

**Independent Auditor's Report
and
Audited Financial Statements
of
United Finance Limited**

As at and for the year ended 31 December 2023

**Independent Auditor's Report
To the Shareholders of United Finance Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Finance Limited (the "Company"), which comprise the balance sheet as at 31 December 2023 and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.1 and also comply with The Finance Company Act, 2023, The Company Act, 1994, the rules and regulations issued by the Bangladesh Bank, the rules and regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable laws and regulations.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to those matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Description of key audit matters	Our response to key audit matters
Measurement of provision for lease, loans and advances	
With reference to Note 12.6 to the Financial Statements, the process for calculating the provision for lease, loans and advances portfolio associated with credit risk is significant and complex. The Company calculates provision for lease, loans and advances by considering various factors such as rate of provision, loan category, expiry date, outstanding balance, interest suspense amount, value of eligible collateral as per DFIM	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> Credit appraisal, loan disbursement procedures, monitoring and provisioning process; Identification of loss events, including early warning and default warning indicators; Review of quarterly Classification of Loans (CL).

Description of key audit matters	Our response to key audit matters
<p>Circular No. 04 dated 26 July 2021 and its subsequent amendments.</p> <p>Through DFIM Circular No. 10 dated 4 September 2022, Bangladesh Bank issued guidelines for rescheduling and classification of Loans and Advances.</p> <p>According to DFIM Circular Letter No. 33 dated 19 December 2021, NBFIs must keep an extra 2% (percent) special provision for the borrowers who have availed Payment by Deferral (PBD) facilities. The Company has kept a special provision of BDT 5.46 million as of 31 December 2023 to comply with the circular.</p> <p>Moreover, classification of rescheduled Lease, Loans and Advances was determined as per DFIM Circular Letter No. 33 dated 19 December 2021, as per direction of Bangladesh Bank after six monthly overdue or two quarterly overdue rescheduled lease, loans and advances will become BL for those lease, loans and advances that was rescheduled after the aforementioned circular.</p> <p>In Bangladesh, non-performing loans have been increasing day by day. NBFIs need to maintain provisions for additional non-performing loans in line with the Bangladesh Bank's guidelines. The Company identifies impaired loan accounts and calculates required provisions manually. Furthermore, management has an incentive to maintain lower provisions for loans and advances to overstate profit. Considering these factors, we have considered measurement of provision for lease, loans and advances as significant risk as well as a key audit matter.</p> <p>At the year-end of 2023, the Company reported total gross lease, loans and advances of BDT 20,376.74 million (2022: BDT 20,220.59 million) whereas at the year end of 2023 the Company reported total provision for lease, loans and advances of BDT 679.12 million (2022: BDT 559.73 million).</p>	<p>Our substantive procedures in relation to the provision for lease, loans and advances portfolio comprised the following:</p> <p>For confirming the classification of rescheduled lease, loans and advances, we performed the following procedures:</p> <ul style="list-style-type: none"> • We checked the no. of installment outstanding and compliance with DFIM Circular No. 10 dated 4 September 2022; • Obtained Bangladesh Bank Inspection report on FICL audit for the year ended 2023 and checked either the directions or recommendations thereon, have been addressed by the management or not; • Reviewed the adequacy of the general and specific provisions and loan classification disclosures in the financial statements in line with related Bangladesh Bank guidelines; • Tested the inputs in computation of provision in terms of testing the accuracy of underlying information; • Assessed the methodologies on which the provision amounts based (value of eligible securities, interest suspense), recalculated the provisions for lease, loans and advances; • Checked the adequacy of the Company's general and specific provisions; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines;
See note no 12.6 to the financial statements	
Adequacy of income tax provision and reversal of excess provision during the year	
<p>At year end of 2023 the company reported provision for income tax of BDT 2,165.65 million (2022: BDT 2,075.51 million). Upon receiving the advice of consultant, the company has made a reversal entry for excess provision regarding 2010 of BDT 14.41 million. This has resulted in reduction in tax claim which were previously provided for, and accordingly a portion of these prior year excess income tax provision has been released through the profit and loss account during the year.</p> <p>The Company has followed the legal procedures with regards to disputes arising between UFL and DCT,</p>	<ul style="list-style-type: none"> • We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of income tax provision and the assumptions used in estimating various allowable and disallowable items to determine taxable income. • We also assessed the completeness and accuracy of the data used to prepare year-wise tax position summary for all pending tax assessments/appeals;

Description of key audit matters	Our response to key audit matters
<p>Appellate Tribunal and High Court. As a result, in the unfavorable situation additional tax provision might have been provided for against the respective order.</p> <p>As this unsettled tax disputes and reversal of income tax provision constitute material balance and significant judgment is required to assess potential tax liability in relation to pending tax assessments, we consider this as a key audit matter.</p>	<ul style="list-style-type: none"> • We have reviewed the assessment/appeal orders by the respective authorities; • We also reviewed the appeal ground of UFL; • We also obtained a letter from tax consultant to ascertain tax provision;
See note no 12.8 to the financial statements	
Recognition of interest income on lease, loans and advances	
<p>Recognition of interest income has a significant and wide influence on financial statements. Recognition and measurement of interest income have involved complex IT environments.</p> <p>We identify recognition of interest income from lease, loans and advances as a key audit matter because this is one of the key performance indicators of the Company and therefore there is an inherent risk of fraud and error and overstatement in recognition of interest by management to meet specific targets or expectations.</p> <p>Moreover, Bangladesh Bank has introduced SMART rate by DFIM Circular No. 07 dated 20 June 2023 and subsequent movement by DFIM Circular Letter No. 25 dated 29 November 2023 which has changed several times since inception.</p>	<p>We tested the design and operating effectiveness of key controls over recognition and measurement of interest on lease, loans and advances focusing on the following:</p> <ul style="list-style-type: none"> • Reviewing transfer of interests to the income account in line with the Bangladesh Bank's guideline; • Reviewed the grounds for approval for the transfer of interest to the income account. <p>We performed a test of operating effectiveness on automated control in place to measure and recognize interest income.</p> <p>We have also performed substantive procedure to check whether interest income is recognized completely and accurately in line with time-to-time movement of SMART rate published by Bangladesh Bank.</p> <p>However, due to the current uncertainty of the overall economic situation both in Bangladesh and Globally there are inherent risk that the judgment applied by Management in assessing recoverability of interest income from classified loans may be different than the actual situation in future.</p>
See note no 21 to the financial statements	
IT systems and controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p>

Description of key audit matters	Our response to key audit matters
	<p>We considered the control environment relating to various interfaces, configurations and other application layer controls identified as key to our audit.</p> <p>We performed the Tests of IT General Controls to evaluate the Application Development and Database, Hosting Platforms and segregation of incompatible duties relevant to application and database change management.</p>

Other Matter

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 23 March 2023.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this audit's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

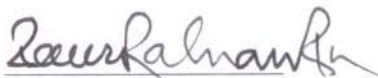
Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 2020, The Finance Company Act, 2023 and the rules and regulations issued by Bangladesh Bank, we also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- iv. the expenditures incurred 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 Finance Company Act, 2023 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 lease, loans & advances, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- vii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- viii. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- ix. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- x. taxes and other duties were collected to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- xi. nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- xiii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiv. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv. we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,300 person hours for the audit of the books and accounts of the Company;
- xvi. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvii. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report financial.

A. Qasem & Co.
Chartered Accountants
Firm Registration No.: 2-PC7202



Ziaur Rahman Zia, FCA

Partner

Enrolment Number: 1259

DVC: **2404281259AS278789**

Dhaka, Bangladesh

Dated: 24 April 2024

United Finance Limited
Balance Sheet
As at 31 December 2023

PROPERTY AND ASSETS	Notes	Amount in BDT	
		31-Dec-23	31-Dec-22
Cash	3		
In hand		1,539,500	1,290,000
Balance with Bangladesh Bank and its agent bank(s)		247,918,039	291,849,869
		<u>249,457,539</u>	<u>293,139,869</u>
Balance with banks and other financial institutions	4		
In Bangladesh		3,873,994,182	3,031,275,489
Outside Bangladesh		-	-
		<u>3,873,994,182</u>	<u>3,031,275,489</u>
Money at call and short notice	5	-	-
Investments	6		
Government		-	502,665
Others		1,541,556,389	1,041,644,369
		<u>1,541,556,389</u>	<u>1,042,147,034</u>
Lease, loans and advances	7		
Lease receivable		6,488,211,561	6,817,143,448
Loans, cash credits, overdrafts, etc.		13,888,526,314	13,403,451,362
		<u>20,376,737,875</u>	<u>20,220,594,810</u>
Fixed assets including land, building, furniture and fixtures	8	384,735,163	446,603,481
Other assets	9	2,392,039,815	2,149,458,067
Non - financial institutional assets		-	-
Total assets		<u>28,818,520,963</u>	<u>27,183,218,750</u>
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	10	7,181,251,670	5,617,589,299
Deposits and other accounts	11		
Current deposits and other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		13,697,882,363	14,178,306,705
Bearer certificates of deposit		-	-
Other deposits		548,199,357	448,968,336
		<u>14,246,081,720</u>	<u>14,627,275,041</u>
Other liabilities	12	4,149,950,446	3,746,663,698
Total liabilities		<u>25,577,283,837</u>	<u>23,991,528,037</u>
Capital / shareholders' equity			
Paid-up capital	13	1,871,146,140	1,871,146,140
Share premium	14	3,750,000	3,750,000
Statutory reserve	15	1,024,050,000	995,050,000
General reserve	16	190,000,000	190,000,000
Retained earnings	17	152,290,986	131,744,572
Total shareholders' equity		<u>3,241,237,126</u>	<u>3,191,690,712</u>
Total liabilities and shareholders' equity		<u>28,818,520,963</u>	<u>27,183,218,750</u>
Net asset value per share (NAV)	18	<u>17.32</u>	<u>17.06</u>
Restatement of NAV:			
Net asset		3,241,237,126	3,191,690,712
Number of outstanding shares (current year's)		187,114,614	187,114,614
NAV per share		<u>17.32</u>	<u>17.06</u>


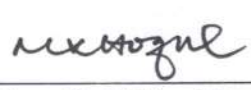

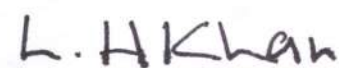


United Finance Limited
Balance Sheet
As at 31 December 2023

OFF-BALANCE SHEET ITEMS

	Notes	Amount in BDT	
		31-Dec-23	31-Dec-22
Contingent liabilities	19		
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	-
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		-	-

The annexed notes 1 to 50 form an integral part of these financial statements.

