83%	2.43%
10,001-20,000	607	258	6.33%	3.02%
20,001-30,000	228	133	4.04%	2.59%
30,001-40,000	137	79	3.38%	2.20%
40,001-50,000	90	60	2.98%	2.19%
50,001-100,000	167	87	8.44%	5.15%
100,001-1000,000	138	91	22.46%	19.67%
1,000,001 and above	15	22	41.86%	59.10%
	<b>8,752</b>	<b>5,613</b>	<b>100.00%</b>	<b>100.00%</b>

No. of Shares		Value of Shares	
31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
496,363	281,071	4,963,630	2,810,710
7,585,398	4,433,458	75,853,980	44,334,580
6,853,560	3,136,143	68,535,600	31,361,430
8,982,166	3,898,366	89,821,660	38,983,660
5,732,653	3,347,038	57,326,530	33,470,380
4,796,978	2,835,285	47,969,780	28,352,850
4,227,597	2,825,266	42,275,970	28,252,660
11,982,047	6,642,442	119,820,470	66,424,420
31,884,515	25,388,889	318,845,150	253,888,890
59,437,165	76,283,353	594,371,650	762,833,530
<b>141,978,442</b>	<b>129,071,311</b>	<b>1,419,784,420</b>	<b>1,290,713,110</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

Amount in Taka	
31-Dec-2018	31-Dec-2017

### 14.5 Name of the Directors and their shareholding (including holdings of sponsors shareholders and general public) as on 31 December 2018

Sl. No.	Name	Position	Total Nos. of Share	Value of Shares	% of Shareholding
1	Mr. Md. Siddiqur Rahman	Chairman	6,664,407	66,644,070	4.69%
2	Mr. Anjan Kumer Roy	Vice - Chairman & Independent Director	-	-	0.00%
3	Mr. Md. Abul Shahjahan (Nominated by P & L International Ltd.)	Director	7,623,000	76,230,000	5.37%
4	Ms. Soma Ghosh (Nominated by P & L International Ltd.)	Director			
5	Ms. Mahfuza Rahman Baby (Nominated by Reptiles Farm Ltd.)	Director	11,122,591	111,225,910	7.83%
6	Mr. Md. Atharul Islam (Nominated by Reptiles Farm Ltd.)	Director			
7	Mr. Arun Kumer Kundu (Nominated by Reptiles Farm Ltd.)	Director			
8	Dr. Uddab Mallick (Nominated by Reptiles Farm Ltd.)	Director			
9	Mr. Pradip Kumar Nandi	Independent Director	-	-	-
10	Mr. Birendra Kumar Shome	Independent Director	-	-	-
11	Mr. Pritish Kumar Sarker	Managing Director (Ex-Officio)	-	-	-
12	Institutions		32,833,153	328,331,530	23.13%
13	General public		83,735,291	837,352,910	58.98%
<b>Total</b>			<b>141,978,442</b>	<b>1,419,784,420</b>	<b>100.00%</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

Amount in Taka

31-Dec-2018

**14.06 Capital adequacy ratio (CAR) as per BASEL-II**

- a. In terms of Bangladesh Bank DFIM circular no. 05 dated 24 July 2011, required paid up capital of the Company at 31 December 2012 should be of Taka 1,000,000,000 against which the paid up capital of the company as at 31.12.18 was Tk. 1,419,784,420.

**Consolidated - Capital adequacy ratio :**

- b. In terms of Bangladesh Bank DFIM circular no. 14 dated 28 December 2011, required capital of the Company on consolidated basis at the close of business on 31 December 2018 is TK. 1,000,000,000 as against available core capital of Tk. 1,799,867,048 and supplementary capital of Tk. 316,631,286 making a total of Tk. 2,116,498,334 thereby showing surplus capital/equity of Tk. 1,116,498,334 at that date. Details are shown below:

**14.06.01 Core capital (Tier-I)**

Paid-up capital	1,419,784,420
Statutory reserve	205,579,082
Non-repayable share premium account	-
General reserve	315,000
Retained earnings	167,362,642
Minority Interest in Subsidiaries	6,825,904
Non-Cumulative irredeemable preferences shares	-
Dividend Equalization account	-
Other (if any item approved by BB)	-
<b>Total</b>	<b>1,799,867,048</b>

**Deductions from Tier-I (Core Capital)**

Book value of Goodwill and Value of any contingent assets which are shown as assets	-
Shortfall in provisions required against classified assets irrespective of any relaxation allowed	-
Shortfall in provision required against investment in shares	-
Remaining deficit on account of revaluation of investment in securities after netting off from any other surplus on the securities	-
Any investment exceeding the approved limited	-
Investment in subsidiaries which are not consolidated	-
Increase in equity capital resulting from a securitization exposure	-
Others if any	-
<b>Total</b>	<b>-</b>

**Total Eligible Tier-1 Capital****1,799,867,048****14.06.02 Supplementary capital (Tier II)**

General provision on unclassified loans and advances	206,116,982
Provision for off-balance sheet exposure	-
Exchange equalization account	-
Asset revaluation reserves (Up to 50%)	110,514,304
"Revaluation loss on investment - held to maturity (HTM) (Up to 50% of the revaluation loss)"	-
<b>Sub total</b>	<b>316,631,286</b>
Applicable Deductions if any	-



# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

	Amount in Taka
	31-Dec-2018
<b>Total Eligible Tier-2 Capital</b>	<b>316,631,286</b>
<b>(A) Total Eligible Capital ( Tier-1 + Tier-2)</b>	<b>2,116,498,334</b>
<b>Total assets including off- balance Sheet items</b>	<b>2,074,196,208</b>
<b>Total risk -weighted assets(RWA)</b>	<b>18,776,039,069</b>
<b>(B) Total Required Capital (10% of Total RWA or MCR, whichever is higher)</b>	<b>1,000,000,000</b>
<b>(C) Surplus / (Shortfall) (A-B)</b>	<b>1,116,498,334</b>
<b>Capital adequacy ratio</b>	<b>11.27%</b>
<b>Risk weighted assets (RWA)</b>	
<b>A. Credit Risk</b>	
On-Balance sheet	17,654,304,853
Off-Balance sheet	-
	<b>17,654,304,853</b>
<b>B. Market Risk</b>	<b>480,184,216</b>
<b>C. Operational Risk</b>	<b>641,550,000</b>
<b>Total RWA (A+B+C)</b>	<b>18,776,039,069</b>
<b>A. Credit Risk</b>	

<b>Risk weighted assets</b>
-----------------------------

**On-Balance sheet**

## Exposure type

a) Cash and Cash Equivalents	-
b) Claims on Bangladesh Government and Bangladesh Bank	-
c) Claims on other Sovereigns & Central bank's	-
d) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
e) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-
ii) Other MDBs	-
f) Claims on Public Sector Entities (other than Government) in Bangladesh (Membership in Stock Exchange)	-
g) Claims on Banks/NBFI	-
i) Maturity over 3 months	1,062,141,208
ii) Maturity less than 3 months	413,569
h) Claims on Corporate (excluding equity exposure)	7,713,113,596
i) Claims under Credit Risk Mitigation	-
j) Claims categorized as retail portfolio & small enterprise (excluding consumer investment)*	1,585,340,845
k) Consumer investment (Loan)	30,912,351
l) Claims fully secured by residential property	155,677,852
m) Claims fully secured by commercial real estate	-
n) Past Due Claims (Risk weights are to be assigned net of specific provision):	-

# FAS Finance & Investment Limited

## Notes to the Financial Statements

### as at 31 December 2018

**Amount in Taka**  
**31-Dec-2018**

The claim (other than claims secured by eligible residential property) that is past due for more than 90 days and/or impaired will attract risk weight as follows:	-
Where specific provisions are less than 20 percent of the outstanding amount of the past due claim.	2,528,522,022
Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim.	78,365,035
Where specific provisions are more than 50 percent of the outstanding amount of the past due claim.	6,135,770
Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	574,454,472
Investments and claims fully secured against residential property that are past due by 90 days and/or impaired and specific provision held there-against is not less than 20% of outstanding amount	63,693,167
o) Investments in Capital Market Exposures	3,204,969,395
p) Investments in venture capital	-
q) Unlisted equity investments and regulatory capital instruments issued by other FIS (other those deducted from capital) held in the banking book	32,294,940
r) Investments in premises, plant and equipment and all other fixed assets	323,519,336
s) Claims on all fixed assets under operating lease	-
t) All other assets	-
i) Claims on Govt. & BB ( advance income tax , reimbursement of patirakha/shanchy patra)	-
ii) Staff Loan / Investment	-
iii) Cash items in process of collection	-
iv) other assets	294,751,295
<b>Risk weighted assets(RWA)</b>	<b><u>17,654,304,853</u></b>

#### Off-Balance Sheet

##### Exposures types

a) Claims on Bangladesh Government and Bangladesh Bank (Outward/Inward Bill Lodged)	-
b) Claims on other Sovereigns & Central bank's	-
c) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
d) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-
ii) Other MDBs	-
e) Claims on Public Sector Entities (other than Government) in Bangladesh	-
f) Claims on NBFIs	-
i) Maturity over 3 months	-
ii) Maturity less than 3 months	-
g) Claims on Corporate (excluding equity exposure)	-
h) Against retail portfolio & Small Enterprise (excluding consumer investment)	-
i) Consumer Investment	-

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

**Amount in Taka**  
**31-Dec-2018**

j) All other assets	-
<b>Risk weighted assets (RWA)</b>	-
<b>Total Risk weighted assets (RWA)</b>	<b>17,654,304,853</b>

### B. Market Risk

	Capital Charges for Specific Risk	Total Capital Charge for Market Risk	Capital Charge for General Market Risk
A Interest Rate Related Instruments	-	-	-
B Equities	24,009,211	24,009,211	48,018,422
C Foreign Exchange Position	-	-	-
<b>Total(A+B+C)</b>	24,009,211	24,009,211	48,018,422
<b>Risk weighted assets (RWA)</b>	<b>240,092,108</b>	<b>240,092,108</b>	<b>480,184,216</b>

### C. Operational Risk

Gross income	1,283,100,000
Average gross income	427,700,000
Capital charge for operational risk (15% of Average gross income)	64,155,000
<b>Risk Weighted Assets</b>	<b>641,550,000</b>

### For the company (Solo)- Capital adequacy ratio:

In terms of Bangladesh Bank DFIM circular no. 14 dated 28 December 2011, required capital of the Company on solo basis at the close of business on 31 December 2018 is Tk. 1,000,000,000 as against available core capital of Tk. 1,799,084,708 and supplementary capital of Tk. 226,962,514 making a total of Tk. 2,026,047,222 thereby showing surplus capital/equity of Tk. 1,026,047,222 at that date. Details are shown below:

#### Core capital (Tier I)

Paid-up capital	1,419,784,420
Statutory reserve	205,579,082
Non-repayable Share premium account	-
General reserve	315,000
Retained earnings	173,406,206
Minority Interest in Subsidiaries	-
Non-Cumulative irredeemable Preferences shares	-
Dividend Equalization account	-
Other (if any item approved by BB)	-
<b>Total</b>	<b>1,799,084,708</b>

#### Deductions from Tier-1 (Core Capital)

Book value of Goodwill and Value of any contingent assets which are shown as assets	-
Shortfall in provisions required against classified assets irrespective of any relaxation allowed	-
Shortfall in provision required against investment in shares	-
Remaining deficit on account of revaluation of investment in securities after	-

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

	<b>Amount in Taka</b>
	<b>31-Dec-2018</b>
netting off from any other surplus on the securities	-
Any investment exceeding the approved limited	-
Investment in subsidiaries which are not consolidated	-
Increase in equity capital resulting from a securitization exposure	-
Others if any	-
<b>Total</b>	<b>-</b>
<b>Total Eligible Tier-1 Capital</b>	<b>1,799,084,708</b>
<b>Supplementary capital (Tier II)</b>	
General provision on unclassified loans and advances	116,448,209
Provision for off-balance sheet exposure	-
Exchange equalization account	-
Asset revaluation reserves (Up to 50%)	110,514,305
"Revaluation loss on investment - held to maturity (HTM)( Up to 50% of the revaluation loss)"	-
<b>Sub total</b>	<b>226,962,514</b>
Applicable Deductions if any	-
<b>Total Eligible Tier-2 Capital</b>	<b>226,962,514</b>
<b>(A) Total Eligible Capital (Tier-1 + Tier-2)</b>	<b>2,026,047,222</b>
<b>Total assets including off- balance Sheet items</b>	<b>2,074,196,208</b>
<b>Total risk -weighted assets(RWA)</b>	<b>18,421,284,261</b>
<b>(B) Total Required Capital (10% of Total RWA or MCR, whichever is higher)</b>	<b>1,000,000,000</b>
<b>(C) Surplus /(Shortfall)(A-B)</b>	<b>1,026,047,222</b>
<b>Capital adequacy ratio</b>	<b>11.00%</b>
<b>Risk weighted assets(RWA)</b>	
<b>A. Credit Risk</b>	
On-Balance sheet	17,621,727,865
Off-Balance sheet	-
	<b>17,621,727,865</b>
<b>B. Market Risk</b>	<b>221,461,868</b>
<b>C. Operational Risk</b>	<b>578,094,528</b>
<b>Total RWA (a+b+c)</b>	<b>18,421,284,261</b>
<b>A. Credit Risk</b>	
<b>On-Balance sheet</b>	<b>Risk weighted assets</b>
Exposure type	
a) Cash and Cash Equivalents	-
b) Claims on Bangladesh Government and Bangladesh Bank	-
c) Claims on other Sovereigns & Central bank's	-
d) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
e) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-