 Mohammad Rafiqul Islam Managing Director	 Professor Dr. Mahfuzul Hoque Independent Director	 Ormaan Rafay Nizam Director	 L. H. Khan Director
--	--	--	--

A. Qasem & Co.
Chartered Accountants
Firm Registration No.: 2-PC7202

Dhaka, Bangladesh
Dated: 24 April 2024


Ziaur Rahman Zia, FCA
Partner
Enrolment Number: 1259

DVC:
2404281259AS278789

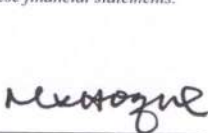



United Finance Limited
Profit and Loss Account
For the year ended 31 December 2023

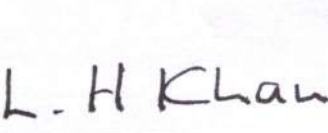
		Amount in BDT	
	Notes	31-Dec-23	31-Dec-22
OPERATING INCOME			
Interest income	21	2,153,534,957	2,087,240,968
Interest paid on deposits, borrowings, etc.	22	(1,353,422,091)	(1,221,276,143)
Net interest income		800,112,865	865,964,825
Investment income	23	112,795,800	76,321,715
Commission, exchange and brokerage		-	-
Other operating income	24	154,386,789	156,329,510
Total operating income (A)		1,067,295,455	1,098,616,051
OPERATING EXPENSES			
Salaries and allowances	25	547,561,360	544,280,541
Rent, taxes, insurance, electricity etc.	26	18,971,013	25,041,872
Legal expenses	27	25,888,550	21,245,777
Postage, stamp, telecommunication etc.	28	17,427,221	23,528,389
Stationery, printing, advertisements etc.	29	1,924,263	5,139,290
Managing Director's salary and benefits	30	1,250,000	8,786,250
Directors' fees	31	568,333	580,555
Auditors' fees	32	805,000	805,000
Charges on loan losses		-	-
Depreciation and repair of assets	33	98,972,758	101,325,687
Other expenses	34	38,569,220	53,027,114
Total operating expenses (B)		751,937,718	783,760,476
Profit before provision C=(A-B)		315,357,736	314,855,575
Provision for lease, loans and advances	35	88,777,406	132,862,745
Provision for diminution in value of investments		-	-
Other provision		-	20,000,000
Total provision (D)		88,777,406	152,862,745
Operating profit before taxes E=(C-D)		226,580,330	161,992,829
PROVISION FOR TAXATION			
Current Tax	36	90,131,515	18,558,188
Deferred Tax	36	(6,654,906)	897,744
Total provision for taxation (F)		83,476,609	19,455,932
Net profit after taxation (E-F)		143,103,721	142,536,897
Appropriations			
Statutory reserve	15	29,000,000	28,600,000
General reserve	16	-	-
Dividends, etc.		-	-
Retained surplus		29,000,000	28,600,000
		114,103,721	113,936,897
Earnings per share (EPS)			
	37	0.76	0.76

The annexed notes 1 to 50 form an integral part of these financial statements.


Mohammad Rafiqul Islam
Managing Director



Professor Dr. Mahfuzul Hoque
Independent Director


Ormaan Rafay Nizam
Director


L. H. Khan
Director

A. Qasem & Co.
Chartered Accountants
Firm Registration No.: 2-PC7202

Dhaka, Bangladesh
Dated: 24 April 2024


Ziaur Rahman, FCA
Partner
Enrolment Number: 1259




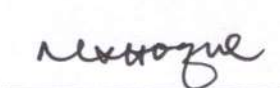
DVC: **2404281259A5278789**

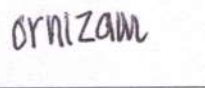
United Finance Limited
Cash Flow Statement
for the year ended 31 December 2023

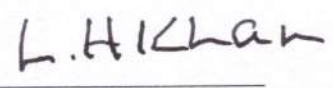
	Notes	Amount in BDT	
		31-Dec-23	31-Dec-22
A) Cash flows from operating activities			
Interest receipts		2,062,040,395	2,039,898,727
Interest payments		(1,331,326,793)	(1,173,729,763)
Dividend receipts		84,684,528	56,630,892
Amount realised from written off clients	7.8 (xi) d.	40,355,828	24,608,505
Payments to employees		(548,811,360)	(559,335,232)
Payments to suppliers		(267,187,753)	(267,518,423)
Income taxes paid	9.4	(84,472,587)	(106,233,751)
Receipts from other operating activities	38	106,684,990	156,691,395
Payments for other operating activities	39	(64,602,925)	(84,792,563)
Cash generated from operating activities before changes in operating assets and liabilities		(2,635,677)	86,219,788
Changes in operating assets and liabilities			
Lease, loans and advances		(115,301,761)	(2,957,355,873)
Other assets		(31,642,832)	7,037,067
Right-of-use assets		-	(12,212,852)
Term and other deposits		(381,193,320)	961,914,852
Accrued expenses and payables		140,647,395	14,820,273
Short term loan		290,167,472	(544,208,606)
Interest suspense		60,814,954	21,732,048
Deferred liability-employees gratuity		2,993,983	(1,472,821)
Other liabilities		178,443,341	89,835,258
		<u>144,929,232</u>	<u>(2,419,910,652)</u>
Net cash from/(used in) operating activities		142,293,554	(2,333,690,864)
B) Cash flows from investing activities			
Investment in shares		(703,200,000)	(500,575,420)
Investment in Govt. Securities		-	(98,483,300)
Redemption of Govt. Securities		502,665	98,982,189
Redemption/sale of shares		173,287,980	145,018,179
Redemption of commercial Bond		30,000,000	110,000,000
Purchase of fixed assets		(28,578,137)	(82,277,992)
Proceeds from sale of fixed assets		6,620,950	5,322,744
Net cash used in investing activities		(521,366,542)	(322,013,598)
C) Cash flows from financing activities			
Receipts of long term loan		4,228,182,926	2,832,271,148
Repayments of long term loan		(2,954,688,027)	(2,048,653,444)
Dividend paid		(95,385,548)	(188,004,013)
Net cash from financing activities		1,178,109,351	595,613,691
D) Net increase/(decrease) in cash and cash equivalents (A + B + C)		799,036,364	(2,060,090,771)
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		3,324,415,358	5,384,506,129
G) Cash and cash equivalents at end of the year (D+E+F)		4,123,451,722	3,324,415,358
Cash and cash equivalents at end of the year			
Cash in hand		1,539,500	1,290,000
Balance with Bangladesh Bank and its agent bank(s)		247,918,039	291,849,869
Balance with banks and other financial institutions		3,873,994,182	3,031,275,489
Money at call and short notice		-	-
		<u>4,123,451,722</u>	<u>3,324,415,358</u>
Net operating cash flows per share		0.76	(12.47)

The annexed notes 1 to 50 form an integral part of these financial statements.


Mohammad Rafiqul Islam
Managing Director


Professor Dr. Mahfuzul Hoque
Independent Director


Ormaan Rafay Nizam
Director


L. H. Khan
Director



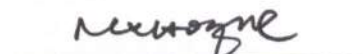
United Finance Limited
Statement of Changes in Equity
for the year ended 31 December 2023

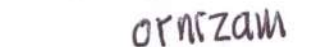
Amount in BDT


Particulars	Paid-up capital	Share premium	Statutory reserve	General reserve	Retained earnings	Total
Balance as at 01 January, 2022	1,871,146,140	3,750,000	966,450,000	190,000,000	204,922,289	3,236,268,429
Cash dividend paid for the year 2021	-	-	-	-	(187,114,614)	(187,114,614)
Issuance of bonus share for the year 2021	-	-	-	-	-	-
Net profit after tax for the year 2022	-	-	-	-	142,536,897	142,536,897
Movement of general reserve	-	-	-	-	-	-
Appropriation made during the year	-	-	28,600,000	-	(28,600,000)	-
Balance as at 31 December, 2022	1,871,146,140	3,750,000	995,050,000	190,000,000	131,744,572	3,191,690,712
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 income statement	-	-	-	-	-	-
Issuance of bonus share for the year 2022	-	-	-	-	-	-
Cash dividend for the year 2022	-	-	-	-	(93,557,307)	(93,557,307)
Net profit after taxation for the year	-	-	-	-	143,103,721	143,103,721
Movement of general reserve	-	-	-	-	-	-
Appropriation made during the year	-	-	29,000,000	-	(29,000,000)	-
Balance as at 31 December, 2023	1,871,146,140	3,750,000	1,024,050,000	190,000,000	152,290,986	3,241,237,126

The annexed notes 1 to 50 form an integral part of these financial statements.


Mohammad Rafiqul Islam
Managing Director


Professor Dr. Mahfuzul Hoque
Independent Director


Ormaan Rafay Nizam
Director


L. H. Khan
Director

Dhaka, Bangladesh
Dated: 24 April 2024



United Finance Limited
Liquidity Statement
As at 31 December 2023
(Analysis of maturity of assets and liabilities)


(Amount in BDT)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	1,539,500	-	-	-	-	1,539,500
Balance with Bangladesh Bank and its agent bank(s)	247,918,039	-	-	-	-	247,918,039
Balance with banks and other financial institutions	816,494,182	1,580,000,000	1,477,500,000	-	-	3,873,994,182
Money at call and short notice	-	-	-	-	-	-
Investments	43,794,019	57,762,370	257,500,000	1,167,500,000	15,000,000	1,541,556,389
Leases, loans and advances	1,021,946,494	1,787,090,662	6,114,692,439	8,785,885,315	2,667,122,965	20,376,737,875
Fixed assets including land, building, furniture and fixtures	-	-	-	-	384,735,163	384,735,163
Other assets	-	-	325,460,632	18,862,163	2,047,717,019	2,392,039,815
Total assets (A):	2,131,692,234	3,424,853,032	8,175,153,071	9,972,247,478	5,114,575,147	28,818,520,963
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	197,509,960	857,847,543	3,942,669,554	2,179,268,695	3,955,917	7,181,251,670
Term deposits	1,595,558,309	1,991,570,514	2,889,175,315	7,199,243,562	22,334,661	13,697,882,362
Other deposits	28,752,579	50,537,994	172,908,068	236,271,442	59,729,274	548,199,357
Other liabilities	103,975,029	187,474,620	404,164,144	2,566,892,149	887,444,505	4,149,950,446
Total liabilities (B):	1,925,795,878	3,087,430,671	7,408,917,081	12,181,675,849	973,464,357	25,577,283,836
Net liquidity gap (A - B):	205,896,357	337,422,361	766,235,990	(2,209,428,371)	4,141,110,791	3,241,237,127

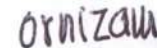
The annexed notes 1 to 50 form an integral part of these financial statements.



Mohammad Rafiqul Islam
Managing Director



Professor Dr. Mahfuzul Hoque
Independent Director



Ormaan Rafay Nizam
Director



L. H. Khan
Director

Dhaka, Bangladesh
Dated: 24 April 2024



United Finance Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2023

1 General information

1.1 Domicile and legal form

The Company is domiciled in Bangladesh. It was granted license under the Financial Institutions Act, 1993. The Company was incorporated on 27 April 1989 under the Companies Act, 1913 (amended in 1994). Its registration number is C-18484(338)/89. The shares of the Company are quoted on the Dhaka Stock Exchange Limited since 1994 and are transacted in dematerialized form through Central Depository Bangladesh Limited since 14 October 2004. The Company has its registered office at Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka.

1.2 Nature of operations and principal activities

The Company provides financial services which includes lease finance for acquiring assets for industrial and commercial use, term loans for meeting long term funding requirement, short-term working capital solutions and home loans to cater the needs of its diverse client base. The Company offers various deposit investment opportunities of predefined tenure ranging from 3 months to 11 years 3 months.

2 Summary of significant accounting policies and basis of preparation of the financial statements

2.1 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015 and subsequently the Financial Reporting Council (FRC) has been formed but yet to issue financial reporting standards for public interest entities such as non-banking financial institutions. Hence International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Company is continued to be prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Finance Company Act, 2023 (replacing Financial Institutions Act, 1993), the rules and regulations issued by Bangladesh Bank (BB), the Companies Act, 1994. In case any requirement of the Finance Company Act, 2023, regulations & circulars issued by Bangladesh Bank and FRA's requirement differ with those of IFRSs and FRC's requirements, the requirements of the Finance Company Act, 2023, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRS are as follows:

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9: classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit and loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per FID Circular No. 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

Financial or presentation effect of the departure: Financial statements for 2023 and corresponding year 2022 have been prepared as per guideline (FID Circular No. 08 dated 03 August 2002) of Bangladesh Bank. During this year, there is no impact in the financial statements due to this departure as market price of share are more than cost price.



ii) Provision for lease, loans and advances

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 months expected credit losses.

Bangladesh Bank: As per DFIM Circular No. 04 dated 26 July 2021, DFIM Circular no 10 dated 03 October 2021, DFIM Circular no 33 dated 19 December 2021, DFIM letter no DFIM(P)1052/27/2022-35 dated 02 January 2022 and DFIM Circular no 10 dated 04 September 2022 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for lease, loans and advances depending on the duration of overdue.

Financial or presentation effect of the departure: Financial statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 04 dated 26 July 2021, DFIM Circular no 10 dated 03 October 2021, DFIM Circular no 33 dated 19 December 2021, DFIM letter no DFIM(P)1052/27/2022-35 dated 02 January 2022 and DFIM Circular no 10 dated 04 September 2022) of Bangladesh Bank. An amount of BDT 88.78 million has been charged as incremental provision for lease, loans and advances for 2023. As at 31 December 2023 accumulated provision for lease, loans and advances stand at BDT 679.12 million.

iii) Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

Bangladesh Bank: As per DFIM Circular No. 04 dated 26 July 2021, once a loan reaches SMA status, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

Financial or presentation effect of the departure: Financial statements for 2023 and corresponding year 2022 have been prepared as per guideline (As per DFIM Circular No. 04 dated 26 July 2021) of Bangladesh Bank. At the year end, interest suspense account has increased to BDT 241.79 million from BDT 180.97 million resulting in an increase of BDT 60.81 million of interest suspense. This amount has been shown in other liabilities in note 12.3.

iv) Presentation and disclosure of financial statements and financial instruments

IFRS: Other comprehensive income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement. IAS 32 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all NBFIs. The templates of financial statements issued by Bangladesh Bank neither include other comprehensive income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a single comprehensive income statement. As per Bangladesh Bank guidelines, financial instruments are categorised, recognised and measured differently from those prescribed in IAS 39. As such some disclosure and presentation requirements of IFRS 7 and IAS 32 have not been made in the accounts.

Financial or presentation effect of the departure: Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.



v) Cash flow statement

IAS: As per IAS 7: Statement of cash flows, the cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per DFIM Circular No. 11 dated 23 December 2009, cash flow is the combination of direct and indirect methods.

Financial or presentation effect of the departure: Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.

vi) Cash and cash equivalent

IAS: As per IAS 7: Statement of cash flows, cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period. In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is liquid asset and not available for use in day to day operations.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11 dated 23 December 2009 which will strictly be followed by all NBFIs. The templates of financial statements provided detail presentation for statement of cash flows.

Financial or presentation effect of the departure: Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline issued through DFIM Circular No. 11 dated 23 December 2009 of Bangladesh Bank.

vii) Current/Non-current distinction

IAS: As per Para 60 of IAS 1: Presentation of Financial Statements, "An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position".

Bangladesh Bank: As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities.

Financial or presentation effect of the departure: Financial statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.

viii) Intangible assets

IAS: As per IAS 1: Presentation of Financial Statements, para 54: the statement of financial position shall include separate line item for intangible assets.

Bangladesh Bank: As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.

Financial or presentation effect of the departure: Financial Statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.

ix) Off-balance sheet items

IFRS and IAS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

Financial or presentation effect of the departure: Financial statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank. There is no financial impact in the financial statements for this departure.

x) Complete set of financial statements

IAS: As per IAS 1: Presentation of financial statements, complete set of financial statements comprises:

- i) a statement of financial position as at the end of the period;
- ii) a statement of profit or loss and other comprehensive income for the period;
- iii) a statement of changes in equity for the period;
- iv) a statement of cash flow for the period;
- v) notes, comprising significant accounting policies and other explanatory information;
- vi) comparative information in respect of the preceding period; and
- vii) a statement of financial position at the beginning of preceding period for retrospective restatement.

Bangladesh Bank: As per DFIM Circular No. 11 dated 23 December 2009, complete set of financial statements includes:

- i) balance sheet;
- ii) profit and loss account;
- iii) statement of changes in equity;
- iv) statement of cash flows;
- v) statement of liquidity; and
- vi) notes, comprising significant accounting policies and other explanatory information.

Financial or presentation effect of the departure: Financial statements for 2023 and corresponding year 2022 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank. There is no financial impact in the financial statements for this departure.

2.2 Basis of preparation of the financial statements

The financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are stated at market value in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Finance Company Act, 2023, Securities and Exchange Rules, 1987 & the (Listing) Regulations, 2015 of Dhaka Stock Exchanges and other applicable laws and regulations.

2.3 Use of estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires disclosure of contingent assets and liabilities as at the date of the financial statements. The estimate and assumptions are based on previous experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and the revisions to accounting estimates are recognised in the period in which the estimates are revised.



2.4 Reporting currency and level of exactitude

The figures in the financial statements have been stated in Bangladeshi Taka (BDT/Taka/Tk.) which is the functional currency of the Company and have been rounded off to the nearest integer.

2.5 Comparative information

Prior year figures and account titles have been rearranged to conform current year's presentation in accordance with the Bangladesh Bank DFIM Circular No. 11 dated 23 December 2009.

2.6 Authorisation for issue of the financial statements

The Board of Directors of the Company has authorised these financial statements for issue on 24 April 2024.

2.7 Materiality of financial statements

Each material item, as considered by management significant, has been presented separately in the financial statements wherever applicable.

2.8 Cash flow statement

Cash flow statement has been prepared as per guidelines of DFIM Circular No. 11 dated 23 December 2009 of Bangladesh Bank.

2.9 Statement of changes in equity

Statement of changes in equity is prepared in accordance with IAS 1: Presentation of Financial Statements and Bangladesh Bank DFIM Circular No. 11 dated 23 December 2009 which reflects the increase and decrease in net assets or wealth.

2.10 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with Bangladesh Bank DFIM Circular No. 11 dated 23 December 2009 on residual maturity term of assets and liabilities as on the reporting date based on the following assumptions:

- i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;
- ii) Investments are on the basis of their respective maturity;
- iii) Lease, loans and advances are on the basis of their repayment schedule;
- iv) Fixed assets are on the basis of their remaining life;
- v) Other assets are on the basis of their realisation/amortisation;
- vi) Borrowing from other banks, financial institutions and agents, etc. are as per their maturity/repayment terms;
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal; and
- viii) Provisions and other liabilities are on the basis of their payment/adjustments schedule.

2.11 Assets and basis of their valuation

2.11.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held at call with banks and financial institutions and short term liquid investments that are readily convertible to known amount of cash which are unlikely to be affected by any insignificant risk of change in value.



2.11.2 Accounting for leases

Following IFRS 16: Leases, accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of net lease receivables over the total acquisition cost constitutes the unearned lease income.

The unearned lease income is amortised to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, are charged in the year in which such costs are incurred.

2.11.3 Accounting for loans

Receivables against term loans including short term loan and home loan comprises principal amounts due from customers against these loans. Accrued interest thereon are accounted for on accrual basis and shown separately.

2.11.4 Accounting for investment

Recognition

The Company recognises financial assets in its financial statements when, and only when, the entity becomes a party to the contractual position of the instrument.

Classification

The Company classifies financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Subsequent measurement

Investment in quoted and unquoted shares are revalued at the end of each reporting period at market price and are compared with book value. Provisions are made for any loss arising from diminution in value of the investment. In case of any unrealised gain, no such gain is recognised in order to comply with FID circular No. 8 dated 3 August 2002 of Bangladesh Bank.

2.11.5 Accounting for leases for office rent (IFRS-16)

United Finance, as a Lessee, recognises a right-of-use (ROU) asset representing its right to use of the underlying leased assets and corresponding lease liability representing its obligation to make lease payments for office rent agreements with effect from 01 January 2019. The ROU asset and lease liability are recognised in the financial statements considering the incremental borrowing rate.

The ROU asset is depreciated using the straight line method from the beginning to the end of useful life of the ROU asset or end of the lease term (note-8).

The lease liability is initially measured at the present value of the lease payments that are adjusted for monthly payments. Lease payments are recorded to profit and loss account as depreciation and finance charges (note-12, 22 and 33).

The ROU asset and lease liability will be re-measured when there is a change in future lease payments arising from a change in borrowing rate and corresponding adjustments will be recorded.

2.11.6 Fixed assets and depreciation

Recognition

The cost of an item of fixed assets is recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The cost comprises purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use inclusive of duties and non-refundable taxes.

Subsequent costs of enhancement of existing assets are recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of such items can be measured reliably. All other expenditures are charged to the profit and Loss account during the financial period in which they are incurred.

Depreciation

Depreciation is charged based on straight line method throughout the estimated span of useful life. For addition to fixed assets, depreciation is charged for the month in which it becomes available for use. No depreciation is charged for the month of disposal. The rates of depreciation used are as follows:

Furniture and fixture	12.50%
Office equipment	15.00%
Electrical equipment	20.00%
Motor vehicle	20.00%
Office space	2.50%
Software	20.00% - 33.33%
Right-of-use assets	Different rates are charged on assets based on respective agreement tenures.

Derecognition

An item of fixed assets is de-recognised on its disposal. The gain or loss arising from de-recognition of an asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The gain or loss on de-recognition of an fixed asset is recognised in profit and loss account.

2.11.7 Intangible assets

Recognition

Intangible assets include the value of business and office operation software acquired separately and are recognised at cost and are carried at cost less accumulated amortisation.

Subsequent expenditure on intangible assets is recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of such software can be measured reliably.

Amortisation

An intangible asset that is assessed as having a finite useful life is amortised on a straight line basis over a period of useful life based on the management best estimates of 3 or 5 years.

An intangible asset with indefinite useful lives will be tested for impairment annually or whenever there is an indication of impairment.



2.11.8 Account receivable

Account receivable at the balance sheet date is stated at amounts which are considered realisable. Specific allowance is made for receivables considered to be doubtful for recovery.

2.12 Liabilities and basis of their valuation

2.12.1 Provision for doubtful assets

Provisions, specific and general, are made on outstanding exposure on the basis of quarter end review by the management as per Bangladesh Bank's provision policy.

The Company has made excess provision than the regulatory requirement on the basis of management's assessment where there are possibilities of impairment in future.

2.12.2 Income taxes

Tax expenses comprises of current tax and deferred tax.

Current tax

Provision for current tax has been made on taxable business income @ 37.5% considering allowable expenses and @ 20% on dividend income and @ 10% on capital gain on sale of marketable securities as per Income Tax Act 2023.

Deferred tax

Deferred tax is provided using the balance sheet approach for all temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Tax rate @ 37.5% is used to determine deferred tax.

2.12.3 Provision for accrued expenses

Provisions have been recognised in the balance sheet as follows:

- when the Company has a present obligation, legal or constructive as a result of a past event;
- when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- when a reliable estimate can be made of the amount of the obligation.

2.12.4 Employee benefits

Short term benefits

Salaries, bonuses and allowances are recognised as an expense when associated services are rendered by the employees of the Company.

Defined contribution plan

The Company operates a contributory Provident Fund approved by National Board of Revenue (NBR), for its permanent employees. The Provident Fund is administered by the Board of Trustees and is funded by equal contributions both by the permanent employees and the Company @10% of basic salary of the employees. The Company recognises the contribution to the defined benefit plan as an expense when associated services are rendered by the employees in exchange for those contributions.



Defined benefit plan

The Company operates a funded Gratuity Scheme approved by National Board of Revenue (NBR), for its permanent employees. Employees are entitled to gratuity benefit after completion of six months of continuous service with the Company. Length of service is counted from the date of joining. The Company is contributing to the fund as advised by the actuary in the actuarial valuation report. Provision for Gratuity Scheme is accounted for as an expense under salaries and allowances.

Other employee benefits

The Company operates a group life insurance scheme for its permanent employees. The premium of insurance scheme is accounted for as expense in the financial year in which the associated services are rendered by the employees.

2.12.5 Contingent liabilities and contingent assets

The contingent liabilities and contingent assets are not reflected in the balance sheet but the existence of contingent liability is disclosed in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognised because outflow of resources is not likely or obligation cannot be measured reliably.

2.12.6 Proposed dividend

Dividend proposed by the Board of Directors for the year is recognised and is accounted for after approval by the shareholders at the annual general meeting.