# FAS Finance & Investment Limited

## Notes to the Financial Statements

### as at 31 December 2018

Amount in Taka

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ii) Other MDBs	-
f) Claims on Public Sector Entities (other than Government) in Bangladesh (Membership in Stock Exchange)	-
g) Claims on Banks/NBFI	-
i) Maturity over 3 months	1,060,419,865
ii) Maturity less than 3 months	413,569
h) Claims on Corporate (excluding equity exposure)	7,713,113,596
i) Claims under Credit Risk Mitigation	-
j) Claims categorized as retail portfolio & small enterprise (excluding consumer investment)*	1,585,340,845
k) Consumer investment (Loan)	30,912,351
l) Claims fully secured by residential property	155,677,852
m) Claims fully secured by commercial real estate	-
n) Past Due Claims (Risk weights are to be assigned net of specific provision):	-
The claim (other than claims secured by eligible residential property) that is past due for more than 90 days and/or impaired will attract risk weight as follows:	-
Where specific provisions are less than 20 percent of the outstanding amount of the past due claim.	2,528,522,022
Where specific provisions are no less than 20 percent of the outstanding amount of the past due claim.	78,365,035
Where specific provisions are more than 50 percent of the outstanding amount of the past due claim.	6,135,770
Claims fully secured against residential property that are past due for more than 90 days and/or impaired specific provision held there-against is less than 20% of outstanding amount	574,454,472
Investments and claims fully secured against residential property that are past due by 90 days and/or impaired and specific provision held there-against is not less than 20% of outstanding amount	63,693,167
o) Investments in Capital Market Exposures	3,232,831,128
p) Investments in venture capital	-
q) Unlisted equity investments and regulatory capital instruments issued by other FIS (other those deducted from capital) held in the banking book	20,654,318
r) Investments in premises, plant and equipment and all other fixed assets	309,056,385
s) Claims on all fixed assets under operating lease	-
t) All other assets	-
i) Claims on Govt. & BB ( advance income tax , reimbursement of patirakha/shanchy patra)	-
ii) Staff Loan / Investment	-
iii) Cash items in process of collection	-
iv) other assets	262,137,490
<b>Risk weighted assets (RWA)</b>	<b>17,621,727,865</b>

**Off-Balance Sheet**

Exposures types

a) Claims on Bangladesh Government and Bangladesh Bank (Outward/Inward Bill Lodged)	-
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# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

**Amount in Taka**  
**31-Dec-2018**

b) Claims on other Sovereigns & Central bank's	-
c) Claims on banks for International Settlements, International Monetary Fund and European Central Bank	-
d) Claims on Multilateral Development Banks (MDBs):	-
i) IBRD, IFC, ADB, AFDB, EBRD, IADB, EIB, EIF, NIB, CDB, IDB, CEDB	-
ii) Other MDBs	-
e) Claims on Public Sector Entities (other than Government) in Bangladesh	-
f) Claims on NBFI	-
i) Maturity over 3 months	-
ii) Maturity less than 3 months	-
g) Claims on Corporate (excluding equity exposure)	-
h) Against retail portfolio & Small Enterprise (excluding consumer investment)	-
i) Consumer Investment	-
j) All other assets	-
<b>Risk weighted assets (RWA)</b>	<b>-</b>
<b>Total Risk weighted assets (RWA)</b>	<b>17,621,727,865</b>

### B. Market Risk

	Capital Charges for Specific Risk	Capital Charge for General Market Risk	Total Capital Charge for Market Risk
A Interest Rate Related Instruments	-	-	-
B Equities	11,073,093	11,073,093	22,146,187
C Foreign Exchange Position	-	-	-
<b>Total (A+B+C)</b>	11,073,093	11,073,093	22,146,187
<b>Risk weighted assets (RWA)</b>	110,730,934	110,730,934	<b>221,461,868</b>

### C. Operational Risk

Gross income	1,156,189,055
Average gross income	385,396,352
Capital charge for operational risk (15% of Average gross income)	57,809,453
<b>Risk Weighted Assets</b>	<b>578,094,528</b>

### 15 Statutory reserve

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
Opening balance		181,811,273	155,186,770
Add: Addition during the year		23,767,809	26,624,503
		<b>205,579,082</b>	<b>181,811,273</b>

### 16 Other reserve

Capital reserve	16.1	315,000	315,000
		<b>315,000</b>	<b>315,000</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>17</b>	<b>Revaluation Reserve</b>		
	Land	17.1 84,364,660	84,364,660
	Office building	17.2 136,663,949	143,856,789
		<b>221,028,609</b>	<b>228,221,449</b>
<b>17.1</b>	<b>Revaluation reserve-Land</b>		
	Opening balance	84,364,660	84,364,660
	Add: Addition during the year	-	-
		<b>84,364,660</b>	<b>84,364,660</b>
<b>17.2</b>	<b>Revaluation reserve-Office building</b>		
	Opening balance	143,856,789	151,428,199
	Add: Addition during the year	-	-
		143,856,789	151,428,199
	Less: Depreciation on increased value due to revaluation	(7,192,840)	(7,571,410)
		<b>136,663,949</b>	<b>143,856,789</b>
<b>18</b>	<b>Retained earnings</b>		
	Opening balance	200,213,439	147,606,547
	Net profit after taxation	118,839,046	133,122,515
	Transfer to statutory reserve	(23,767,809)	(26,624,503)
	Stock dividend paid-2016	-	(61,462,530)
	Stock dividend paid-2017	(129,071,310)	-
	Add: Depreciation on increased value due to revaluation	7,192,840	7,571,410
		<b>173,406,206</b>	<b>200,213,439</b>
<b>18 (a)</b>	<b>Consolidated retained earnings</b>		
	Opening balance	192,902,052	115,554,154
	Prior year adjustment for tax provision & non-controlling interest	36	15,355,097
	Consolidated net profit after taxation	120,106,833	142,508,424
	Transfer to statutory reserve	(23,767,809)	(26,624,503)
	Stock dividend paid-2016	-	(61,462,530)
	Stock dividend paid-2017	(129,071,310)	-
	Add: Depreciation on increased value due to revaluation	7,192,840	7,571,410
		<b>167,362,642</b>	<b>192,902,052</b>
<b>19</b>	<b>Undrawn formal standby facilities, credit lines and other commitments</b>		
	Leases, loans & advances commitments outstanding	2,074,196,208	2,259,084,889
		<b>2,074,196,208</b>	<b>2,259,084,889</b>
<b>19 (a)</b>	<b>Consolidated undrawn formal standby facilities, credit lines and other commitments</b>		
	FAS Finance & Investment Limited	19 2,074,196,208	2,259,084,889
	FAS Capital Management Limited	-	-
		<b>2,074,196,208</b>	<b>2,259,084,889</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

as at 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>20</b>	<b>Other memorandum items</b>		
	Customers' stocks of securities-Merchant Banking Wing	-	-
		-	-
<b>20 (a)</b>	<b>Consolidated other memorandum items</b>		
	FAS Finance & Investment Limited	20	-
	FAS Capital Management Limited	20 (a)i	946,613,314
		<b>946,613,314</b>	<b>510,042,679</b>
<b>20 (a)i</b>	<b>Other memorandum items of FAS Capital Management Limited</b>		
	Customers' stocks of securities-Merchant Banking Wing	946,613,314	510,042,679
		<b>946,613,314</b>	<b>510,042,679</b>
	This amount consists of portfolio investors' investment at cost price.		



# FAS Finance & Investment Limited

## Notes to the Financial Statements

for the year ended 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>21</b>	<b>Profit and loss account</b>		
	<b>Income</b>		
	Interest, discount and similar income	2,085,629,844	1,833,696,003
	Dividend income	1,333,486	4,126,141
	Fee, commission and brokerage	-	-
	Gains less losses arising from investment securities	(6,646,096)	26,259,986
	Gains less losses arising from dealing in foreign currencies	-	-
	Other operating income	536,949	3,254,431
	Gains less losses arising from dealing securities	-	-
	Income from Non-FI's assets	-	-
	Profit less losses on interest rate changes	-	-
		<b>2,080,854,183</b>	<b>1,867,336,561</b>
	<b>Expenses</b>		
	Interest, fee and commission	1,675,896,541	1,494,442,654
	Administrative expenses	103,605,331	99,779,413
	Other operating expenses	14,910,458	16,748,774
	Depreciation on FI's assets	17,395,333	16,947,360
		<b>1,811,807,663</b>	<b>1,627,918,201</b>
		<b>269,046,520</b>	<b>239,418,360</b>
<b>22</b>	<b>Interest income</b>		
	Interest on loans, advances and leases	1,840,224,030	1,628,416,942
	Interest on placement with other banks and financial institutions	245,405,814	205,279,061
	Interest on foreign currency balance	-	-
		<b>2,085,629,844</b>	<b>1,833,696,003</b>
<b>22 (a)</b>	<b>Consolidated interest income</b>		
	FAS Finance & Investment Limited	2,085,629,844	1,833,696,003
	FAS Capital Management Limited	159,124,617	59,742,018
		<b>2,244,754,461</b>	<b>1,893,438,021</b>
	Less: Inter company transaction	(117,096,932)	(111,634,903)
		<b>2,127,657,529</b>	<b>1,781,803,118</b>
<b>23</b>	<b>Interest paid on deposits, borrowings, etc.</b>		
	Interest on deposits	688,222,794	683,825,362
	Interest on borrowings	987,673,747	810,617,292
	Interest on foreign bank accounts	-	-
		<b>1,675,896,541</b>	<b>1,494,442,654</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

for the year ended 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>23 (a) Consolidated interest paid on deposits, borrowings, etc.</b>			
FAS Finance & Investment Limited	23	1,675,896,541	1,494,442,654
FAS Capital Management Limited		166,635,248	111,634,903
		<b>1,842,531,789</b>	<b>1,606,077,557</b>
Less: Inter company transaction		(117,096,932)	(111,634,903)
		<b>1,725,434,857</b>	<b>1,494,442,654</b>
<b>24 Investment income</b>			
Gain/(loss) on sale of shares		(6,646,096)	26,259,986
Dividend on shares		1,333,486	4,126,141
		<b>(5,312,610)</b>	<b>30,386,127</b>
<b>24 (a) Consolidated investment income</b>			
FAS Finance & Investment Limited	24	(5,312,610)	30,386,127
FAS Capital Management Limited		(37,204,992)	81,369,127
		<b>(42,517,602)</b>	<b>111,755,254</b>
<b>25 Commission, exchange and brokerage</b>			
Commission		-	-
Exchange gain/(loss)		-	-
Brokerage		-	-
		-	-
<b>25 (a) Consolidated Commission, exchange and brokerage</b>			
FAS Finance & Investment Limited	25	-	-
FAS Capital Management Limited		450,000	150,000
		<b>450,000</b>	<b>150,000</b>
<b>26 Other operating income</b>			
Gain on sale of fixed assets		(29,037)	144,869
Misc. Income		1,463	6,000
Processing fees		412,156	457,500
Recovery against written off		-	2,646,062
Residual value		152,367	-
		<b>536,949</b>	<b>3,254,431</b>
<b>26 (a) Consolidated Other operating income</b>			
FAS Finance & Investment Limited	26	536,949	3,254,431
FAS Capital Management Limited		24,874,147	5,361,269
		<b>25,411,096</b>	<b>8,615,700</b>
Less: Inter company transaction		(1,024,961)	(1,595,160)
		<b>24,386,135</b>	<b>7,020,540</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