2.13 Revenue recognition

2.13.1 Income from long term and short term finance

Income from long and short term finance is recognised as revenue when the interest is due. However, income accrued against loans with classification status of Special Mention Account (SMA) and below is not recognised as revenue but transferred to interest suspense account following DFIM Circular No. 04 dated 26 July 2021. Suspended interest is recognised as income only when it is received.

2.13.2 Lease income

Lease income, that is the excess of gross lease rentals receivable over the cost of the leased asset, represents the total unearned income at the time of execution of lease. The unearned income is allocated over the period of lease in a pattern reflecting a constant return on the net investment. However, income accrued against leases with classification status of Special Mention Account (SMA) and below is not recognised as revenue but transferred to interest suspense account following DFIM Circular No. 04 dated 26 July 2021. Suspended interest is recognised as income only when it is received.

2.13.3 Income from dividend

Dividend income from investments in listed equity shares is recognised during the period in which they are declared in the Annual General Meeting irrespective of receipt. Dividend income from preference shares is recognised on accrual basis considering the establishment of right to receive the same.

2.13.4 Income from deposits (maintaining with Banks and NBFIs)

Interests from short term deposits and fixed deposits are recognised on an accrual basis taking into account the principal outstanding and the effective rate over period of maturity.



2.13.5 Fee based income

Fee based income is recognised as revenue when it is received.

2.13.6 Interest paid on deposits, borrowing, etc.

Interest paid comprises of the interest payable on external borrowings and individual and institutional deposits and are recognized as they accrue.

2.13.7 Impairment of assets

The carrying amount of the fixed assets and intangible assets are reviewed at each reporting date or whenever there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognised in the profit and loss account.

2.14 Related party disclosure

The Company carried out transaction in the ordinary course of business on an arms-length basis with its related parties. Parties are considered as related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions have been disclosed in note 43. Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials and do not involve more than a normal risk.

2.15 Earnings per share

Earnings per share has been calculated in accordance with IAS 33: Earnings Per Share and has been shown on the face of profit and loss account and computation is stated in note-37.

2.16 Events after the reporting period

The financial statements were authorised for issue on 24 April 2024 by the Board of Directors of the Company who has the power to amend the financial statements after issue. There is no significant event that has occurred between the Balance Sheet date and the date when the financial statements were authorised for issue by the Board of Directors of the Company.

Subsequent to the Balance Sheet date, the Board of Directors recommended BDT 0.60 per share as cash dividend (6%) in its Board of Directors meeting held on 24 April, 2024. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM). Except the fact as stated above, no circumstances have arisen since the Balance Sheet date which would require adjustments, or disclosure in the financial statements.

2.17 Financial risk management policies and objectives

The Board of Directors of the Company sets the overall risk appetite and philosophy; the risk and capital framework underpins delivery of the Board's strategy. It is the Company policy to optimise returns while maintaining a strong capital base and credit rating to support business growth and meet regulatory capital requirements at all times. A structured and hands-on risk management system is in place within the Company to address risks relating to credit, market, liquidity, operations, money laundering and terrorist financing, and other additional risks.



2.17.1 Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their loan repayment obligations. The Company has segregated duties for the officers involved in credit-related activities. The major activities are divided amongst the Credit Department (credit evaluation), Credit Administration Department (credit administration), and Collection and Special Assets Management Department (credit monitoring and recovery).

A detailed Credit Risk Management Policy and guidelines exists adopting industry best practices and Bangladesh Bank guidelines to mitigate credit risks. This includes maintaining a policy for restricting maximum exposure to a single entity; a policy for risk-based pricing; and considerations of key industry parameters in the pre-financing phase. Furthermore, an internal risk-based approach in evaluating risks and credit reports from the Credit Information Bureau helps to minimize risk of default.

2.17.2 Market risk

Market risk can be defined as the risk of losses in on and off-balance sheet positions of a Financial Institutions (FI) arising from adverse movements in market rates or prices such as interest rates, equity prices, foreign exchange rates, commodity prices and general credit spreads. The Company is exposed to market risk because of positions held in its lending portfolios and its non-interest investments.

Interest rate risk arises when the value of an FI's cash flows changes due to a change in the absolute level of interest rate. It is managed daily by Treasury department and reviewed monthly by Asset Liability Committee (ALCO) to monitor interest rate movements and devise alternatives to mitigate possible interest rate risks.

Equity risks can result from changes in the Company's non-interest income and reserves arising from changes in equity prices/income of the equity portfolio held by the Company. Such exposure may take the form of listed and unlisted equity. The type, nature and amount of equity exposure held by the Company is trivial compared to its exposure in other earning assets. The market value of the equity assets held by the Company at the balance sheet date is markedly higher than the cost price.

Finally, volatilities in markets where the Company operates – and the macroeconomic situation in general – are monitored by the Business Intelligence department, through analyses of macroeconomic data and government policies, and major market news and indicators.

2.17.3 Liquidity risk

Liquidity risk is the risk when the Company is unable to meet its financial obligations as they fall due. The Company's liquidity policy is designed to ensure that it can meet its financial obligations as they fall due at all times. Liquidity management focuses on overall balance sheet structure and the control of risks arising from the exposure due to the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent liabilities. The management of liquidity risk is carried out by the Treasury department under Board-approved policy guidelines.

Compliance in liquidity management is monitored and coordinated by Treasury both in respect of internal policy and the regulatory requirements. The liquidity management is monitored by ALCO on a regular basis, and contingency plans are prepared for managing stressed /extreme situations.

2.17.4 Operational risk

Operational risk of losses arises from failures of the processes, policies, and systems that disrupt the business. There are four main categories of operational risks: people risk, process risk, system risk, and legal/compliance risk.

People risk represents the inadequacies in human capital of the Company. The primary risk from failure to attract, manage, motivate, develop and retain competent resources and talent. The Human Resources function and respective department managers are always vigilant to mitigate all people risks.

Process risk arises from failed internal business processes. The Company retains a Business Process Re-engineering department to constantly improve on the effectiveness and robustness of its internal processes and guidelines.

System risk arises from failed internal systems. This encompasses risks related to branch connectivity, MIS and other banking solutions, as well as other technical systems. The Company undergoes regular system audit to identify potential weaknesses and vulnerabilities.

In addition to the above, the Risk Management Forum (RMF) is responsible for identifying operational risks and take steps to mitigate such risks. The Forum routinely reviews operational processes and evaluates the process in terms of efficiency and adequacy of the process to ensure adequate control.

2.17.5 Prevention of money laundering and anti-terrorism

Money Laundering & Terrorist Financing risk is defined as the loss incurred as penalty and damages in reputation for being negligent in upholding Anti-Money Laundering & Anti-Terrorism Acts. In order to manage the risk, the Company has set up a strict program in line with Prevention of Money Laundering and Anti-Terrorism Act and Bangladesh Bank guidelines.

The Company has assigned a Chief Anti-Money Laundering Compliance Officer (CAMLCO) at the Head Office and Branch Anti-Money Laundering Compliance Officers (BAMLCO) at branches to independently review transactions of accounts to verify suspicious transactions. The Company developed guidelines to ensure proper and strict adherence to the terms of the Prevention of Money Laundering & Anti-Terrorism Act. In addition, continuous training is being imparted to officers and executives at all levels to enhance expertise in identifying suspicious activities and transactions.

2.18 Additional risks

As per DFIM Circular No.03 of 2016, Integrated Risk Management Guidelines for Financial Institutions, there are additional risks that are addressed by the Company. Key risks among these are:

2.18.1 Reputation risk

Reputation risks are risks that arise from negative publicity regarding the Company and its operations. The RMF of the Company has in place metrics to monitor all relevant non-financial reputational risks relating to the Company.

2.18.2 Strategic risk

Strategic risks arise from poor business decisions, sub-par execution of strategy, or failure to respond to changes in business environment.

In mitigating Strategic Risk, the Company has increasingly been reliant on data-driven decision-making; with the creation of the Business Analytics wing to assist senior management by providing actionable intelligence and enabling informed strategic decision-making.

2.18.3 Compliance risk

Compliance risk is the risk of legal sanction or material loss arising from the Company's failure to adhere to laws, its own regulations, codes of conduct, standards of best practices, or the possibility of incorrect interpretation of laws or regulations.

Compliance risk management is embedded in the day-to-day to operations of the Company. Relevant departments are informed of latest legal and regulatory requirements. Routine reviews of internal policies are conducted to ensure that they are in line with the prevailing laws and regulations.



2.18.4 Environmental and Social risk

Environmental and Social Risk is becoming an increasingly more important part of the risk management framework. Physical risks arising from climate change are well-established, and pose a veritable cost of transition to individuals, corporations and societies alike. The Company is and has always been committed to ensuring the highest standards in its pursuit of sustainability in every avenue of its activities to reduce the harmful effects of its operations on the planet.

To ensure that every aspect of the Company remains socially responsible, the company ensures that it does not finance sectors that are deemed to have a negative impact on society by performing an Environmental and Social Due Diligence (ESDD) as part of its credit appraisal process. Emphasis is given to initiatives that are considered green and sustainable. With the help of an exclusion list, the Company is also able to avoid high environmental risks associated with any financing.

By subscribing to the Global Reporting Initiative's "Core Option", the Company reaffirms its commitment to a more equitable and resilient planet through bringing transparency in reporting of its own and financing operations' impact on the environment and society.



	Notes	As at 31 December	
		2023	2022
		BDT	BDT
3 Cash			
Cash in hand	3.1	1,539,500	1,290,000
Balance with Bangladesh Bank and its agent bank(s)	3.2	247,918,039	291,849,869
		<u>249,457,539</u>	<u>293,139,869</u>
3.1 Cash in hand			
In local currency		1,539,500	1,290,000
In foreign currency		-	-
		<u>1,539,500</u>	<u>1,290,000</u>
3.2 Balance with Bangladesh Bank and its agent bank(s)			
In local currency (with Bangladesh Bank)		247,918,039	291,849,869
Sonali Bank as agent of Bangladesh Bank (local currency)		-	-
		<u>247,918,039</u>	<u>291,849,869</u>
3.3 Statutory deposits			
Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)			
Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 9 of the Finance Company Act 2023, regulation 5 of the Financial Institution Regulations 1994 and FID Circular No. 6 dated 06 November 2003 and FID Circular No. 02 dated 10 November 2004 and DFIM Circular No. 03 dated 21 June, 2020 and DFIM circular no. 27 dated 23 August, 2021.			
The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 1.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the total liabilities has been maintained in the form of balance with Bangladesh Bank, other Banks and Financial Institutions. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:			
a) Cash Reserve Requirement (CRR)			
Actual reserve maintained	3.2	247,918,039	291,849,869
Required reserve (1.5% on Public deposits)		215,676,058	202,979,788
Surplus		<u>32,241,982</u>	<u>88,870,081</u>
b) Statutory Liquidity Reserve (SLR)			
Actual reserve maintained including CRR	3.4	1,753,451,722	1,404,415,358
Required reserve (5% on average total liabilities)		871,737,605	827,588,954
Surplus		<u>881,714,117</u>	<u>576,826,404</u>
The surplus for SLR mostly comprises of interest earnings deposits maintained as fixed deposit (Free FDR) of BDT 825 million which were maintained with different Banks and Financial Institutions.			
3.4 Actual reserve maintained (including CRR)			
Cash in hand		1,539,500	1,290,000
Balance with Bangladesh Bank and its agent bank(s)		247,918,039	291,849,869
Balance with banks and other financial institutions (except lien FDR)		1,503,994,182	1,111,275,489
		<u>1,753,451,722</u>	<u>1,404,415,358</u>
4 Balance with banks and other financial institutions			
In Bangladesh	4.1	3,873,994,182	3,031,275,489
Outside Bangladesh		-	-
		<u>3,873,994,182</u>	<u>3,031,275,489</u>
4.1 In Bangladesh			
<u>Current deposits</u>		-	4,239
Bank Al-Falah Limited		13,147,426	178,682
Bank Asia Limited		79,796,990	12,029,338
Brac Bank PLC.		98,765,506	-
Citi Bank N.A.		1,150,049	1,277,561
Dutch-Bangla Bank PLC.		7,196,896	9,583,183
Eastern Bank PLC.		-	330,668
IFIC Bank PLC.		-	259,500
National Bank Limited		22,318,819	102,079,612
One Bank PLC.		6,536,229	87,327,467
Pubali Bank PLC.		6,646	267,718
Sonali Bank PLC.		7,826	7,906
Standard Bank PLC.		-	3,100,021
Standard Chartered Bank		306,354	217,458
City Bank PLC.		22,781,604	108,230,028
United Commercial Bank PLC.		<u>252,014,344</u>	<u>324,893,379</u>



		As at 31 December	
		2023	2022
Notes		BDT	BDT
Short-term deposit (STD)			
Bank Asia Limited		-	14,812,768
Dutch-Bangla Bank PLC.		-	1,393,670
Mutual Trust Bank PLC.		100,827,221	805,174
National Credit & Commerce Bank PLC.		-	149,629
Standard Bank PLC.		16,092,579	12,976,308
Standard Chartered Bank		4,657,813	31,666,372
United Commercial Bank PLC.		305,402,225	29,997,494
		426,979,838	91,801,414
Fixed deposits			
AB Bank PLC.		-	5,000,000
Brac Bank PLC.		400,000,000	200,000,000
Commercial Bank Of Ceylon PLC		400,000,000	100,000,000
Dhaka Bank PLC.		-	150,000,000
Eastern Bank PLC.		200,000,000	200,000,000
Mercantile Bank PLC.		-	35,015,000
Mutual Trust Bank PLC.		400,000,000	200,000,000
National Credit & Commerce Bank PLC.		-	160,000,000
One Bank PLC.		-	135,000,000
Pubali Bank PLC.		350,000,000	354,565,695
Standard Bank PLC.		-	100,000,000
City Bank PLC.		370,000,000	-
United Commercial Bank PLC.		350,000,000	350,000,000
IDLC Finance PLC.		200,000,000	100,000,000
IPDC Finance Limited		300,000,000	300,000,000
Bangladesh Industrial Finance Company Limited (BIFC)		115,000,000	115,000,000
Fareast Finance & Investment Limited		110,000,000	110,000,000
		3,195,000,000	2,614,580,695
		3,873,994,182	3,031,275,489
4.2 Maturity grouping of balance with banks and other financial institutions			
On demand		252,014,344	416,694,794
Up to 1 month		564,479,838	770,000,000
Over 1 month but not more than 3 months		1,580,000,000	1,224,615,695
Over 3 months but not more than 6 months		510,000,000	619,965,000
Over 6 months but not more than 1 year		967,500,000	-
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		3,873,994,182	3,031,275,489
5 Money at call and short notice			
		-	-
		-	-
6 Investments			
Investment classified as per nature			
a) Government securities:			
Treasury bill		-	-
Treasury bond		-	502,665
National investment bonds		-	-
Bangladesh Bank bills		-	-
Government bonds		-	-
Prize bonds		-	-
		-	502,665
b) Other investment:			
Investment in ordinary shares	6.1	15,262,370	15,350,350
Investment in preference shares	6.2	1,496,294,019	966,294,019
Investment in bonds	6.3	30,000,000	60,000,000
		1,541,556,389	1,041,644,369
		1,541,556,389	1,042,147,034
6.1 Investment in ordinary shares			
United Insurance Company Limited		15,000,000	15,000,000
Robi Axiata Limited		262,370	262,370
Islami Commercial Insurance Company Limited		-	87,980
		15,262,370	15,350,350



6.1a Investment in United Insurance Company Limited

The Company purchased 600,000 ordinary shares of United Insurance Company Limited, a listed public limited company, @ BDT 25 per share in 2001. Subsequently the Company received bonus shares in 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2016 and 2019.

The total number of ordinary shares of United Insurance Company Limited now held by the Company is as follows:

	No. of shares
Original purchase in 2001	600,000
Bonus share received in 2007	180,000
Bonus share received in 2008	220,000
Bonus share received in 2009	1,500,000
Bonus share received in 2010	500,000
Bonus share received in 2011	300,000
Bonus share received in 2012	330,000
Bonus share received in 2013	370,000
Bonus share received in 2016	200,000
Bonus share received in 2019	250,000
	<u>4,450,000</u> Shares

As on December 31, 2023 the market value @ Tk. 44.80 (closing market price) of the above 4,450,000 shares was Tk. 199,360,000 against cost price of 600,000 shares (@ Tk. 25) at Tk. 15,000,000.

6.1b Investment in other companies

Business Segment	No. of shares	Cost price	Market price
Telecommunication	26,237	262,370	787,110
	<u>26,237</u>	<u>262,370</u>	<u>787,110</u>

Investments in marketable securities are valued at cost at the Balance Sheet date, if market price is lower than cost in that case required provision are kept in profit and loss account. Unrealized gain is not accounted for in financial statements.

As of 31 December, 2023 the market value (closing market price) of the above shares was Taka 787,110 against cost price of Taka 262,370.

As at 31 December	
2023	2022
BDT	BDT

6.2 Investment in preference shares

Preference share: Regent Energy and Power Ltd.	23,794,019	23,794,019
Preference share: Confidence Power Rangpur Limited	60,000,000	60,000,000
Preference share: Confidence Power Bogra Unit-2 Limited	37,500,000	62,500,000
Preference share: City Sugar Industries Limited	75,000,000	100,000,000
Preference share: City Sugar Industries Limited	75,000,000	100,000,000
Preference share: H. Akberali & Co. Limited	90,000,000	120,000,000
Preference share: Premier Cement Mills Limited	175,000,000	200,000,000
Preference share: Paramount Textile Limited	80,000,000	100,000,000
Preference share: United Tank Terminal Ltd	180,000,000	200,000,000
Preference share: Epyllion Knitex Limited	200,000,000	-
Preference share: Sheltech Ceramics Limited	200,000,000	-
Preference share: Epyllion Style Limited	100,000,000	-
Preference share: Ananta Apparels Limited	200,000,000	-
	<u>1,496,294,019</u>	<u>966,294,019</u>

6.3 Investment in bonds

Subordinate bond: Mutual Trust Bank Ltd.	20,000,000	40,000,000
Subordinate bond: Standard Bank Ltd.	10,000,000	20,000,000
	<u>30,000,000</u>	<u>60,000,000</u>

6.4 Maturity grouping of investments

On demand	-	-
Up to 1 month	43,794,019	23,794,019
Over 1 month but not more than 3 months	57,762,370	32,850,350
Over 3 months but not more than 1 year	257,500,000	188,002,665
Over 1 year but not more than 5 years	1,167,500,000	782,500,000
Over 5 years	15,000,000	15,000,000
	<u>1,541,556,389</u>	<u>1,042,147,034</u>



		As at 31 December	
		2023	2022
	Notes	BDT	BDT
7	Lease, loans and advances		
7.1	Broad category-wise break up		
	Inside Bangladesh		
	Lease receivable	7.2 6,488,211,561	6,817,143,448
	Loans	7.3 13,888,526,314	13,403,451,362
		<u>20,376,737,875</u>	<u>20,220,594,810</u>
	Outside Bangladesh		
		-	-
		<u>20,376,737,875</u>	<u>20,220,594,810</u>
7.2	Lease receivable		
	Net lease receivable	7.2.1 6,393,846,507	6,742,951,655
	Interest receivable	94,365,054	74,191,794
		<u>6,488,211,561</u>	<u>6,817,143,448</u>
7.2.1	Net lease receivable		
	Gross lease receivable	7,241,328,823	7,559,620,409
	Less: Unearned lease income	(847,482,316)	(816,668,754)
		<u>6,393,846,507</u>	<u>6,742,951,655</u>
7.2.2	Movement of net lease receivables		
	Balance as on January 01	6,742,951,655	6,294,951,747
	Addition during the year	2,702,993,725	3,642,644,930
	Realisation during the year	(3,052,098,872)	(3,194,645,022)
		<u>6,393,846,507</u>	<u>6,742,951,655</u>
7.3	Loans		
	Term loan	9,322,607,412	8,860,053,500
	Home loan	3,283,991,959	3,242,644,652
	Short term loan and CSF advances	1,029,631,997	1,069,126,306
	Interest receivable	252,294,947	231,626,904
		<u>13,888,526,314</u>	<u>13,403,451,362</u>
7.4	Maturity grouping of lease, loans and advances		
	On demand	-	-
	Up to 1 month	1,021,946,494	1,056,344,585
	Over 1 month but not more than 3 months	1,787,090,662	1,525,447,669
	Over 3 months but not more than 1 year	6,114,692,439	6,693,884,425
	Over 1 year but not more than 5 years	8,785,885,315	8,507,783,073
	Over 5 years	2,667,122,965	2,437,135,058
		<u>20,376,737,875</u>	<u>20,220,594,810</u>



7.5 Lease, loans and advances on the basis of significant concentration

		As at 31 December	
		2023	2022
		BDT	BDT
a)	Lease, loans and advances to companies or firms in which the Directors of the Company have interests	3,654,184	4,480,131
b)	Lease, loans and advances to Chief Executive and other Senior Executives	-	-
c)	Number of clients with outstanding amount and classified lease, loans and advances exceeding 15% of total capital of the Company is as follows:		
	Total capital of the Company	3,241,237,126	3,191,690,712
	Number of clients	Nil	Nil
	Amount of outstanding advances	Nil	Nil
	Amount of classified advances	Nil	Nil
	Measures taken for recovery	Not applicable	Not applicable
d)	Industry-wise distribution of lease, loans and advances:		
1.	Agricultural sector:		
a)	Crop	129,754,418	131,454,662
b)	Poultry and livestock	328,179,829	158,273,495
c)	Fisheries	2,732,953	6,728,524
d)	Others agriculture (Cold storage, biofuel, seed, feed, agri-related other institutions and services)	171,098,557	129,135,666
2.	Industrial sector:		
a)	Service industry	1,056,635,499	1,266,918,063
b)	Food production/processing industry	2,400,467,825	2,284,760,055
c)	Chemical and pharmaceutical	1,057,312,634	474,209,826
d)	Plastic industry	727,436,271	453,355,048
e)	Garments	479,552,983	459,880,274
f)	Textile	297,492,824	396,925,525
g)	Paper, printing and packaging industry	1,338,832,660	1,478,075,794
h)	Iron, steel and engineering industry	948,400,457	794,845,877
i)	Leather and leather products	264,567,667	207,563,400
j)	Electronics and electrical industry	199,851,059	64,842,789
k)	Telecommunication/Information Technology	65,243,348	834,034
l)	Jute and jute products	229,657,781	458,290,312
m)	Cement/concrete and allied industry	132,261,272	50,363,446
n)	Glass and ceramic industry	203,563,344	10,387,505
3.	Power, gas, water and sanitary service	48,688,397	52,363,007
4.	Transport and communication	732,192,481	998,868,019
5.	Real estate and housing	3,379,337,644	3,378,124,476
6.	Trade and commerce	5,487,448,622	6,193,897,769
7.	Others	696,029,347	770,497,245
		20,376,737,875	20,220,594,810
e)	Geographical location-wise lease, loans and advances		

Inside Bangladesh

Urban

Dhaka Division	9,627,227,944	9,131,481,146
Chattogram Division	3,181,264,054	3,258,966,581
Khulna Division	1,880,026,726	1,999,892,419
Rajshahi Division	2,096,897,597	2,268,759,149
Rangpur Division	1,654,335,369	1,598,504,269
Barishal Division	749,220,237	715,665,704
Mymensingh Division	807,582,563	875,278,047
Sylhet Division	250,526,782	240,754,750
	20,247,081,272	20,089,302,065