for the year ended 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>27</b>	<b>Salary and allowances</b>		
	Basic salary, provident fund contribution and all other allowances	55,049,177	53,787,573
	Festival and incentive bonus	8,222,391	10,122,072
		<b>63,271,568</b>	<b>63,909,645</b>
<b>27 (a)</b>	<b>Consolidated salary and allowances</b>		
	FAS Finance & Investment Limited	27 63,271,568	63,909,645
	FAS Capital Management Limited	8,487,500	12,473,719
		<b>71,759,068</b>	<b>76,383,364</b>
<b>28</b>	<b>Rent, taxes, insurance, electricity, etc.</b>		
	Rent, rates and taxes	20,046,111	12,637,133
	Insurance premium	1,436,380	1,056,965
	Electricity, gas and water, etc	3,811,222	3,349,057
		<b>25,293,713</b>	<b>17,043,155</b>
<b>28 (a)</b>	<b>Consolidated rent, taxes, insurance, electricity, etc.</b>		
	FAS Finance & Investment Limited	28 25,293,713	17,043,155
	FAS Capital Management Limited	4,774,159	5,354,843
		<b>30,067,872</b>	<b>22,397,998</b>
	Less: Inter company transaction	-	-
		<b>30,067,872</b>	<b>22,397,998</b>
<b>29</b>	<b>Legal expenses</b>		
	Professional & legal fees	283,240	1,204,443
		<b>283,240</b>	<b>1,204,443</b>
<b>29 (a)</b>	<b>Consolidated legal expenses</b>		
	FAS Finance & Investment Limited	29 283,240	1,204,443
	FAS Capital Management Limited	77,050	176,116
		<b>360,290</b>	<b>1,380,559</b>
<b>30</b>	<b>Postage, stamps, telecommunication, etc.</b>		
	Telephone & Fax	771,695	884,410
	Internet	869,215	1,392,964
	Postage and stamp	132,802	920,893
		<b>1,773,712</b>	<b>3,198,267</b>
<b>30 (a)</b>	<b>Consolidated postage, stamps, telecommunication, etc.</b>		
	FAS Finance & Investment Limited	30 1,773,712	3,198,267
	FAS Capital Management Limited	350,031	443,994
		<b>2,123,743</b>	<b>3,642,261</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

for the year ended 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>31</b>	<b>Stationery, printings, advertisements, etc.</b>		
	Printing	2,854,027	3,579,125
	Stationery & Photocopy	496,830	155,883
	Publicity and advertisement	1,247,135	1,762,260
		<b>4,597,992</b>	<b>5,497,268</b>
<b>31 (a)</b>	<b>Consolidated stationery, printings, advertisements, etc.</b>		
	FAS Finance & Investment Limited	4,597,992	5,497,268
	FAS Capital Management Limited	196,303	307,260
		<b>4,794,295</b>	<b>5,804,528</b>
<b>32</b>	<b>Directors' fees</b>		
	Directors' fees	1,233,600	1,518,000
		<b>1,233,600</b>	<b>1,518,000</b>
<b>32 (a)</b>	<b>Consolidated Directors' fees</b>		
	FAS Finance & Investment Limited	1,233,600	1,518,000
	FAS Capital Management Limited	96,600	141,450
		<b>1,330,200</b>	<b>1,659,450</b>
<b>33</b>	<b>Auditors' fees</b>		
	Statutory audit fees	144,500	718,000
		<b>144,500</b>	<b>718,000</b>
<b>33 (a)</b>	<b>Consolidated Auditors' fees</b>		
	FAS Finance & Investment Limited	144,500	718,000
	FAS Capital Management Limited	63,250	46,000
		<b>207,750</b>	<b>764,000</b>
<b>34</b>	<b>Depreciation and repairs of FI's assets</b>		
	<b>Depreciation</b>		
	Office building	9,944,329	10,467,715
	Furniture & fixture	367,833	354,986
	Office decoration	344,616	382,907
	Office equipment	658,122	600,678
	Motor vehicles	5,458,573	4,476,246
	Electrical installation	91,428	106,820
	Computer	375,501	420,688
	Telephone line & PABX system	95,037	66,856
	Software	59,894	70,464
		<b>17,395,333</b>	<b>16,947,360</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

for the year ended 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>Repairs</b>			
	Fixed assets repair and maintenance	1,489,264	2,478,135
		<b>1,489,264</b>	<b>2,478,135</b>
		<b>18,884,597</b>	<b>19,425,495</b>
<b>34 (a) Consolidated Depreciation and repairs of assets</b>			
	FAS Finance & Investment Limited	18,884,597	19,425,495
	FAS Capital Management Limited	2,113,060	1,671,668
		<b>20,997,657</b>	<b>21,097,163</b>
<b>35 Other expenses</b>			
	A.G.M. expenses	238,272	145,419
	Bank charge and excise duty	2,048,809	2,627,846
	Books, newspaper and periodicals	25,974	32,200
	Business promotion	16,150	433,973
	CDBL charge	22,515	16,857
	Corporate social responsibility	367,250	491,743
	Entertainment	1,136,204	1,285,716
	Fees, subscription and donation	2,852,658	2,116,463
	Fuel, oil and lubricants	1,401,012	1,688,150
	IPO charge	42,000	-
	Miscellaneous expenses	3,700	-
	Office maintenance	1,899,835	1,678,660
	Corporate day out	895,982	2,328,317
	Portfolio management fees	1,024,961	1,595,160
	Registration and renewal	187,155	188,367
	Security service	1,937,975	1,339,884
	Staff welfare, training and education	48,250	144,160
	TA & DA	620,096	530,346
	Uniform & Liveries	141,660	105,513
		<b>14,910,458</b>	<b>16,748,774</b>
<b>35 (a) Consolidated other expenses</b>			
	FAS Finance & Investment Limited	14,910,458	16,748,774
	FAS Capital Management Limited	1,754,644	2,963,464
		16,665,102	19,712,238
	Less: Inter company transaction	(1,024,961)	(1,595,160)
		<b>15,640,141</b>	<b>18,117,078</b>
<b>36 Provision against loans, advances and leases</b>			
	On un-classified loans	34,624,692	(29,560,601)
	On classified loans	60,848,793	82,365,302
		<b>95,473,485</b>	<b>52,804,701</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

for the year ended 31 December 2018

		Amount in Taka	
		31-Dec-2018	31-Dec-2017
<b>36 (a) Consolidated provision against loans, advances and leases</b>			
FAS Finance & Investment Limited	36	95,473,485	52,804,701
FAS Capital Management Limited		-	-
		<b>95,473,485</b>	<b>52,804,701</b>
<b>37 Provision for diminution in value of investments</b>	13.6		
In quoted shares		(20,517,065)	(13,929,542)
		<b>(20,517,065)</b>	<b>(13,929,542)</b>
<b>37 (a) Consolidated provision for diminution in value of investments</b>			
FAS Finance & Investment Limited	37	(20,517,065)	(13,929,542)
FAS Capital Management Limited		(44,881,807)	(741,496)
		<b>(65,398,872)</b>	<b>(14,671,038)</b>
<b>38 Provision for taxation</b>			
Current tax		71,078,927	66,751,700
Deferred tax		248,127	668,986
		<b>71,327,054</b>	<b>67,420,686</b>
<b>38 (a) Consolidated provision for taxation</b>			
<b>Current tax</b>			
FAS Finance & Investment Limited	38	71,078,927	66,751,700
FAS Capital Management Limited		6,365,371	2,963,633
		<b>77,444,298</b>	<b>69,715,333</b>
<b>Deferred tax</b>			
FAS Finance & Investment Limited		248,127	668,986
FAS Capital Management Limited		(91,945)	(469,425)
		<b>156,182</b>	<b>199,561</b>
		<b>77,600,480</b>	<b>69,914,894</b>

# FAS Finance & Investment Limited

## Notes to the Financial Statements

Amount in Taka	
As at	
31-Dec-2018	31-Dec-2017

### 39 Appropriations

Retained earnings-brought forward	200,213,439	147,606,547
Less: Adjustment for prior year	-	-
Add: Post-tax profit for the year	118,839,046	133,122,515
	<b>319,052,485</b>	<b>280,729,062</b>
Add: Depreciation on increased value due to revaluation	<b>7,192,840</b>	<b>7,571,410</b>
Less: Stock dividend-2016	-	<b>(61,462,530)</b>
Less: Stock dividend-2017	<b>(129,071,310)</b>	-
<b>Transferred to:</b>	<b>(23,767,809)</b>	<b>(26,624,503)</b>
Statutory reserve	(23,767,809)	(26,624,503)
General reserve	-	-
Proposed dividend	-	-
	<b>173,406,206</b>	<b>200,213,439</b>

Amount in Taka	
for the year ended	
31-Dec-2018	31-Dec-2017

### 40 Earnings per share

Earning attributable to ordinary shareholders (Net profit after tax)	118,839,046	133,122,515
Weighted average number of ordinary shares outstanding	141,978,442	141,978,442
<b>Earnings per share-EPS (Adjusted)</b>	<b>0.84</b>	<b>0.94</b>

Earning per share as shown in the face of the profit and loss account is calculated in accordance with IAS-33: Earning per share (EPS).

### 40 (a) Consolidated earnings per share

Earning attributable to ordinary shareholders (Net profit after tax & non-controlling interest)	120,106,833	142,508,424
Weighted average number of ordinary shares outstanding	141,978,442	141,978,442
<b>Earnings per share-EPS (Adjusted)</b>	<b>0.85</b>	<b>1.00</b>

Earning per share as shown in the face of the consolidated profit and loss account is calculated in accordance with IAS-33: Earning per share (EPS).

# FAS Finance & Investment Limited

## Notes to the Financial Statements

### 41 Net asset value per share

	Amount in Taka	
	As at	
	31-Dec-2018	31-Dec-2017
Total assets	18,777,761,726	18,335,115,888
Total liabilities	16,757,648,409	(16,433,841,617)
	2,020,113,317	1,901,274,271
Number of share outstanding	141,978,442	141,978,442
Net asset value per share	<b>14.23</b>	<b>13.39</b>

### 41 (a) Consolidated net asset value per share

Total assets	18,817,653,480	18,898,656,842
Total liabilities	(16,803,583,727)	(17,004,693,958)
Borrowings from other banks, financial institutions, and agents	(7,167,736,685)	(6,715,356,511)
Deposits and other accounts	(7,826,613,857)	(8,781,681,956)
Others liabilities	(1,802,407,281)	(1,500,866,108)
Non-controlling interest	(6,825,904)	(6,789,383)
	2,014,069,753	1,893,962,884
Number of share outstanding	141,978,442	141,978,442
Net asset value per share	<b>14.19</b>	<b>13.34</b>



# FAS Finance & Investment Limited

## Notes to the Financial Statements

Amount in Taka

31-Dec-2018

31-Dec-2017

### 42 Related Party Disclosure

#### a. Particulars of Directors and their interest in different entities:

Sl. No.	Name of Director	Status in FAS Finance & Investment Limited	Name of the firms/Companies in which interested as proprietor, partner, director, managing agent, guarantor, employee etc.
1	Mr. Md. Siddiqur Rahman	Chairman	Simtex Industries Limited (Managing Director) Simtex Textile Limited (Chairman) Clewiston Foods & Accommodation Limited (Director) Nitol Insurance Company Limited (Director) FAS Capital Management Limited (Chairman)
2	Mr. Anjan Kumer Roy	Vice-Chairman & (Independent Director)	Finance Accounting Management Experts (FAME) Ltd. (Director) Mak & Co., Chartered Accountants (Partner) FAS Capital Management Limited (Nominated Director) M/S. Myth Corporation (Proprietor)
3	Ms. Mahfuza Rahman Baby	Director (Nominated by Reptiles Farm Limited)	Simtex Textile Limited (Managing Director) Simtex Industries Limited (Chairman)
4	Mr. Arun Kumer Kundu	Director (Nominated by Reptiles Farm Limited)	ARUN & Company, Chartered Accountants (Managing Partner) PLFS Investments Limited (Nominated Director) Northern Jute Manufacturing Company Ltd. (Independent Director)
5	Mr. Md. Atharul Islam	Director (Nominated by Reptiles Farm Limited)	N/A
6	Dr. Uddab Mallick	Director (Nominated by Reptiles Farm Limited)	N/A
7	Mr. Md. Abul Shahjahan	Director (Nominated by P & L International Limited)	N/A
8	Ms. Soma Ghosh	Director (Nominated by P & L International Limited)	N/A
9	Mr. Pradip Kumar Nandi	Independent Director	N/A
10	Mr. Birendra Kumar Shome	Independent Director	N/A
11	Mr. Pritish Kumar Sarker	Managing Director & Ex-Officio	FAS Capital Management Limited (Nominated Director)

# FAS Finance & Investment Limited Notes to the Financial Statements

## 42 b. Related Party Transaction

The company carried out a number of transactions with related parties in the normal course of business. The nature of transactions and their values are shown below:

Name of the Related Party	Transaction Nature	Relationship	Balance as at 01-Jan-2018		Addition		Adjustment		Balance as at 31-Dec-2018	
			Taka		Taka		Taka		Taka	
FAS Capital Management Limited	Loan	Subsidiary Company	1,418,261,378		117,096,932		45,201,750		1,490,156,560	
FAS Capital Management Limited	Equity Investment	Subsidiary Company	243,000,000		-		-		243,000,000	

## c. Share issued to Directors and Executives without consideration or exercisable at a discount - Nil

## d. Lending policy to related parties

Related parties are allowed loans and advances as per General loan policy of the Company.

## e. Loans, advances & leases to Directors & their related concern

Name of the Related Party	Transaction Nature	Classification Status	Outstanding Balance	Provision Kept	Security Amount
Nil	Nil	Nil	Nil	Nil	Nil

## f. Shares held by Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit

Name	Status	No. of Shares
Mr. Pritish Kumar Sarker	Managing Director & CEO	-
Mr. Zahid Mahmud	AVP & Company Secretary	-
Mr. A.K.M. Shamsher Ali	Chief Financial Officer (CC)	-
Mr. Md. Munir Hossain	VP & Head of ICC	-

## g. Shares held by Top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit

Name	Status	No. of Shares
Mr. Md. Nurul Haque Gazi	Deputy Managing Director	-
Mr. Md. Mosharrar Hossain	SVP, Head of Recovery & Legal Affairs	-
Mr. Md. Abul Kalam Howlader	SVP, Head of HR & Admin	-
Mr. Ramendra Nath Kar	AVP, Finance & Accounts	-
Mr. Md. Ahasan Rakib	Manager & In charge, Corporate Finance	-

# FAS Finance & Investment Limited

## Notes to the Financial Statements

### 43 General

#### 43.01 Expenditure incurred on employees

##### Salary Range

Below Tk. 3,000

Above Tk. 3,000

31-Dec-2018	
Number of Employees	
Permanent Basis	Contractual Basis
-	-
64	55

Includes all types of benefits paid and provided both in cash and kind other than the re-imbursement of expenses incurred for the company's business.

#### 43.02 Claims

(a) Claim against the company acknowledge as debts.

(b) Claim by the company not acknowledge as receivable.

Amount in Taka	
31-Dec-2018	31-Dec-2017
128,708,882	115,589,382
92,582,266	92,582,266

#### 43.03 Proposal of dividend

The Board of Directors 211th Board meeting, agenda no. 05 held on 14 May 2019 recommended for the shareholders stock dividend @5% on 141,978,442 shares. This will be subject to approval of the Bangladesh Bank & shareholders at the 22nd Annual General Meeting to be held on 27 June 2019.

43.04 Figures of the previous year have been rearranged, where necessary, to conform to current year presentation.

#### 43.05 Approval of the Financial Statements

These financial statements were authorized for issue in accordance with a resolution of the company's board of directors on 14 May 2019 on its 211th Board Meeting.



**Anjan Kumar Roy, FCA**

Chairman (Acting)



**Md. Atharul Islam**

Director



**Prithish Kumar Sarker**

Managing Director & CEO



**A.K.M. Shamsher Ali**

CFO (CC)



**Zahid Mahmud**

Company Secretary

**Date: 15 May 2019**

FAS Finance & Investment Limited  
Fixed Assets Schedule  
**As at 31 December 2018**

a. Cost

Annexure-1

Particulars	Cost			Rate of Dep.	Depreciation			Written Down Value as on 31.12.2018
	Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year		Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year	
Land	2,163,200	-	-		-	-	-	2,163,200
Office building	79,559,223	-	-	5%	24,529,426	2,751,490	-	52,278,307
Furniture & fixture	6,746,893	256,474	-	10%	3,274,087	367,833	-	3,361,447
Office decoration	6,647,205	-	-	10%	3,201,046	344,616	-	3,101,543
Office equipment	8,641,345	407,025	-	15%	4,428,826	658,122	-	3,961,422
Motor vehicles	37,801,608	6,920,326	7,274,094	20%	15,894,196	5,458,573	3,535,533	19,630,604
Electrical installation	1,959,142	-	-	15%	1,349,621	91,428	-	518,093
Computer	5,580,073	58,275	-	15%	3,130,154	375,501	-	2,132,693
Telephone line & PABX system	812,763	254,887	-	15%	431,549	95,037	-	541,064
Software	638,421	-	-	15%	239,125	59,894	-	339,402
<b>Total</b>	<b>150,549,873</b>	<b>7,896,987</b>	<b>7,274,094</b>		<b>56,478,030</b>	<b>10,202,494</b>	<b>3,535,533</b>	<b>88,027,775</b>

b. Revaluation

Particulars	Cost			Rate of Dep.	Depreciation			Written Down Value as on 31.12.2018
	Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year		Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year	
Land	84,364,660	-	-		-	-	-	84,364,660
Office building	229,523,584	-	-	5%	85,666,795	7,192,839	-	136,663,950
<b>Total</b>	<b>313,888,244</b>	<b>-</b>	<b>-</b>		<b>85,666,795</b>	<b>7,192,839</b>	<b>-</b>	<b>221,028,610</b>
<b>Total (a+b) at 31 December 2018</b>	<b>464,438,117</b>	<b>7,896,987</b>	<b>7,274,094</b>		<b>142,144,825</b>	<b>17,395,333</b>	<b>3,535,533</b>	<b>309,056,385</b>
<b>Balance at 31 December 2017</b>	<b>456,610,143</b>	<b>8,886,759</b>	<b>1,058,785</b>		<b>126,034,207</b>	<b>16,947,360</b>	<b>836,742</b>	<b>322,293,292</b>

Note: Depreciation on fixed assets has been charged at rates varying from 5% to 20% on diminishing balance method.

FAS Finance & Investment Limited  
**Consolidated Fixed Assets Schedule**  
 As at 31 December 2018

**a. Cost**

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 31.12.2018
	Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2018		Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2018	
	Land	2,163,200	-	-		2,163,200	-	-	-	
Office building	79,559,223	-	-	79,559,223	5%	2,751,490	-	27,280,916	52,278,307	
Furniture & fixture	9,746,101	256,474	-	10,002,575	10%	545,932	-	5,038,238	4,964,337	
Office decoration	8,306,769	6,988,763	-	15,295,532	10%	1,144,151	-	4,998,172	10,297,360	
Office equipment	14,849,140	407,025	-	15,256,165	15%	6,094,987	-	7,434,354	7,821,811	
Motor vehicles	37,801,608	6,920,326	7,274,094	37,447,840	20%	5,458,573	3,535,533	17,817,236	19,630,604	
Electrical installation	1,959,142	-	-	1,959,142	15%	1,349,621	-	1,441,049	518,093	
Computer	7,541,536	100,875	-	7,642,411	15%	4,105,553	-	4,635,354	3,007,057	
Telephone line & PABX system	1,089,313	256,057	-	1,345,370	15%	578,294	-	692,977	652,393	
Software	2,904,671	-	-	2,904,671	15%	1,542,832	-	1,747,108	1,157,563	
<b>Total</b>	<b>165,920,703</b>	<b>14,929,520</b>	<b>7,274,094</b>	<b>173,576,129</b>		<b>12,179,701</b>	<b>3,535,533</b>	<b>71,085,404</b>	<b>102,490,725</b>	

**b. Revaluation**

Particulars	Cost				Rate of Dep.	Depreciation				Written Down Value as on 31.12.2018
	Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2018		Balance as on 01.01.2018	Addition during the year	Adj./disposal during the year	Balance as on 31.12.2018	
	Land	84,364,660	-	-		84,364,660	-	-	-	
Office building	229,523,584	-	-	229,523,584	5%	7,192,839	-	92,859,634	136,663,950	
<b>Total</b>	<b>313,888,244</b>	<b>-</b>	<b>-</b>	<b>313,888,244</b>		<b>7,192,839</b>	<b>-</b>	<b>92,859,634</b>	<b>221,028,610</b>	
<b>Total (a+b) at 31 December 2018</b>	<b>479,808,947</b>	<b>14,929,520</b>	<b>7,274,094</b>	<b>487,464,373</b>		<b>19,372,540</b>	<b>3,535,533</b>	<b>163,945,038</b>	<b>323,519,335</b>	
<b>Balance at 31 December 2017</b>	<b>471,339,688</b>	<b>9,528,044</b>	<b>1,058,785</b>	<b>479,808,947</b>		<b>18,425,334</b>	<b>836,742</b>	<b>148,108,031</b>	<b>331,700,916</b>	

Note: Depreciation on fixed assets has been charged at rates varying from 5% to 20% on diminishing balance method.

# FAS Finance & Investment Limited

## Investments in Shares and Bonds

### As on 31 December 2018

**Shares (quoted)****Annexure-2**

Name of Share	Number of Share	Market Price Per Share	Market Value	Cost of Share	Provision Amount
AB Limited	229,235	12.00	2,750,820	4,730,751	1,979,931
Appollo Ispat Complex Limited	400,000	8.20	3,280,000	6,245,255	2,965,255
Aman Cotton Fibrous Limited	7,846	42.10	330,317	313,840	(16,477)
Basundhara Paper Mill Limited	10,807	83.80	905,627	864,560	(41,067)
CVO Petrochemical Refinery Limited	1	154.50	117	177	60
Eastern Lubricants Limited	261	1,345.00	351,045	353,482	2,437
Golden Son Limited	1,430,000	10.70	15,301,000	38,308,080	23,007,080
Intraco Refueling Station Limited	267	26.80	7,156	2,549	(4,607)
Kattali Textile Limited	11,070	25.30	280,080	100,640	(179,440)
Niloy Cement Industries Limited	500	49.90	24,950	67,845	42,895
Nitol Insurance Company Limited	2,282,244	28.00	63,902,832	51,288,262	(12,614,570)
Saif Powertec Limited	17,600	21.00	369,600	583,719	214,119
Silva Pharmaceuticals Limited	9,193	30.10	276,709	91,930	(184,779)
SK Trims Industries Limited	5,552	46.30	257,058	52,785	(204,273)
Union Capital Limited	700,000	12.40	8,680,000	15,974,034	7,294,034
VFS Thread Dyeing Limited	4,223	57.80	244,078	38,389	(205,689)

<b>96,961,389</b>	<b>119,016,298</b>	<b>22,054,909</b>
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**Shares (quoted)**

Name of Share	Number of Share	Market Price Per Share	Market Value	Cost of Share	Provision Amount
Achia Sea Food Limited	1,000,000	10	10,000,000	10,000,000	-
AND Telecom Limited	18,968	30	569,040	569,040	-
Esquir Knit Composite Limited	41,780	45	1,880,100	1,880,100	-
Genex Infosys Limited	10,466	10	104,660	104,660	-
Runner Automobiles Limited	14,411	75	1,080,825	1,080,825	-
S.S Steel Limited	13,492	10	134,920	134,920	-

<b>13,769,545</b>	<b>13,769,545</b>	<b>-</b>
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**Grand Total:**

<b>110,730,934</b>	<b>132,785,843</b>	<b>22,054,909</b>
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## Team of FAS Capital Management Limited



### Sitting

Ms. Bobita Yasmin, Officer  
Ms. Nabila Sultana, Officer  
Ms. Sabrina Jasim Binty, Sr. Officer

### Standing from the left

Mr. Ashish Kumar Sutradhar, Sr. Officer  
Mr. Muh.Mahade Hasan Tusar, Asstt. Manager  
Mr. Md. Yeasin Ali, Manager  
Mr. Foiz Ahmed, Manager  
Mr. Sheikh Golam Sarwar, Sr. Officer  
Mr. Mohammad Mohiuddin, Sr. Officer

# Financial Statements Of Fas Capital Management Limited

Auditors' Report to the Shareholder

Statement of Financial Position

Statement of Profit or Loss & Other  
Comprehensive Income

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements





# Independent Auditor's Report

## To The Shareholders of FAS Capital Management Limited

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of FAS Capital Management Limited which comprise the Statement of Financial Position as at 31 December 2018 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying give true and fair view, in all material respects, of the financial position of the company as at 31 December 2018 and of its financial performance and cash flows for the year then ended and in accordance with International Financial Reporting Standards (IFRSs) as explained in note-01.

#### **Matter of Emphasis**

Without qualifying our opinion we draw attention to the matter that inadequate provision on the balance of margin loan (adjusted) was made as per circular no. SEC/CMRRCD/2009-193/196 dated 28 December 2016, SEC/CMRRCD/2009-193/203 dated 28 December 2017 and the latest circular no. BSEC/SRI/MB-Policy/5/2016/491 dated 27 June 2018 of Bangladesh Securities and Exchange Commission (BSEC) due to unusual negative balance of collateral security arising out of fall in market value.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the audit of the financial statements section of our report. We remained independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting standards (IFRS), the companies Act 1994, and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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.