Rural

Barishal Division	6,371,812	6,222,600
Rajshahi Division	1,577,389	1,503,910
Chattogram Division	119,754,462	121,680,032
Rangpur Division	1,952,940	1,886,203
	129,656,603	131,292,746

Outside Bangladesh

	20,376,737,875	20,220,594,810
	20,376,737,875	20,220,594,810

7.6 Sector-wise lease, loans and advances

Public sector
Co-operative sector
Private sector

	20,376,737,875	20,220,594,810
	20,376,737,875	20,220,594,810



	Notes	As at 31 December	
		2023	2022
		BDT	BDT
7.7	Size wise lease, loan portfolio concentration		
	Cottage, Micro, Small & Medium Enterprise Financing (CMSME)	9,501,728,287	10,690,876,866
	Other than Cottage, Micro, Small & Medium Enterprise Financing (CMSME)	10,875,009,588	9,529,717,945
		20,376,737,875	20,220,594,810
7.8	Particulars of lease, loans and advances		
i)	Leases, loans and advances considered good in respect of which the Company is fully secured	2,906,680,451	2,897,324,330
ii)	Leases, loans and advances considered good in respect of which the Company is partially secured	7,049,526,996	6,386,967,585
iii)	Leases, loans and advances considered good against which the Company holds no security other than the debtors' personal guarantee	-	-
iv)	Leases, loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	10,420,530,427	10,936,302,896
v)	Classified leases, loans and advances against which no provision has been made	-	-
		20,376,737,875	20,220,594,810
vi)	Leases, loans and advances due by directors, officers of the Company or any of them either separately or jointly with any other person.	-	-
vii)	Leases, loans and advances due from companies or firms in which the directors have interest as directors, partners or managing agents companies, as members.	3,654,184	4,480,131
viii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other person.	-	-
ix)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors have interest as directors, partners or managing agents or in the case of private companies, as members.	-	-
x)	Due from banking companies and other financial institutions	-	-
xii)	Classified lease, loans and advances		
a)	Classified lease, loans and advances on which interest has not been charged	340,792,325	321,872,134
b)	Increase/(decrease) of specific provision against classified lease/loan	134,969,396	10,139,370
c)	Amount of loan written off	12,757,923	148,343,754
d)	Amount realised against loan previously written off	40,355,828	24,608,505
e)	Provision kept against loans classified as bad/loss on the date of preparing the balance sheet (note-7.9)	555,007,551	463,411,838
f)	Interest credited to interest suspense account (note-12.3)	241,786,511	180,971,557
xii)	Written off lease, loans and advances		
	Opening balance	1,273,381,191	1,125,037,437
	During the year	12,757,923	148,343,754
	Cumulative to-date	1,286,139,114	1,273,381,191
	The amount of written-off leases, loans and advances for which law suits have been filed	1,148,211,139	1,114,485,704
7.9	Classification of lease, loans and advances		
	Unclassified		
	Standard	19,057,114,417	19,158,099,109
	Special mention account (SMA)	333,638,053	367,450,043
		19,390,752,470	19,525,549,152
	Classified		
	Sub-standard	180,296,916	129,115,460
	Doubtful	250,680,938	102,518,360
	Bad/Loss	555,007,551	463,411,838
		985,985,405	695,045,658
		20,376,737,875	20,220,594,810
8	Fixed assets including land, building, furniture and fixtures		
	Cost		
	Furniture and fixtures	126,727,879	125,636,766
	Office equipment	589,601	589,601
	Electrical equipment	187,598,986	181,725,498
	System software	46,283,157	44,808,157
	Motor vehicles	58,207,786	52,759,756
	Office space	177,890,411	177,890,411
	Right-of-use assets	220,913,801	220,913,801
		818,211,620	804,323,989
	Less: Accumulated depreciation	(433,476,458)	(357,720,508)
	Net book value at the end of the year	384,735,163	446,603,481

Annexure - A



	Notes	As at 31 December	
		2023	2022
		BDT	BDT
9 Other assets			
Inside Bangladesh			
Income generating:			
Income receivable	9.1	256,571,459	130,105,129
Non-income generating:			
Deferred tax asset	9.2	12,353,988	5,699,082
Advance, deposit and prepaid expenses		68,889,173	43,901,247
Receivable from provident fund account	9.3	6,508,175	6,508,175
Advance corporate tax	9.4	2,047,717,019	1,963,244,433
		<u>2,392,039,815</u>	<u>2,149,458,067</u>
Outside Bangladesh			
		<u>2,392,039,815</u>	<u>2,149,458,067</u>

9.1 Income receivable amount represents interest receivable on investments other than lease, loans and advances and fixed deposits and charges receivable from lease loans and advances portfolio.

9.2 Deferred tax asset

Deferred tax has been recognised 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 International Accounting Standard (IAS) 12 Income Taxes and under the guidelines of Bangladesh Bank DFIM Circular No. 07 dated 31 July 2011.

	Carrying amount as per		Deductible temporary difference
	Balance sheet	Tax base	
Fixed assets at book value	278,653,104	301,647,642	22,994,538
Liability to employees gratuity fund	9,949,431	-	9,949,431
			<u>32,943,969</u>
Applicable tax rate			37.5%
Deferred tax asset as on 31 December, 2023			12,353,988
Deferred tax asset as on 31 December, 2022			5,699,082
Deferred tax income during the year 2023 (note-36)			<u>6,654,906</u>

9.3 The amount comprises forfeited account balances for the year 2015-2018 of resigned employees who did not complete required years of employment with the Company to be eligible to receive employer's contribution part. Realisation of this amount is pending subject to verification and audit of United Finance Limited Employees Provident Fund.

	Notes	As at 31 December	
		2023	2022
		BDT	BDT
9.4 Advance corporate tax			
Balance as on January 01		1,963,244,433	1,857,010,682
Paid during the year		84,472,587	106,233,751
		<u>2,047,717,019</u>	<u>1,963,244,433</u>
10 Borrowing from banks, other financial institutions and agents			
In Bangladesh	10.1	7,181,251,670	5,617,589,299
Outside Bangladesh		-	-
		<u>7,181,251,670</u>	<u>5,617,589,299</u>



	Notes	As at 31 December	
		2023	2022
		BDT	BDT
10.1 In Bangladesh			
Secured loans			
Secured long term loans		-	-
		-	-
<u>Secured short term loans</u>			
<u>Bank overdraft</u>			
Brac Bank PLC.		-	73,410,257
Citi Bank N.A.		-	712,279
Commercial Bank Of Ceylon PLC		91,601,486	95,080,176
Dhaka Bank PLC.		-	130,176,331
Eastern Bank PLC.		105,528,753	170,715,352
Mutual Trust Bank PLC.		137,942,529	-
National Credit & Commerce Bank PLC.		-	82,528,438
One Bank PLC.		2,642,461	64,157,808
Pubali Bank PLC.		141,514,329	94,834,821
Standard Chartered Bank		37,158,541	-
City Bank PLC.		133,661,645	-
United Commercial Bank PLC.		312,629,841	156,802,312
Woori Bank		164,591,057	158,685,397
Total Bank overdraft loan		1,127,270,642	1,027,103,170
<u>Short term loan</u>			
Citi Bank N.A.		390,000,000	-
Total Short term loan		390,000,000	-
Total secured loan		1,517,270,642	1,027,103,170
Unsecured loans			
<u>Unsecured long term loans</u>			
Bangladesh Bank (Refinance)		3,753,706,566	3,921,840,101
Bangladesh Bank (Prefinance)		1,673,476,667	-
Kreditanstalt Für Wiederaufbau (KFW)		-	13,173,847
Non-Convertible Zero Coupon Bond	10.1.1	236,797,796	455,472,181
Total unsecured long term loans		5,663,981,028	4,390,486,129
<u>Unsecured short term loans</u>			
<u>Short term loans</u>			
IPDC Finance Limited		-	200,000,000
		-	200,000,000
Total unsecured short term loans		-	200,000,000
Total unsecured loans		5,663,981,028	4,590,486,129
Total borrowing from banks, other financial institutions and agents		7,181,251,670	5,617,589,299
10.1.1 The Company issued non-convertible Zero Coupon Bond with face value of BDT 1,000 million (400 bonds with face value of BDT 2.5 million each) and discounted value of BDT 850,349,443 @ 7.5% interest which were fully subscribed as at 31 December 2020.			
10.2 Analysis by security against borrowing from banks, other financial institutions and agents			
Secured (FDR pledged as security)		1,517,270,642	1,027,103,170
Secured (Corporate guarantee)		-	-
Unsecured		5,663,981,028	4,590,486,129
		7,181,251,670	5,617,589,299
10.3 Maturity grouping of borrowing from banks, other financial institutions and agents			
On demand		-	-
Up to 1 month		197,509,960	1,555,113,769
Over 1 month but within 3 months		857,847,543	300,874,080
Over 3 months but within 1 year		3,942,669,554	1,919,022,440
Over 1 year but within 5 years		2,179,268,695	1,831,944,365
Over 5 years		3,955,917	10,634,646
		7,181,251,670	5,617,589,299



		As at 31 December	
		2023	2022
Notes		BDT	BDT
11	Deposits and other accounts		
	Current deposits and other accounts etc.	-	-
	Bills payable	-	-
	Savings bank deposits	-	-
	Term deposits	11.1	13,697,882,363
	Bearer certificates of deposit	-	-
	Other deposits	11.2	548,199,357
		<u>14,246,081,720</u>	<u>14,627,275,041</u>
11.1	Term deposits		
	Deposits from banks and financial institutions	-	930,000,000
	Deposits from other than banks and financial institutions	13,697,882,363	13,248,306,705
		<u>13,697,882,363</u>	<u>14,178,306,705</u>
These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than three months.			
11.1.1	Sector-wise break-up of term deposits		
	Government	-	-
	Banks and financial institutions	-	930,000,000
	Other public	-	-
	Foreign currency	-	-
	Private	13,697,882,363	13,248,306,705
		<u>13,697,882,363</u>	<u>14,178,306,705</u>
11.1.2	Maturity analysis of term deposits		
	a) Maturity analysis of deposits from banks and financial institutions		
	Payable on demand	-	-
	Up to 1 month	-	130,000,000
	Over 1 month but within 3 months	-	800,000,000
	Over 3 months but within 1 year	-	-
	Over 1 year but within 5 years	-	-
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		-	930,000,000
	b) Maturity analysis of deposits from other than banks and financial institutions		
	Payable on demand	-	-
	Up to 1 month	1,595,558,309	2,016,345,444
	Over 1 month but within 3 months	1,991,570,514	1,354,402,702
	Over 3 months but within 1 year	2,889,175,316	3,038,669,125
	Over 1 year but within 5 years	7,199,243,562	6,801,470,799
	Over 5 years but within 10 years	22,334,661	37,260,170
	Over 10 years	-	158,463
		<u>13,697,882,363</u>	<u>13,248,306,705</u>
		<u>13,697,882,363</u>	<u>14,178,306,705</u>
11.2	Other deposits		
This represents deposits against financing which is advance rental and security deposits received from clients at the inception of allowing any lease/loan facility to the clients adjustable or refundable at the expiry of the facility.			
	Non-interest bearing deposit	365,871,263	411,228,349
	Interest bearing deposit	182,328,094	37,739,987
		<u>548,199,357</u>	<u>448,968,336</u>
11.2.1	Maturity analysis of other deposits		
	Payable on demand	-	-
	Up to 1 month	28,752,579	18,650,738
	Over 1 month but within 3 months	50,537,994	35,471,388
	Over 3 months but within 1 year	172,908,068	156,892,389
	Over 1 year but within 5 years	236,271,442	191,713,548
	Over 5 years but within 10 years	59,729,274	46,240,273
	Over 10 years	-	-
		<u>548,199,357</u>	<u>448,968,336</u>