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 Financial Statements**

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

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

**We also:**


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on other Legal and Regulatory Requirements**

**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 and so far as it appeared from our examination of those books;
- iii. The Company's Financial Position as at 31 December 2018 and Statement of Profit or Loss and Other Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;

  
**Pinaki & Company**  
Chartered Accountants  
Dhaka  
Dated: 15.05.2019

# FAS Capital Management Limited

## Statement of Financial Position

As at 31 December 2018

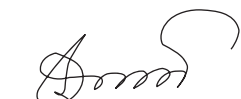
Particulars	Notes	31.12.2018	31.12.2017
		Taka	Taka
<b>PROPERTY AND ASSETS:</b>			
<b>Current Assets :</b>			
<b>Cash:</b>		<b>73,793</b>	<b>41,103</b>
In hand	2	73,793	41,103
Balance with bank(s)		-	-
<b>Cash at Bank</b>		<b>3,442,686</b>	<b>4,088,213</b>
In Bangladesh	3	3,442,686	4,088,213
Outside Bangladesh		-	-
<b>Investment</b>		<b>701,517,393</b>	<b>809,188,587</b>
Share Investment	4	151,517,393	809,188,587
Other (TDR)		550,000,000	-
<b>Loans and advances</b>	5	<b>1,567,110,196</b>	<b>1,377,932,183</b>
<b>Others assets</b>	6	<b>40,077,084</b>	<b>24,699,334</b>
<b>Total Current Assets :</b>		<b>2,312,221,152</b>	<b>2,215,949,420</b>
<b>Fixed Assets</b>	7	<b>14,462,950</b>	<b>9,407,624</b>
<b>TOTAL ASSETS</b>		<b>2,326,684,102</b>	<b>2,225,357,044</b>
<b>LIABILITIES AND CAPITAL:</b>			
<b>LIABILITIES:</b>			
<b>Borrowings from other banks, financial institutions and agents</b>	8	<b>1,966,829,882</b>	<b>1,808,261,378</b>
<b>Current Liabilities</b>		<b>116,071,880</b>	<b>174,617,670</b>
Liability for Expenses	9	197,933	1,630,850
Provision for Income Tax	10	2,526,469	6,028,127
Sundry Creditors	11	1,522,487	10,251,895
Others liabilities	12	111,824,991	156,706,798
<b>TOTAL LIABILITIES</b>		<b>2,082,901,762</b>	<b>1,982,879,048</b>
<b>CAPITAL/SHAREHOLDERS' EQUITY</b>		<b>243,782,340</b>	<b>242,477,996</b>
Paid-up Capital	13	250,000,000	250,000,000
Retained earnings	14	(6,217,660)	(7,522,004)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,326,684,102</b>	<b>2,225,357,044</b>

# FAS Capital Management Limited

## Statement of Financial Position

As at 31 December 2018

Particulars	Notes	31.12.2018	31.12.2017
		Taka	Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>		-	-
Acceptances and endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of credit		-	-
Bills for Collection		-	-
Other contingent Liabilities		-	-
<b>Others commitments</b>		-	-
Documentary credits and short term trade-related transaction		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, Credit lines and other commitments		-	-
<b>Total</b>			
<b>Other Memorandum Items</b>		<b>946,613,314</b>	<b>510,042,679</b>



**Md. Yeasin Ali**  
Chief Executive Officer-CC



**Anjan Kumer Roy, FCA**  
Director



**Md. Siddiqur Rahman, FCS**  
Chairman

**Date:** 15 May 2019



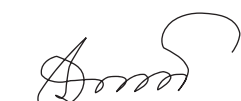
**Pinaki & Company**  
Chartered Accountants

# FAS Capital Management Limited

## Statement of Profit or Loss and other Comprehensive Income

for the year ended 31 December 2018

Particulars	Notes	Amount in Taka	
		01 Jan 2018 to 31 Dec 2018	01 Jan 2017 to 31 Dec 2017
<b>OPERATING INCOME:</b>			
Interest Income	15	159,124,617	59,742,018
Less: Interest paid on deposit and borrowings, etc.	16	166,635,248	111,634,903
		<b>(7,510,631)</b>	<b>(51,892,885)</b>
Investment income	17	(37,204,992)	81,369,127
Commission, exchange and brokerage	18	450,000	150,000
Other operating income	19	24,874,147	5,361,269
		<b>(11,880,845)</b>	<b>86,880,396</b>
<b>Total operating income (a)</b>		<b>(19,391,476)</b>	<b>34,987,511</b>
<b>OPERATING EXPENSES</b>			
Salary and allowances	20	8,487,500	12,473,719
Rent, taxes, insurance, electricity, etc.	21	4,774,159	5,354,843
Postage, stamps, telecommunication, etc.	22	350,031	443,994
Printing ,Stationery & Advertisement	23	196,303	307,260
Audit Fees		63,250	46,000
Directors Fees		96,600	141,450
Legal Expenses		77,050	176,116
Depreciation on Fixed Assets	07	1,977,207	1,477,974
Repair of Fixed Assets	24	135,853	193,694
Other expenses	25	1,754,644	2,963,464
<b>Total operating expenses (b)</b>		<b>17,912,597</b>	<b>23,578,514</b>
<b>Profit before provision (c=a-b)</b>		<b>(37,304,073)</b>	<b>11,408,997</b>
Provision for diminution in value of investments		(44,881,807)	(741,496)
Provisions on Margin Loan		-	-
Other Provision		-	-
<b>Total provision (d)</b>		<b>(44,881,807)</b>	<b>(741,496)</b>
<b>Profit before taxation(c-d)</b>		<b>7,577,734</b>	<b>12,150,493</b>
<b>Provision for taxation</b>		<b>6,273,426</b>	<b>2,494,208</b>
Current Tax	10.1	2,673,908	2,963,633
Short Provision		3,691,463	
Deferred Tax		(91,945)	(469,425)
<b>Net profit after taxation</b>		<b>1,304,308</b>	<b>9,656,285</b>
<b>Earning Per Share</b>	26	<b>0.05</b>	<b>0.39</b>



**Md. Yeasin Ali**  
Chief Executive Officer-CC



**Anjan Kumer Roy, FCA**  
Director



**Md. Siddiquir Rahman, FCS**  
Chairman



**Pinaki & Company**  
Chartered Accountants

**Date:** 15 May 2019

# FAS Capital Management Limited

## Statement of Changes in Equity

for the year ended 31 December 2018

Amount in Taka

Particulars	Share Capital	Retained Earnings	Total
<b>Opening Balance as on 01.01.2018</b>	250,000,000	(7,522,004)	242,477,996
Net Profit after Taxation for the Period		1,304,308	1,304,308
Prior Adjustment (Provision of AIT-2016)		36	36
<b>Balance as on 31 December, 2018</b>	<b>250,000,000</b>	<b>(6,217,660)</b>	<b>243,782,340</b>
<b>Balance as on 31 December 2017</b>	<b>250,000,000</b>	<b>(7,522,004)</b>	<b>242,477,996</b>

Amount in Taka

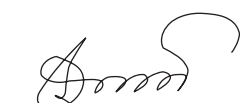
Particulars	Share Capital	Retained Earnings	Total
Opening Balance as on 01.01.2017	250,000,000	(32,975,714)	217,024,286
Net Profit after Taxation for the Period		9,656,285	9,656,285
Prior Adjustment (Short Provision on AIT-2013)		(2,134,859)	(2,134,859)
Prior Adjustment (Provision of AIT-2014)		3,435,317	3,435,317
Prior Adjustment (Provision of AIT-2015)		14,496,967	14,496,967
<b>Balance as on 31 December 2017</b>	<b>250,000,000</b>	<b>(7,522,004)</b>	<b>242,477,996</b>
<b>Balance as on 31 December 2016</b>	<b>-</b>	<b>(32,975,714)</b>	<b>(32,975,714)</b>

# FAS Capital Management Limited

## Statement of Cash Flows

for the year ended 31 December 2018

Particulars	Amount in Taka	
	01 Jan 2018 to 31 Dec 2018	01 Jan 2017 to 31 Dec 2017
	Amount in taka	
<b>Cash Flows From Operating Activities</b>		
Interest receipts	159,124,617	59,742,018
Interest payments	(166,635,248)	(111,634,903)
Investment Income	(37,204,992)	81,369,127
Commission, exchange and brokerage	450,000	150,000
Payments to employees	(8,487,500)	(12,473,719)
Other operating income	24,874,147	5,361,269
Payment for other operating activities	(17,222,938)	(20,526,458)
<b>Operating profit before changes in operating assets &amp; liabilities</b>	<b>(45,101,914)</b>	<b>1,987,334</b>
<b>Increase/Decrease in operating assets and liabilities</b>		
Margin loan to client	(189,178,013)	175,407,206
Other Assets (Receivable)	(15,377,750)	20,133,420
Others Assets (Staff loan)	-	53,969
Deposit from customers	(8,729,408)	5,568,687
Borrowing from other Bank & Financial Institute	158,568,504	40,924,533
Liabilities for Expenses	(1,432,917)	1,456,347
Other Liabilities	-	-
	<b>(56,149,584)</b>	<b>243,544,162</b>
<b>Net cash from/ (used in) operating activities (a)</b>	<b>(101,251,498)</b>	<b>245,531,496</b>
<b>Cash Flows From Investing Activities</b>		
Purchase/Sale of trading securities, shares, bonds, etc.	657,671,194	(280,276,744)
Others Investment (TDR)	(550,000,000)	32,362,500
Purchase/Sale of property, plant and equipment	(7,032,533)	(641,285)
<b>Net cash used in investing activities (b)</b>	<b>100,638,661</b>	<b>(248,555,529)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of ordinary share	-	-
<b>Net cash flow from financing activities (c)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash (a+b+c)</b>	<b>(612,837)</b>	<b>(3,024,034)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		
<b>Cash and cash equivalents at beginning of the Year</b>	<b>4,129,316</b>	<b>7,153,350</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3,516,479</b>	<b>4,129,316</b>



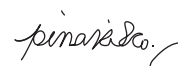
**Md. Yeasin Ali**  
Chief Executive Officer-CC



**Anjan Kumer Roy, FCA**  
Director



**Md. Siddiqur Rahman, FCS**  
Chairman



**Pinaki & Company**  
Chartered Accountants

**Date:** 15 May 2019

# FAS Capital Management Limited

## Notes to the Financial Statements

As at and for the year ended 31 December 2018

### 01 Significant Accounting Policies and Other Material Information :

#### a. Legal Form of the Enterprise :

FAS Capital Management Limited is a subsidiary of FAS Finance & Investment Limited, Incorporated in Bangladesh on 13th October 2010 as a Private Limited company under the Companies Act,1994. FAS finance & Investment Limited started its activity as a Merchant Bank in 1997. The Company (Subsidiary) was incorporated as per instruction of BSEC ( Letter No. BSEC/Reg./MD-Policy/Part-VI/2008/286 Dated 26 July 2010) to FAS Capital Management Ltd. to form a separate subsidiary company for Merchant Banking alone within 30 th September,2010. Accordingly the then management formed a separate subsidiary-Merchant Banking named as FAS Capital Management Ltd. and applied on 26.09.2010 to SEC in order to transfer the Merchant Banking License in favor of the newly formed subsidiary company. Simultaneously the management of the FAS Finance & Investment Ltd. transferred the entire investor's portfolio amounting Tk.97.20 crore to FAS Capital Management Ltd. Since then the FAS Capital Management Ltd. has been working as a full-pledged subsidiary company with capital of Tk. 25.00 crore.

It may be mentioned here that FCML has received the merchant Banking license from BSEC in its own name on 16.05.2012

#### b. Nature of Business Activities :

The Main Objectives of the company for which it was established are to carry out the business of full-pledged merchant banking activities like issue management, portfolio management, Underwriting, corporate advisory services, etc.

#### c. Basis of Presentation Financial statements :

The following underlying assumptions, measurement base, laws, rules, regulations and Accounting pronouncements have been considered in preparing and presenting the financial statements:

Going Concern;

Accrual; except statement of cash flow

Historical Cost Convention;

International Accounting Standards (IAS's);

SEC (Merchant Bankers & Portfolio Manager) Ordinance 1996

SEC Rules 1987

#### d. Depreciation Policy :

Depreciation is charged on fixed assets from during the year of acquisition following reducing balance method for full year at the rate varying from 10% to 20% depending on the nature of assets.

#### e. Statement of Cash Flows :

Statement of Cash Flows (Direct Method) has been prepared as per requirement of IAS-07

#### f. Investment :

Investment is carried in Financial Statement at cost. Provision is made for diminishing in value of investment.

#### g. Taxation:

The applicable tax rate for Merchant Bank is 37.50 %. The assessment for the assessment year 2018-2019 return has been submitted under Universal Self-Assessment and accordingly, income tax clearance certificates have also been obtained.

#### h. Reporting Period:

These financial statement cover for the year from 01 January 2018 to 31 December, 2018.

#### i. Gratuity Fund:

Gratuity fund provision has been made as per organization's policy .

#### j. Provident Fund:

Provident fund provision has been made as per organization's policy .

#### k. General:

All financial information is presented in taka has been rounded off to the nearest taka. Comparative figures for balance have been given.



# FAS Capital Management Limited

## Notes to the Financial Statements

As at 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
<b>02</b>	<b>Cash in hand :</b>		
	Cash in Hand	73,793	41,103
	<b>Total</b>	<b>73,793</b>	<b>41,103</b>
<b>03</b>	<b>Cash at Bank :</b>		
	<b>Account No.</b>		
	Dutch Bangla Bank Ltd. Gulshan Branch	6,581	372,885
	Dutch Bangla Bank Ltd. Gulshan Branch-LRHR	106,449	555,857
	Mutual Trust Bank Ltd. Gulshan Branch	3,534	76,591
	Prime Bank Ltd. Gulshan Branch	-	-
	Prime Bank Ltd. Mohakhali Branch	1	1
	Social Islami Bank Ltd. Gulshan Branch	45,959	164,776
	One Bank Ltd. Principal Branch	207,969	-
	One Bank Ltd. Principal Branch	188,214	-
	State Bank of India.	-	1,648
	The City Bank Ltd. Gulshan Branch	814,228	196,791
	The City Bank Ltd. Gulshan Branch	39,835	1,911,832
	The City Bank Ltd. Gulshan Branch	6002-PIAA	14,282
	Woori Bank Ltd.-Gulshan Br.	16,408	647,085
	Woori Bank Ltd.-Gulshan Br.	7,435	146,465
	<b>Total</b>	<b>3,442,686</b>	<b>4,088,213</b>
<b>04</b>	<b>Share Investment :</b>		
	<b>Bank:</b>		
	AB Bank Ltd.	19,681,429	17,124,531
	Al-Arafah Islami Bank Ltd.	-	37,249,675
	BRAC Bank Ltd.	729,683	-
	First Security Islami Bank Ltd.	-	20,321,571
	IFIC Bank Ltd.	-	12,932,599
	Mercantile Bank Ltd.	-	77,354,174
	One Bank Ltd.	-	9,684,868
	The City Bank Ltd.	-	7,986,860
		<b>20,411,112</b>	<b>182,654,278</b>
	<b>Finance:</b>		
	ICB	-	11,790,200
	IDLC	-	6,768,445
	ILFSL	-	28,658,691
	LankaBangla Finance Ltd.	-	18,339,681
	National Housing Finance & Inv.Ltd.	-	13,828,496
	Union Capital Ltd.	37,457,919	50,454,451
		<b>37,457,919</b>	<b>129,839,964</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

As at 31 December 2018

**Textile:**

Alif Manufacturing Co.Ltd.	-
Aman Cotton Fibrous Ltd.	313,840
KDS Accessories Ltd.	-
Khan Brothers PP Waven Bag Ind.Ltd.	-
Malek Spinning Mills Ltd.	-
M.L. Dyeing Ltd.	35,242
Kattali Textile Ltd.	100,640
Simtex Industries Ltd.	40,401,973
VFS Thread Dyeing Ltd.	38,389

**Fuel & Power:**

BARAKA Power Ltd.	-
CVO Petro.Ref.Ltd	92
Eastern Lubricant Ltd	270,548
MJL BD Ltd.	-
Saif Powertec Ltd.	1,793,052
Shahjibazar Bazar Power Co. Ltd.	-
United Power GD Co.Ltd.	1,473,407

**Mutual Fund:**

ICB-AMCL-2nd MF	-
NLI 1st MF	-
NCC Bank 1st MF	-
PHP 1st MF	-
Popular 1st MF	-
SEML Lature E.Management Fund	-
Southest Bank 1st MF	-

**Engineering:**

Aamra Networks Ltd	-
Appollo Ispat Complex Ltd.	10,678,131
Bangladesh Building System	-
Nahee Aluminum Composite Panel Ltd.	-
GPH Ispat Ltd.	-
Oimex Electrode Limited	-
Quasem Drycells Ltd.	-

**Paper & Printing:**

Bashundhara Paper Mills Ltd.	864,560
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Amount in Taka	
31.12.2018	31.12.2017
-	8,241,884
313,840	1,255,400
-	16,412,335
-	206,590
-	25,750,991
35,242	-
100,640	-
40,401,973	1,934,527
38,389	-
<b>40,890,084</b>	<b>53,801,727</b>
-	37,385,961
92	326,320
270,548	-
-	3,472,335
1,793,052	30,304,164
-	51,915,043
1,473,407	-
<b>3,537,099</b>	<b>123,403,823</b>
-	1,802,675
-	35,410,506
-	1,740,075
-	10,593,621
-	9,472,446
-	6,475,460
-	28,110,052
-	<b>93,604,835</b>
-	118,560
10,678,131	28,407,473
-	22,262,588
-	62,247
-	56,486,653
-	64,800
-	9,671,389
<b>10,678,131</b>	<b>117,073,710</b>
864,560	3,458,080
<b>864,560</b>	<b>3,458,080</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

As at 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
<b>Pharmaceutical:</b>			
ACI Limited		-	24,440,619
Active Fine Ltd.		-	1,899,983
Indo-Bangla Pharmaceuticals Ltd.		4,502,676	4,500,000
The IBN Sina Pharma LTd.		-	3,697,139
Silva Pharmaceuticals Ltd.		91,930	-
Square Pharma Ltd.		1,284,392	956,227
		<b>5,878,998</b>	<b>35,493,968</b>
<b>Others:</b>			
Aman Feed Limited		-	13,741,480
Bangladesh Shipping Corporation		-	21,349,856
Fortune Shoes Ltd.		-	7,805,615
Rangpur Dairy Food Ltd.		2,354,792	-
Glaxo Smithkline Bangladesh		23,122,776	20,876,534
Grameenphone Ltd.		-	4,757,425
IFAD Autos Ltd.		539,475	128,812
Intraco Refueling Station Ltd.		12,157	-
National Polymer Industries Ltd.		1,836,477	1,071,324
National Tubes Ltd.		-	127,156
SK Trims & Industries Ltd.		164,268	-
		<b>28,029,945</b>	<b>69,858,202</b>
<b>Un-Quoted Share:</b>			
<b>Pharmaceutical:</b>			
AND Telecom Ltd.		569,040	-
Esquire Knit Composite Ltd.		1,880,100	-
Genex Infosys Ltd.		104,660	-
Runner Automobile Ltd.		1,080,825	-
S.S. Steel Limited		134,920	-
		<b>3,769,545</b>	<b>-</b>
<b>Total</b>		<b>151,517,393</b>	<b>809,188,587</b>
		<b>Total Margin Loan</b>	<b>Total Margin Loan</b>
<b>05 Loans and Advances :</b>			
Be Rich Ltd.		211,715,830	193,921,155
International Leasing Security Ltd.		48,138,846	39,609,698
KHB Securities Ltd.		223,785,585	143,688,661
Khwaja Equity Services Ltd.		130,187,239	96,507,526
Royal Capital Ltd.		493,322,950	472,463,461
Shah Mohammad Sagir & Co. Ltd.		160,366,945	149,860,355
Stock & Bond Ltd.		258,497,172	244,124,165
Western Securities Investment Mag.Ltd.		16,492,789	2,648,146
Discretionary A/C-LRHR Secure A/c		6,265	1,173,330
Discretionary A/C-General A/c		24,596,575	33,935,686
<b>Total</b>		<b>1,567,110,196</b>	<b>1,377,932,183</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

As at 31 December 2018

		Amount in Taka		
		31.12.2018	31.12.2017	
<b>5.01</b>	Due to unusual/ unexpected fall in the share market, the market value of collateral securities as on 31 December 2018 fell below the receivable amount by Tk. 1,127,078,659 against which the company made provision for Tk. 89,668,773 which is equivalent to 7.96% of the net unrealized loss of outstanding margin loan to client. As per circular no. SEC/CMRRCD/2009-193/196, dated 28 December 2016, SEC/CMRRCD/2009-193/203, dated 28 December 2017 and the latest circular no. BSEC/SRI/MB-Policy/5/2016/491 dated 27 June 2018 of Bangladesh Securities and Exchange Commission (BSEC) the company need be kept provision 20% of its negative equity balance for each five quarter from 31 December 2018 to 31 December 2020.			
<b>06</b>	<b>Others Assets :</b>			
	Accounts Receivable	06.01	9,577,420	511,620
	Advances, Deposits and Prepayments		3,890,296	12,237,096
	Advance Income Tax (AIT)	06.02	3,827,491	6,947,972
	Receivable Interest on FDR		21,760,694	-
	Receivable Dividend Income		1,021,183	5,002,646
			<b>40,077,084</b>	<b>24,699,334</b>
<b>06.01</b>	<b>Accounts Receivable :</b>			
	Brokerage House	06.01.01	5,174,838	21,850
	Receivable From FFIL		3,590,663	271,360
	Receivable-CDBL-All Broker		811,919	218,410
	<b>Total</b>		<b>9,577,420</b>	<b>511,620</b>
<b>06.01.01</b>	<b>Brokerage House :</b>			
	Discretionary A/C-BD-0004		6,145	-
	KHB Securities Ltd.-Own		4,651,025	-
	Khwaja Equity Services Ltd.		488,883	21,850
	Shah Mohammad Sagir		444	-
	Stock & Bond Ltd.		28,341	-
	<b>Total</b>		<b>5,174,838</b>	<b>21,850</b>
<b>06.02</b>	<b>Advance Income Tax (AIT):</b>			
	Opening Balance		6,947,972	12,851,676
	Add: Addition during the year		6,654,567	4,995,933
			13,602,539	17,847,609
	Less: Adjustment during the year		9,775,048	10,899,637
	<b>Total</b>		<b>3,827,491</b>	<b>6,947,972</b>
<b>07</b>	<b>Fixed Assets :</b>			
	<b>Cost:</b>			
	Opening Balance		15,370,830	14,729,545
	Add: Addition during the year		7,032,533	641,285

# FAS Capital Management Limited

## Notes to the Financial Statements

As at 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
		22,403,363	15,370,830
	Less: Disposal of Fixed Assets	-	-
		<b>22,403,363</b>	<b>15,370,830</b>
	<b>Accumulated Depreciation</b>		
	Opening Balance	5,963,206	4,485,232
	Add: Charged during the year	1,977,207	1,477,974
		7,940,413	5,963,206
	Less: Disposal of Fixed Assets	-	-
		<b>7,940,413</b>	<b>5,963,206</b>
		<b>14,462,950</b>	<b>9,407,624</b>
	<b>(Details of the Fixed Assets are shown in Annexure-1)</b>		
<b>08</b>	<b>Borrowings from other banks, financial institutions and agents :</b>		
	Bank 8.01	30,000,000	30,000,000
	Financial institution: 8.02	1,936,829,882	1,778,261,378
	<b>Total</b>	<b>1,966,829,882</b>	<b>1,808,261,378</b>
<b>8.01</b>	<b>Borrowings from other financial institutions :</b>		
	Woori Bank (Time Loan)	30,000,000	30,000,000
		<b>30,000,000</b>	<b>30,000,000</b>
<b>8.02</b>	<b>Short Term Portion of Long Term Loan :</b>		
	FAS Finance & Investment Ltd.	1,490,156,560	1,418,261,378
	Investment Corporation of Bangladesh	86,669,342	-
	International Leasing & Financial Services Ltd.	360,003,980	360,000,000
		1,936,829,882	1,778,261,378
		<b>1,966,829,882</b>	<b>1,808,261,378</b>
<b>09</b>	<b>Liability for Expenses :</b>		
	Audit Fees	46,000	46,000
	CDBL Charges	136,250	172,926
	Arthasochok	-	30,000
	IDCP-International Leasing & Financial Services Ltd.	-	353,889
	Provident Fund-FCML	7,778	-
	Gratuity Fund-FCML	7,905	1,028,035
	<b>Total</b>	<b>197,933</b>	<b>1,630,850</b>
<b>10</b>	<b>Provision for Income Tax :</b>		
	Provision for Current Tax 10.01	2,673,908	6,083,621
	Provision for Deferred Tax 10.02	(147,439)	(55,494)
		<b>2,526,469</b>	<b>6,028,127</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