		As at 31 December	
		2023	2022
Notes		BDT	BDT
12 Other liabilities			
Provision for gratuity	12.1	9,949,431	6,955,448
KFW interest differential fund	12.2	-	71,030
Interest suspense account	12.3	241,786,511	180,971,557
Accrued expenses and payables	12.4	870,977,741	712,193,951
Lease liabilities	12.5	131,873,733	158,798,185
Provision for lease, loans and advances	12.6	679,119,377	559,733,148
Provision on others	12.7	40,000,000	40,000,000
Provision for income tax	12.8	2,165,645,673	2,075,514,158
Provision on receivable from provident fund account	12.9	6,508,176	6,508,175
Unpaid/unclaimed dividend	12.10	4,089,805	5,918,046
		4,149,950,446	3,746,663,698
12.1 Net defined benefit obligation - Employees' Gratuity Fund			
Defined benefits obligation	12.1.1	75,720,634	76,109,990
Less: Fair value of plan assets	12.1.2	(65,771,203)	(69,154,542)
		9,949,431	6,955,448
12.1.1 Defined benefits obligation			
Balance as on January 01		76,109,990	80,479,802
Interest cost/income		8,539,541	7,162,702
Current service cost		7,614,597	9,487,646
Actuarial loss/(gain) arising from:			
Demographic assumptions		375,616	-
Financial assumptions		(10,240,227)	(8,074,764)
Experience adjustments		7,336,332	10,591,499
Benefits paid		(14,015,214)	(24,184,160)
Expenses/adjustments*		-	647,265
Balance as on December 31		75,720,634	76,109,990
* Benefits unpaid as at the date of valuation			
12.1.2 Fair value of plan assets			
Balance as on January 01		69,154,542	72,051,534
Interest cost/income		4,389,288	4,327,633
Contribution paid by the employer		6,955,448	17,227,914
Benefits paid		(14,015,214)	(24,184,160)
Expenses/adjustments		(712,861)	(268,379)
Balance as on December 31		65,771,203	69,154,542
12.1.3 Plan assets			
Cash at bank		1,072,038	286,182
Investment in fixed deposit receipts		64,699,166	68,868,359
		65,771,203	69,154,542
12.1.4 Principal actuarial assumptions			
Discount rate and expected rate of return on plan assets		11.22%	8.90%
Future salary growth rate		7.90%	6.50%
Withdrawal rate			
Age till 30 years		9.00%	9.00%
Age from 30 to 40 years		5.00%	5.00%
Age from 40 to 50 years		0.50%	0.50%
Age above 50 years		0.00%	0.00%
12.1.5 Sensitivity analysis			

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	2023		2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(9,674,333)	11,553,732	(10,773,883)	13,038,183
Future salary growth (1% movement)	11,823,300	(10,030,955)	13,225,233	(11,088,646)



		As at 31 December	
		2023	2022
Notes	BDT	BDT	
12.2	Kreditanstalt Fur Wiederaufbau (KFW) interest differential fund		
This represents the difference between interest on loan from KFW @ 9.5% per annum and the Bangladesh Bank rate. This interest differential fund is being used for the financing of training of personnel or for other activities for the promotion or development of small enterprises in Bangladesh.			
	Balance as on January 01	71,030	1,246,186
	Addition during the year	247,712	875,120
		318,742	2,121,306
	Adjusted against training programme	(318,742)	(2,050,276)
		-	71,030
12.3	Interest suspense account		
This represents interest receivable for lease, term finance, short term finance and investment with status of SMA and below as per Bangladesh Bank guidelines.			
	Balance as on January 01	180,971,557	159,239,508
	Add: Amount transferred to interest suspense account during the year	82,725,252	83,941,358
	Less: Amount recovered from interest suspense account during the year	(18,890,880)	(14,526,616)
	Less: Written off during the year	(3,019,418)	(47,682,693)
		241,786,511	180,971,557
12.4	Accrued expenses and payables		
	Liabilities for expenses	526,233,022	508,096,628
	Liabilities other than expenses	344,744,719	204,097,323
		870,977,741	712,193,951
Liabilities for expenses represent interest accrued but not paid on borrowing and deposits as well as administrative expenses.			
Liabilities other than expenses represent income tax and VAT deducted at source from depositors, suppliers, employees and collection against leases, loans and advances etc.			
12.5	Lease liabilities		
	Balance as on January 01	158,798,185	164,893,404
	Addition during the year	-	21,317,745
	Interest charged during the year	12,420,067	12,063,983
	Disposal during the year	-	(1,639,699)
	Office rent adjustment made during the year	(39,344,518)	(37,837,248)
		131,873,733	158,798,185
Movement of lease liabilities has been included due to implementation of IFRS-16 Leases (office rent).			
12.6	Provision for lease, loans and advances		
<u>General provision on lease, loans and advances</u>			
	Balance as on January 01	126,082,983	93,703,810
	Provision made for the year	484,670	32,379,174
		126,567,653	126,082,983
<u>Special provision 2% (15% payment of deferral clients)</u>			
	Balance as on January 01	8,586,105	12,059,572
	Provision made for the year	(3,130,907)	(3,473,467)
		5,455,198	8,586,105
<u>Specific provision on unclassified lease, loans and advances</u>			
	Balance as on January 01	18,415,946	622,454
	Provision made for the year	(2,652,895)	17,793,493
		15,763,051	18,415,946
<u>Specific provision on classified lease, loans and advances</u>			
	Balance as on January 01	406,540,913	396,401,544
	Fully provided debt written off during the year	(9,738,505)	(100,661,060)
	Amount realised from written off clients	40,355,828	24,608,505
	Provision made for the year	94,076,538	86,191,925
		531,234,774	406,540,913



	Notes	As at 31 December	
		2023	2022
		BDT	BDT
<u>Provision on receivable others and off balance sheet item</u>			
Balance as on January 01		107,200	135,579
Adjustment during the year		(8,500)	-
Provision made for the year	35	-	(28,379)
		<u>98,700</u>	<u>107,200</u>
		<u>679,119,377</u>	<u>559,733,148</u>

Provision surplus	2023		2022	
	Required	Maintained	Required	Maintained
General provision on lease, loans and advances	126,418,694	126,567,653	117,871,300	126,082,983
Special provision 2% (15% payment of deferral clients)	5,455,198	5,455,198	8,586,105	8,586,105
Specific provision on unclassified lease, loans and advances	15,744,500	15,763,051	17,216,530	18,415,946
Specific provision on classified lease, loans and advances	531,064,291	531,234,774	402,224,826	406,540,913
Other provisions	98,700	98,700	107,200	107,200
	<u>678,781,383</u>	<u>679,119,377</u>	<u>546,005,961</u>	<u>559,733,148</u>
Total surplus		<u>337,994</u>		<u>13,727,187</u>

12.6.1 Base for provision for lease, loans and advances

Status	Base for provision	Rate (%)	Required Provision	Kept Provision
General provision				
Loans and leases SME-STD	8,482,883,343	0.25%	21,207,208	21,232,197
Loans and leases STD (excluding SMA)	10,521,148,581	1.00%	105,211,486	105,335,456
Loan/lease to the subsidiaries/ sister concerns, brokerage houses, merchant banks, stock dealers	-	2.00%	-	-
Special mention account (SMA)	314,889,991	5.00%	15,744,500	15,763,051
			<u>142,163,194</u>	<u>142,330,704</u>
Special reserve				
Extra provision for providing COVID related advantage-STD	-	2.00%	-	-
Extra provision for providing COVID related advantage-SS	-	2.00%	-	-
Extra provision for providing COVID related advantage	272,759,893	2.00%	5,455,198	5,455,198
			<u>5,455,198</u>	<u>5,455,198</u>
Specific provision				
Sub-standard	202,522,926	20.00%	40,504,585	40,552,312
Doubtful	208,363,329	50.00%	104,181,664	104,304,421
Bad/ Loss	386,378,042	100.00%	386,378,042	386,378,042
			<u>531,064,291</u>	<u>531,234,775</u>
Provision for loans, advances and leases			<u>678,682,683</u>	<u>679,020,677</u>
Other provision				
Off-balance Sheet	-	1.00%	-	-
Other asset	98,700	100.00%	98,700	98,700
			<u>98,700</u>	<u>98,700</u>
Total provision			<u>678,781,383</u>	<u>679,119,377</u>

		As at 31 December	
		2023	2022
Notes		BDT	BDT
12.7	Provision on others		
	Balance as on January 01	40,000,000	20,000,000
	Provision made for the year	-	20,000,000
		40,000,000	40,000,000
12.8	Provision for income tax		
	Balance as on January 01	2,075,514,158	2,056,955,970
	Add: Corporate tax for the year	36 104,540,150	72,942,469
	Less: Settlement of previous year's liability	36 (14,408,635)	(54,384,281)
		2,165,645,673	2,075,514,158
12.9	Provision on receivable from provident fund account		

Provision is kept due to uncertainty of realisation of the forfeited provident fund account balances against resigned employees who did not complete required years of employment with the Company to be eligible to receive employer's contribution part for the years 2015 to 2018.



	Notes	As at 31 December	
		2023	2022
		BDT	BDT
12.10 Aging analysis of unpaid/unclaimed dividend			
i. Cash dividend payable			
Upto 1 year		753,791	1,493,594
Over 1 year but within 3 years		3,336,014	4,424,452
Over 3 years but within 4 years		-	-
Over 4 years but within 5 years		-	-
Above 5 years		-	-
		<u>4,089,805</u>	<u>5,918,046</u>

Unclaimed cash dividends for the year 2018 amounting to Tk 22,09,496 was transferred on December 19, 2022 to the Capital Market Stabilization Fund (CMSF) according to Clause no. 9(1) of the Capital Market Stabilization Fund (CMSF) Rules, 2021.

ii. Stock dividend payable			
Upto 1 year		-	-
Over 1 year but within 3 years		-	-
Over 3 years but within 4 years		-	-
Over 4 years but within 5 years		-	-
Above 5 years		-	-
		<u>-</u>	<u>-</u>

13 Share capital

13.1 Authorized capital			
300,000,000 ordinary shares of BDT 10 each		<u>3,000,000,000</u>	<u>3,000,000,000</u>
13.2 Issued, subscribed and fully paid-up capital			
7,000,000 ordinary shares of BDT 10 each issued for cash		70,000,000	70,000,000
180,114,614 ordinary shares of BDT 10 each issued as bonus shares		1,801,146,140	1,801,146,140
		<u>1,871,146,140</u>	<u>1,871,146,140</u>

13.3 Capital adequacy ratio

As per BASEL Accord guideline incorporated by Bangladesh Bank vide DFIM Circular No. 08 dated 02 August 2010 all Financial Institutions should calculate capital adequacy ratio based on solo basis as well as consolidated basis.