As at 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
<b>10.01</b>	<b>Provision for Current Tax:</b>		
	Opening Balance	6,083,621	29,817,050
	Add: Provision during the year	2,673,908	2,963,633
		<b>8,757,529</b>	<b>32,780,683</b>
	Less: Adjustment during the year	6,083,621	26,697,062
	<b>Total</b>	<b>2,673,908</b>	<b>6,083,621</b>
<b>10.02</b>	<b>Provision for Deferred Tax:</b>		
	Opening Balance	<b>(55,494)</b>	<b>413,931</b>
	Add: Provision during the year	(91,945)	(469,425)
		<b>(147,439)</b>	<b>(55,494)</b>
	Less: Adjustment during the year	-	-
	<b>Total</b>	<b>(147,439)</b>	<b>(55,494)</b>
<b>11</b>	<b>Sundry Creditors :</b>		
	All Broker-Cash Account	1,234,647	5,259,993
	International Leasing Securities Ltd.	-	116,564
	Discretionary A/C-BD-0001	97,186	493,903
	Discretionary A/C-BD-0002	1,463	28,682
	Discretionary A/C-BD-0003	4,719	5,169
	Discretionary A/C-BD-0004	-	26,958
	Discretionary A/C-LRHR-Confident	-	1,158,654
	Mika Securities Ltd.	9,256	9,256
	KHB Securities Ltd.	175,216	624,982
	Shah Mohammad Sagir & Co. Ltd.	-	598,753
	Western Securities Investment Management Ltd. Own	-	1,928,749
	Stock & Bond Ltd.	-	232
	<b>Total</b>	<b>1,522,487</b>	<b>10,251,895</b>
<b>12</b>	<b>Others Liabilities :</b>		
	Provision against Share Investment	22,156,218	67,038,025
	Provision against Margin loan	89,668,773	89,668,773
	<b>Total</b>	<b>111,824,991</b>	<b>156,706,798</b>
<b>12.01</b>	<b>Provision for Share Investment:</b>		
	Opening Balance	67,038,025	67,779,521
	Add: Provision during the year (Annexure-A)	(44,881,807)	-
		22,156,218	67,779,521
	Less: Adjustment during the year	-	741,496
	<b>Total</b>	<b>22,156,218</b>	<b>67,038,025</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

As at 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
<b>12.02</b>	<b>Provision against Margin loan:</b>		
	Opening Balance	89,668,773	89,668,773
	Add: Provision during the year	-	-
		89,668,773	89,668,773
	Less: Adjustment during the year (Write Off)	-	-
	<b>Total</b>	<b>89,668,773</b>	<b>89,668,773</b>
<b>13</b>	<b>Share Capital :</b>		
<b>13.01</b>	<b>Authorized Capital :</b>		
	100,000,000 Ordinary Shares of Tk. 10.00 each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>13.02</b>	<b>Paid Up Capital :</b>		
	Paid Up Capital	250,000,000	250,000,000
	25,000,000 Ordinary Shares of Tk. 10.00 each	<b>250,000,000</b>	<b>250,000,000</b>
<b>13.03</b>	<b>Percentage of Shareholding</b>		
		2018(%)	Taka
	Sponsors	2.8	7,000,000
	Financial Institutions	97.2	243,000,000
		<b>100</b>	<b>250,000,000</b>
		2017(%)	Taka
	Sponsors	2.8	7,000,000
	Financial Institutions	97.2	243,000,000
		<b>100</b>	<b>250,000,000</b>
<b>13.04</b>	<b>Name of directors, Sponsors Shareholders &amp; their shareholding</b>		
		<b>Number of Share</b>	<b>Total Value</b>
	Mr. Abdul Matlub Ahmad	100,000	1,000,000
	Mr. Abdul Halim	100,000	1,000,000
	Mr. Sudir Chandra Sarker	100,000	1,000,000
	Mr. Uzzal Kumer Nandi	100,000	1,000,000
	Mr. Md.Ensan Ali Sheikh	100,000	1,000,000
	Mrs. Hafiza Khanam	100,000	1,000,000
	Mr. Sheikh Md.Rezvi Newaz	100,000	1,000,000
	FAS Finance & Investment Ltd.	24,300,000	243,000,000
		<b>25,000,000</b>	<b>250,000,000</b>
			<b>%</b>
			-
			-
			-
			-
			-
			-
			-
			97
			<b>100</b>
<b>14</b>	<b>Retained earnings :</b>		
	Opening balance	(7,522,004)	(32,975,714)
	prior year adjustment (Provision on AIT-Income Year-2013)	-	(2,134,859)
	prior year adjustment (Provision on AIT-Income Year-2014)	-	3,435,317
	prior year adjustment (Provision on AIT-Income Year-2015)	-	14,496,967
	prior year adjustment (Provision on AIT-Income Year-2016)	36	-
	Net Profit after Tax	1,304,308	9,656,285
	<b>Total</b>	<b>(6,217,660)</b>	<b>(7,522,004)</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

For the year ended 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
<b>15</b>	<b>Interest Income :</b>		
	Interest on Margin Loan	158,244,841	58,586,056
	Bank Interest-SND A/c	879,776	1,151,179
	Interest on Staff Loan	-	4,783
	<b>Total</b>	<b>159,124,617</b>	<b>59,742,018</b>
<b>15.01</b>	<b>Interest on Margin Loan :</b>		
	Be Rich Ltd.	18,003,986	209,991
	Discretionary-General A/c	3,859,749	3,365,576
	Eminent Securities Ltd.	-	8,290
	International Leasing Securities Ltd.	10,375,018	52,825
	KHB Securities Ltd.	21,296,393	52,625,041
	Khwaja Equity Services Ltd.	40,915,174	1,344,140
	Royal Capital Ltd.	21,019,822	441,869
	Stock & Bond Ltd.	18,634,162	367,756
	Shah Mohammad Sagir & Co. Ltd.	10,423,668	170,568
	Western Securities Investment Mgt. Ltd.	13,716,869	-
	<b>Total</b>	<b>158,244,841</b>	<b>58,586,056</b>
<b>16</b>	<b>Interest paid on deposit and borrowings, etc. :</b>		
	Bank	1,959,375	-
	Financial Institute	164,675,873	111,634,903
	<b>Total</b>	<b>166,635,248</b>	<b>111,634,903</b>
<b>17</b>	<b>Investment Income :</b>		
	Capital Gain on Share Investment	(49,017,837)	66,550,961
	Dividend on Shares Investment	11,812,845	14,818,166
	<b>Total</b>	<b>(37,204,992)</b>	<b>81,369,127</b>
<b>17.01</b>	Capital Gain on Share Investment	(49,017,837)	118,475,069
	Less: Interest paid on outside borrowing for Investment	-	51,924,108
	<b>Total</b>	<b>(49,017,837)</b>	<b>66,550,961</b>
<b>18</b>	<b>Commission, Exchange and Brokerage :</b>		
	Trustee Fee	200,000	-
	Underwriting Commission	250,000	150,000
	<b>Total</b>	<b>450,000</b>	<b>150,000</b>
<b>19</b>	<b>Other Operating Income :</b>		
	Portfolio Management Fees	1,952,170	3,364,488
	Documentation Fee	35,300	110,400
	Interest on FDR	22,260,694	1,404,444
	Interest on Other Income	119,733	51,937
	Work Station Rent	506,250	430,000
	<b>Total</b>	<b>24,874,147</b>	<b>5,361,269</b>



# FAS Capital Management Limited

## Notes to the Financial Statements

For the year ended 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
<b>19.01</b>	<b>Portfolio Management Fees :</b>		
	Be Rich Ltd.	47,741	39,680
	Eminent Securities Ltd.	-	764
	KHB Securities Ltd.	253,033	1,038,217
	International Leasing Securities Ltd.	15,221	10,491
	Khwaja Equity Services Ltd.	322,019	188,607
	Royal Capital Ltd.	96,008	66,548
	Stock & Bond Ltd.	39,273	56,504
	Discretionary-General A/c	-	31,747
	Discretionary-LRHR A/c	99,214	27,982
	Shah Mohammad. Sagir & Co. Ltd.	33,465	308,788
	Western Securities Investment Mgt. Ltd.	21,235	-
	FAS Finance & Investment Ltd.	1,024,961	1,595,160
	<b>Total</b>	<b>1,952,170</b>	<b>3,364,488</b>
<b>20</b>	<b>Salary and Allowances :</b>		
	Basic Salary and all other allowances	6,659,395	8,842,080
	Provident Fund	349,552	443,477
	Festival Bonus	589,986	909,227
	Incentive Bonus	595,114	817,336
	Leave Fare Assistance	277,770	373,564
	Provident Fund	7,778	-
	Gratuity Fund	7,905	1,088,035
	<b>Total</b>	<b>8,487,500</b>	<b>12,473,719</b>
<b>21</b>	<b>Rent, Taxes, Insurance, Electricity, etc :</b>		
	Office Rent	4,013,289	4,907,307
	Office Rent -Service Charge	242,853	-
	Electric Bill	422,200	439,933
	Generator Bill	9,017	7,603
	Insurance Premium	86,800	-
	<b>Total</b>	<b>4,774,159</b>	<b>5,354,843</b>
<b>22</b>	<b>Postage, Stamps, Telecommunication :</b>		
	Internet Bill	154,600	179,215
	Stamp & Notary	7,820	-
	Telephone & Mobile Bill	183,54	259,534
	Postage & Courier	4,070	5,245
	<b>Total</b>	<b>350,031</b>	<b>443,994</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

For the year ended 31 December 2018

		Amount in Taka	
		31.12.2018	31.12.2017
<b>23</b>	<b>Printing, Stationery &amp; Advertisement :</b>		
	Dhaka (Head Office)	194,803	306,517
	Chittagong (Branch Office)	1,500	743
	<b>Total</b>	<b>196,303</b>	<b>307,260</b>
<b>24</b>	<b>Repairs:</b>		
	Software Maintenance	135,853	153,454
	Repair & Maintenance	-	40,240
	<b>Total</b>	<b>135,853</b>	<b>193,694</b>
<b>25</b>	<b>Other Expenses :</b>		
	Bank Charge & Commission	71,733	155,336
	Conveyance allowance	54,310	100,420
	Cookeries	-	16,980
	Cleaning service bill	97,500	127,907
	Documentation Charge	11,500	-
	Entertainment	129,720	315,202
	Earn Leave Expenses	382,428	105,644
	Excise Duty Expenses	102,300	-
	Fees & Subscription	56,997	73,500
	Fuel & Lubricants	-	1,703
	Medical Allowance	-	4,850
	Newspaper & Periodicals	5,245	9,160
	Office Maintenance	92,030	164,702
	Registration Fees	2,385	77,000
	Renewal Fees	250,925	203,450
	Repair & Maintenance	83,655	-
	Security Service Bill	374,711	588,488
	Service Charge	-	305,268
	Share Transfer Expenses	-	400
	Spare & Accessories	4,050	31,640
	Stamp & Notary	-	3,075
	TA/DA-Head Office	-	60,582
	Tour & Travels	-	556,849
	Training & Development Exp.	-	40,200
	VAT Expenses	8,820	-
	Wasa Bill	26,335	21,108
		<b>1,754,644</b>	<b>2,963,464</b>
<b>26</b>	<b>Basic earning per share (EPS) discloser under IAS-33</b>		
	Net Profit for the year	1,304,308	9,656,285
	Weighted average number of ordinary shares	25,000,000	25,000,000
	Basic earning per share (EPS)	<b>0.05</b>	<b>0.39</b>

# FAS Capital Management Limited

## Notes to the Financial Statements

For the year ended 31 December 2018

### 27.00 Related Party Disclosure :

#### a. Particulars of Directors and their Interest in different entities :

SI No.	Name of Director	Status in FAS Capital Management Limited	Name of the firms/Companies in which interested as Proprietor, Partner, Director, Managing agent, Guarantor, Employee etc.
1	Mr. Md. Siddiqur Rahman	Chairman (Nominated by FAS Finance & Investment Ltd.)	Managing Director, Simtex Industries Limited. Chairman, Simtex Textile Limited. Director, Clewiston Foods & Accommodation Limited. Director, Nitol Insurance Company Limited.
2	Mr. Anjan Kumer Roy	Director (Nominated by FAS Finance & Investment Ltd.)	Partner, Mak & Co, Chartered Accountants. Director, Finance Accounting Management Experts (FAME) Ltd. & Proprietor, M/S Myth Corporation.
3	Mr. Md. Ensan Ali Sheikh	Director	Director, Simtex Industries Limited
4	Mrs. Hafiza Khanam	Director	Director, Simtex Industries Limited
5	Mr. Shaikh Md.Rezvi Newaz	Director	N/A
6	Mr. Md. Yeasin Ali	Chief Executive Officer, C.C	N/A

#### b. Related Party Transaction

The company carried out a number of transactions with related parties in the normal course of business. The nature of transactions and their values are shown below:

SI No.	Name of the Related Party	transaction Nature	Balance as at 01-Jan-2018	Addition	Adjustment	Balance as at 31-December-2018
			Taka	Taka	Taka	Taka
1	FAS Finance & Investment Limited	Loan	1,418,261,378	117,096,932	45,201,750	1,490,156,560
2	FAS Finance & Investment Limited	Paid up capital	243,000,000	-	-	243,000,000

FAS Capital Management Limited  
**Fixed Assets Schedule**  
 As at 31 December 2018

Annexure-1

Particulars	Cost			Rate of Dep.	Depreciation			Written Down Value as on 31.12.2018	
	Balance as on 01.01.2018	Addition during the year	Adjustment/ disposal during the year		Balance as on 31.12.2018	Addition during the year	Adjustment/ disposal during the year		Balance as on 31.12.2018
Computer & Accessories	1,961,463	42,600	-	15	975,399	154,300	-	1,129,699	874,364
Furniture & Fixture	2,999,208	-	-	10	1,218,219	178,099	-	1,396,318	1,602,890
Motor Vehicle	-	-	-	20	-	-	-	-	-
Office Decoration	1,659,564	6,988,763	-	10	652,975	799,535	-	1,452,510	7,195,817
Office Equipment	6,207,795	-	-	15	1,666,161	681,245	-	2,347,406	3,860,389
Software	2,266,250	-	-	15	1,303,707	144,382	-	1,448,089	818,161
Telephone & PABX	276,550	1,170	-	15	146,745	19,646	-	166,391	111,329
<b>Balance as on 31 Dec 2018</b>	<b>15,370,830</b>	<b>7,032,533</b>	<b>-</b>		<b>5,963,206</b>	<b>1,977,207</b>	<b>-</b>	<b>7,940,413</b>	<b>14,462,950</b>
<b>Balance as on 31 Dec 2017</b>	<b>14,729,545</b>	<b>641,285</b>	<b>-</b>		<b>4,485,232</b>	<b>1,477,974</b>	<b>-</b>	<b>5,963,206</b>	<b>9,407,624</b>

# FAS Capital Management Limited

## Provision against Company's Own Investment

As at 31 December 2018

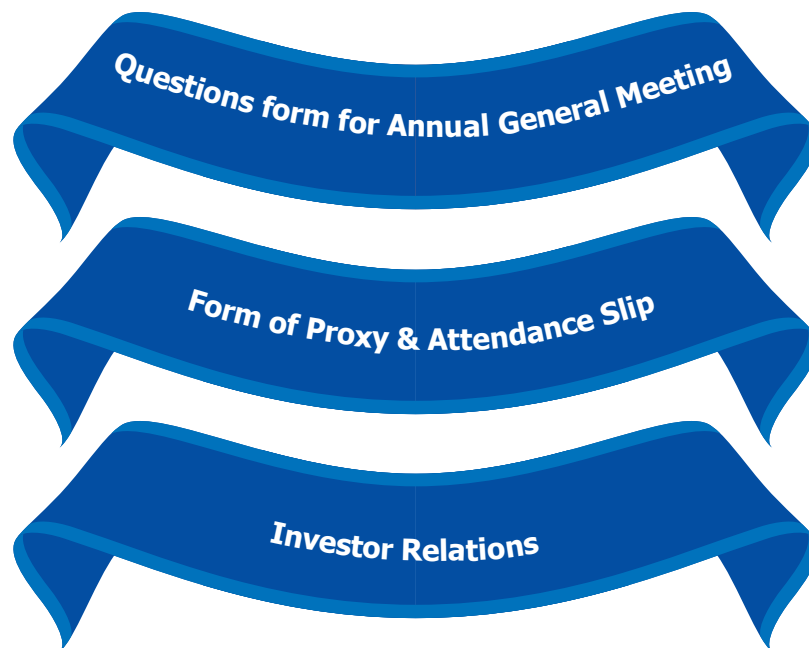
Annexure-A

SI	Company Name	Total Quantity	Saleable	Avg. Cost	Total Cost	Market Rate	Market Value	Unrealized
1	AB Bank Limited	970,000	970,000	20	19,681,429	12	11,640,000	(8,041,429)
2	Aman Cot.Fibrous Ltd.	7,846	-	40	313,840	42	330,317	16,477
3	Appollo Ispat.Co.Ltd.	923,362	893,362	12	10,678,131	8	7,571,568	(3,106,562)
4	Bashundhara P.M. Ltd	10,807	10,807	80	864,560	84	905,627	41,067
5	Brac Bank Limited	10,000	-	73	729,683	73	727,000	(2,683)
6	CVO Petro.Re.Ltd.	0	-	219	92	155	65	(27)
7	Eastern Lubricants Ltd.	200	-	1,353	270,548	1,345	269,000	(1,548)
8	GlaxoSmith. (BD) Ltd.	14,000	14,000	1,652	23,122,776	1,450	20,302,800	(2,819,976)
9	Ifad Autos Ltd.	5,000	-	108	539,475	108	542,000	2,525
10	Indo_Bangla Phar.Ltd.	495,294	-	9	4,502,676	31	15,403,656	10,900,979
11	Intraco Refu.Sta. Ltd.	500	-	24	12,157	27	13,400	1,243
12	Kattali Textile Limited	11,070	-	9	100,640	25	280,081	179,441
13	M L. Dyeing Limited	4,229	1,208	8	35,242	30	125,601	90,360
14	National Poly.Ind.Ltd.	26,100	25,000	70	1,836,477	71	1,853,100	16,623
15	RD Food Products Ltd.	140,000	140,000	17	2,354,792	16	2,184,000	(170,792)
16	Saif Powertec Ltd.	56,000	-	32	1,793,052	21	1,176,000	(617,052)
17	Silva Phar. Ltd	9,193	-	10	91,930	30	276,709	184,779
18	Simtex Industries Ltd	1,150,000	1,150,000	35	40,401,973	33	37,950,000	(2,451,973)
19	SK Trims & Ind.Ltd	6,042	-	27	164,268	46	279,745	115,477
20	Square Pharma Ltd.	5,000	3,250	257	1,284,392	254	1,271,000	(13,392)
21	Union Capital Ltd	1,676,805	1,676,805	22	37,457,919	12	20,792,382	(16,665,537)
22	United Power GDCL.	5,000	-	295	1,473,407	291	1,453,500	(19,907)
23	VFS Thread Dye.Ltd	4,223	703	9	38,389	58	244,078	205,689
<b>Sub Total</b>					<b>147,747,848</b>		<b>125,591,628</b>	<b>(22,156,218)</b>
<b>Un-Quoted Share:</b>								
24	Esquire Knit Composit Ltd.	41,780	-	45	1,880,100	45	1,880,100	-
25	SS Steel Ltd.	13,492	-	10	134,920	10	134,920	-
26	RUNNER Automobile Ltd.	14,411	-	75	1,080,825	75	1,080,825	-
27	Advent Pharma Ltd.	18,968	-	30	569,040	30	569,040	-
28	GENEX Infosys Ltd.	10,466	-	10	104,660	10	104,660	-
<b>Sub Total</b>					<b>3,769,545</b>		<b>3,769,545</b>	
<b>Grand Total</b>					<b>151,517,393</b>	<b>-</b>	<b>129,361,173</b>	<b>(22,156,218)</b>

Required Share Provision 31.12.2018
Less : Share Provision Last Year
<b>Share Provision Adjusted during the Year</b>

22,156,218
67,038,025
<b>(44,881,807)</b>

# DISCLOSURES AND OTHER RELATED INFORMATION







# FAS Finance & Investment Limited

Corporate Office: Suvastu Imam Square (4<sup>th</sup> & 5<sup>th</sup> Floor)  
65, Gulshan Avenue, Gulshan-1, Dhaka-1212

## Proxy Form

I.....of.....  
.....being member of **FAS Finance & Investment Limited**, hereby appoint  
Mr/Ms.....  
of..... as my  
proxy to attend and vote for me and on my behalf at the 22<sup>nd</sup> Annual General Meeting of the Company to be held on Thursday,  
27 June 2019 at 10:30 a.m. at RAOVA Convention Hall, Hall No. 3 (EAGLE), VIP Road, Mohakhali, Dhaka-1206 or at any adjustment  
thereof.

Signed this.....

Signature of Proxy.....

Day of.....2019

Signature of Shareholder

Revenue  
Stamp of Tk  
20/-

BO ID:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares.....

### N.B. Important

1. This Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the Company's Registered Office.  
Proxy is invalid if not signed and stamped as explained above.
2. Signature of the shareholders should agree with the specimen signature registered with the Company.



# FAS Finance & Investment Limited

Corporate Office: Suvastu Imam Square (4<sup>th</sup> & 5<sup>th</sup> Floor)  
65, Gulshan Avenue, Gulshan-1, Dhaka-1212

## Attendance Slip

I hereby record my attendance at the 22<sup>nd</sup> Annual General Meeting of the Company being held on Thursday, 27 June 2019 at  
10:30 a.m. at RAOVA Convention Hall, Hall No. 3 (EAGLE), VIP Road, Mohakhali, Dhaka-1206.

Name of Member/Proxy .....

BO ID:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature.....

Date.....

**N.B.** Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and deposit the  
same at the registration counter on the day of the meeting.





## Notes to Form of Proxy

Summary of the rights of a shareholder to be represented by proxy as contained in Section 85 of the Companies Act, 1994 and notes to the form of proxy.

1. Each holder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, participate in, speak and vote or abstain from voting in place of that holder at the Annual General Meeting.
2. A proxy appointment must be in writing, dated and signed by the holder appointing the proxy.
3. A holder's instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable by that holder in the appropriate box provided. Failure to comply with this will be deemed to vote in favour of the ordinary resolutions at the Annual General Meeting.
4. A holder or his/her/its/their proxy is not obliged to vote in respect of all the ordinary shares held by such holder or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the holder or his/her/its/their proxy is entitled.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the Company Secretary. Examples of satisfactory identification include a valid National ID card, a valid driving licence or a valid passport.
6. Any alterations or corrections to this form of proxy must be initialed by the authorized signatory/signatories.
7. The completion and lodging of this form of proxy will not preclude the original shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so, in which case this proxy will be suspended accordingly.
8. Form of Proxy have to be lodged with or posted to the Company Secretary FAS Finance & Investment Limited, Suvastu Imam Square ( 4th Floor), 65 Gulshan, Avenue Gulshan, Dhaka-1212 before a proxy may exercise any voting rights of a holder at the Annual General Meeting. The Form of Proxy is requested to be received no later than 6:00 p.m. on June 20, 2019.
9. Holders attending the Annual General Meeting will be offered the opportunity of putting questions to the Directors and Management.

# Investor Relations

## Investor Relation and Corporate Communications

Transparent reporting on our operations and performance is the key to the credibility of our public reporting and investor relation's activities. We are therefore committed to keeping the market informed of relevant information, allowing both existing and potential shareholders to evaluate our business, our performance and our prospects. We believe this commitment to communicating with the public not only reinforce investors' understanding of FFIL and its development, but also enhance shareholder value. Our Shareholder Communications Policy is available on our website and is regularly reviewed to ensure its effectiveness.

## Stakeholder Engagement

At a broad level, the Company proactively engages with institutional and retail investors as well as media and other interested groups. Our stakeholders have easy access to our Online Annual Report and we revamped our website to better reach to our investors, customers and other stakeholders.

## 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:

### Financial Reporting

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

### Shareholder Meetings and Hotlines

- Group and one-on-one meetings;
  - Shareholder hotline and e-mail:
- Tel: +88 09604-046565  
E-mail: investorrelation@fasbd.com

### Investor Perception Studies

We consulted investors and analysts for feedback on our group strategy, executive management team, Annual Report and our corporate communications, investor relations and corporate governance issues by way of telephone and one to one discussion.

### Introducing our first ever integrated online report


Our HTML-based online annual report offers our stakeholders an alternative format for accessing our annual report with downloadable data in an environmentally friendly manner that a growing number of people find more convenient. This initiative reflects another evolution in the transparency and accessibility of our reporting, which are key to the credibility of our investor relations activities. Advantages of our online report:

- Downloadable financial data tables and other information in spreadsheet format.
- Hyperlinks to key supporting figures, breakdown analyses and further explanations.
- Environmentally-friendly medium.

### Company Website

Our corporate website and external communications now complement our intergraded reporting format. Information includes:

- Profiles of Group's main businesses;
- Board and senior management biographical data;
- Corporate Governance;
- Risk Management and CSR;
- Board Committees' Terms of Reference;
- Financial information

**Head Office**

Suvastu Imam Square (4<sup>th</sup> & 5<sup>th</sup> Floor)  
65, Gulshan Avenue  
Gulshan-1, Dhaka-1212  
Phone: +88-09604-046565, Fax:+88-02-9860531  
E-mail: [Info@fasbd.com](mailto:Info@fasbd.com)  
Web: [www.fasbd.com](http://www.fasbd.com)

**Chattogram Branch**

Ayub Trade Center (4<sup>th</sup> Floor)  
1269/B, Sk. Mujib Road  
Agrabad Commercial Area  
Chattogram  
Phone: +88-031-711938  
E-mail: [chattogram@fasbd.com](mailto:chattogram@fasbd.com)

**Sylhet Branch**

Feroz Center (4<sup>th</sup> Floor)  
Chouhatta, Sylhet Sadar  
Sylhet-3100  
Phone: +88-0821-721689  
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**Extended Head Office**

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