A Eligible Capital :			
Tier-1 Capital		3,241,237,126	3,191,690,712
Tier-2 Capital		142,330,704	144,498,930
Total Eligible Capital (1+2) :		<u>3,383,567,831</u>	<u>3,336,189,642</u>
B Total Risk Weighted Assets (RWA):		19,566,693,498	19,096,874,453
C Capital Adequacy Ratio (CAR) $(A_3 / B) \times 100$		17.29%	17.47%
D Core Capital to RWA $(A_1 / B) \times 100$		16.57%	16.71%
E Supplementary Capital to RWA $(A_2 / B) \times 100$		0.73%	0.76%
F Minimum Capital Requirement (MCR)		1,956,669,350	1,909,687,445
Surplus		<u>1,426,898,481</u>	<u>1,426,502,197</u>

Core capital (Tier-I)

Paid up capital	13.2	1,871,146,140	1,871,146,140
Share premium	14	3,750,000	3,750,000
Statutory reserve	15	1,024,050,000	995,050,000
General reserve	16	190,000,000	190,000,000
Retained earnings	17	152,290,986	131,744,572
		<u>3,241,237,126</u>	<u>3,191,690,712</u>

Eligible supplementary capital (Tier-II)

General provision maintained against unclassified loan		142,330,704	144,498,930
Assets revaluation reserves up to 50%		-	-
Revaluation reserve for securities up to 50%		-	-
All other preference shares		-	-
Other (if any item approved by Bangladesh Bank)		-	-
		<u>142,330,704</u>	<u>144,498,930</u>



	As at 31 December	
	2023	2022
	BDT	BDT
General provision (Unclassified+SMA+Off-balance sheet exposure)	142,330,704	144,498,930
Limit up to 1.25% of RWA for Credit Risk would be eligible as Tier-II capital	219,760,714	214,765,553
Risk Weighted Assets (RWA)		
A Credit risk	17,580,857,120	17,181,244,240
On-balance sheet	17,580,857,120	17,181,244,240
Off-balance sheet	-	-
B. Market risk	418,687,553	420,822,800
C. Operational risk	1,567,148,825	1,494,807,413
Total: RWA (A+B+C)	19,566,693,498	19,096,874,453

13.4 Percentage of shareholding at the closing date

	No. of shares		Percentage	
	2023	2022	2023	2022
(i) Sponsors:				
-Foreign	37,422,921	37,422,921	20.00	20.00
-Foreign sponsor affiliated/related entities	40,324,483	40,324,483	21.55	21.55
-Domestic	3,754,942	3,754,942	2.01	2.01
	81,502,346	81,502,346	43.56	43.56
(ii) Financial institutions and companies				
Foreign (sponsor affiliated/related entities)	17,474,639	17,474,639	9.34	9.34
Domestic				
-Sponsor affiliated/related entities	7,222,662	7,222,662	3.86	3.86
-Other	26,541,308	26,289,735	14.18	14.05
	51,238,609	50,987,036	27.38	27.25
(iii) General public - Domestic	54,373,659	54,625,232	29.06	29.19
	187,114,614	187,114,614	100.00	100.00

Total number of shares held by the foreign sponsor and its affiliated/related entities (foreign and domestic) was 102,444,705 Shares of Tk. 10.00 each representing 54.75% of the total issued shares as of 31 December 2023.

13.5 Shareholding range on the basis of shareholding as at 31 December 2023

No. of shares	Number of shareholders	Total number of shares	Percentage of total holdings
1 Less than 500	2,298	383,480	0.20
2 500 to 5,000	4,151	8,203,691	4.38
3 5,001 to 10,000	881	6,691,756	3.58
4 10,001 to 20,000	545	7,923,317	4.23
5 20,001 to 30,000	179	4,534,074	2.42
6 30,001 to 40,000	105	3,756,340	2.01
7 40,001 to 50,000	84	3,938,745	2.10
8 50,001 to 100,000	118	8,741,277	4.67
9 100,001 to 1,000,000	87	20,949,973	11.20
10 Above 1,000,000	16	121,991,961	65.20
	8,464	187,114,614	100.00

13.6 Composition of shareholders' equity

Particulars	No. of shares	Face value per share	BDT
Paid-up capital	187,114,614	10.00	1,871,146,140
Share premium			3,750,000
Preference share capital			-
Statutory reserve			1,024,050,000
General reserve			190,000,000
Retained earnings			152,290,986
Total shareholders' equity			3,241,237,126



Date of issue and other information:

Date	Types of paid-up capital	No. of shares	Face value per share	Total face value
27-04-1989	Sponsors share capital	7,000	100.00	700,000
23-11-1989	Sponsors share capital	618,000	100.00	61,800,000
27-03-1994	Initial public offering	75,000	100.00	7,500,000
18-04-2005	Bonus (100%)	700,000	100.00	70,000,000
20-04-2006	Bonus (50%)	700,000	100.00	70,000,000
25-03-2008	Bonus (10%)	210,000	100.00	21,000,000
31-03-2009	Bonus (14.29%)	330,000	100.00	33,000,000
25-03-2010	Bonus (100%)	2,640,000	100.00	264,000,000
09-06-2011	Bonus (75%)	3,960,000	100.00	396,000,000
	Before split	9,240,000		924,000,000
	After split	92,400,000	10.00	924,000,000
09-04-2012	Bonus (20%)	18,480,000	10.00	184,800,000
28-03-2013	Bonus (15%)	16,632,000	10.00	166,320,000
10-04-2014	Bonus (10%)	12,751,200	10.00	127,512,000
23-04-2015	Bonus (10%)	14,026,320	10.00	140,263,200
21-04-2016	Bonus (10%)	15,428,952	10.00	154,289,520
27-04-2017	Bonus (5%)	8,485,923	10.00	84,859,230
26-04-2018	Bonus (5%)	8,910,219	10.00	89,102,190
	Paid up capital	187,114,614		1,871,146,140

As at 31 December

2023	2022
BDT	BDT

14 Share premium

This represents a premium of 50% over the par value of share received against the issue of 750,000 shares in 1994 amounting to BDT 3,750,000.

15 Statutory reserve

Balance as at January 01	995,050,000	966,450,000
Addition during the year	29,000,000	28,600,000
	1,024,050,000	995,050,000

As per section 8 of the Finance Company Act, 2023 and regulation 6 of the Financial Institutions Regulations 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year profit to the fund until such reserve fund equal to its paid up share capital and share premium (if any). Accordingly during the year the Company has transferred BDT 29,000,000 (2022: BDT 28,600,000) to the Statutory Reserve.

16 General reserve

Balance as on January 01	190,000,000	190,000,000
Transfer to retained earnings during the year	-	-
Transfer from retained earnings during the year	-	-
	190,000,000	190,000,000

17 Retained earnings

Balance as on January 01	131,744,572	204,922,289
Less: Cash dividend for last year	(93,557,307)	(187,114,614)
Less: Issue of bonus shares for last year	-	-
Add: Transfer from general reserve during the year	-	-
Balance remaining	38,187,265	17,807,675
Addition during the year		
Net profit after taxation	143,103,721	142,536,897
Transfer to general reserve during the year	-	-
Transfer to statutory reserve during the year	(29,000,000)	(28,600,000)
	152,290,986	131,744,572

Worker's Profit Participation Fund (WPPF)

As per Bangladesh Labor Act 2006 (as amended in 2013) all companies fall within the scope of Worker's Profit Participation Fund (which includes Non-Banking Financial Institutions) are required to provide 5% of its profit before charging such expenses to their eligible employees within the stipulated time.

Ministry of Finance (MoF) and Bangladesh Bank (BB) have reviewed the law and proposed to the Ministry of Labor to exclude Banks and Non-Banking Financial Institutions from the requirements of the law regarding the provision of Worker's Profit Participation Fund and accordingly Ministry of Finance issued a letter on 14 February 2017 to the Ministry of Labor to waive Banks and Non-Banking Financial Institutions from the purview of the requirement(s) of the Bangladesh Labor Act 2013.

However, United Finance Limited maintained adequate retained earnings to keep required provision for Worker's Profit Participation Fund (from the year 2014 to 2023) subject to the final clearance from the Ministry of Labor since the matter stands unresolved.



		As at 31 December	
		2023	2022
		BDT	BDT
18	Net asset value per share (NAV)		
	Total assets	28,818,520,963	27,183,218,750
	Total liabilities	25,577,283,837	23,991,528,037
	Net assets	3,241,237,126	3,191,690,712
	Number of share outstanding (current year's)	187,114,614	187,114,614
	Net asset value per share	17.32	17.06
	Restated NAV		
	Net assets	3,241,237,126	3,191,690,712
	Number of ordinary shares as at 31 December	187,114,614	187,114,614
	Restated NAV	17.32	17.06

19 Contingent liabilities

19.1 Letters of guarantee

Letters of guarantee (Local)	-	-
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	-	-

Guarantees

The Company issues guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that the Company will pay to third parties and it converts into lease or loan on the basis of an agreement with the customers. The maximum amount that the Company could be required to pay under a guarantee is its principal amount.

		For the year ended 31 December	
		2023	2022
		BDT	BDT
20	Profit and loss account		
	Income		
	Interest, discount and similar income	20.1 2,156,527,226	2,099,797,887
	Dividend income	23 109,803,530	63,764,796
	Other operating income	24 154,386,789	156,329,510
		2,420,717,546	2,319,892,194
	Expenses		
	Interest, fee and commission etc.	22 1,353,422,091	1,221,276,143
	Administrative expenses	20.2 628,873,310	648,601,732
	Other operating expenses	34 38,569,220	53,027,114
	Depreciation on Company's fixed assets	84,495,189	82,131,629
		2,105,359,809	2,005,036,619
		315,357,736	314,855,575
20.1	Interest, discount and similar income		
	Interest income	21 2,153,534,957	2,087,240,968
	Interest on government security	23 17,893	1,539,900
	Interest on bonds	23 2,974,376	11,017,019
	Discount income	-	-
	Interest on debentures	-	-
		2,156,527,226	2,099,797,887
20.2	Administrative expenses		
	Salaries and allowances	547,561,360	544,280,541
	Rent, taxes, insurance, electricity etc.	18,971,013	25,041,872
	Legal expenses	25,888,550	21,245,777
	Postage, stamp, telecommunication etc.	17,427,221	23,528,389
	Stationery, printing, advertisement etc.	1,924,263	5,139,290
	Managing director's salary and benefits	1,250,000	8,786,250
	Directors' fees	568,333	580,555
	Auditors' fees	805,000	805,000
	Repairs and maintenance of the Company's assets	14,477,569	19,194,058
		628,873,310	648,601,732



		For the year ended 31 December	
		2023	2022
	Notes	BDT	BDT
21 Interest income			
Lease		640,708,799	669,355,526
Term loan and home loan		1,216,224,116	1,160,610,311
Short term financing		96,005,384	115,306,575
Total interest income		1,952,938,298	1,945,272,412
Interest on deposit/balance with banks and other financial institutions		53,826,722	54,066,870
Interest on deposits under lien for credit line facilities		146,769,936	87,901,686
		2,153,534,957	2,087,240,968
22 Interest paid on deposits, borrowings etc.			
a) Interest paid on deposits			
Deposits from other than banks and financial institutions		1,033,193,006	866,822,321
Deposits from banks and financial institutions		16,402,778	103,425,694
Interest bearing security deposits		3,582,209	1,889,042
		1,053,177,993	972,137,058
b) Interest paid for borrowing			
Bank loans		59,273,179	43,737,014
Bangladesh Bank refinance, prefinance and KFW		129,457,109	117,298,284
Call loan		-	3,346,319
Overdraft		67,768,128	24,589,706
Zero coupon bond		31,325,615	48,103,779
		287,824,031	237,075,103
c) Interest expenses-lease liabilities			
		12,420,067	12,063,983
		12,420,067	12,063,983
		1,353,422,091	1,221,276,143
23 Investment income			
Interest on government security		17,893	1,539,900
Interest on bonds		2,974,376	11,017,019
Dividend on shares		109,803,530	63,764,796
		112,795,800	76,321,715
24 Other operating income			
Reimbursement - invoice processing and collection costs		11,985,377	13,356,267
Early repayment premium		9,190,294	25,808,221
Reimbursement - documentation costs		65,626,439	81,547,096
Supervision charge		41,533,532	-
Late payment interest		13,159,978	21,016,426
Profit on sale of fixed assets		669,684	779,988
Profit on sale of share		328,309	1,315,112
Income from provident fund forfeited account	24.1	441,701	5,734,615
Miscellaneous earnings		11,451,475	6,771,786
		154,386,789	156,329,510
24.1 Income from provident fund forfeited account			
The income is recognised as per section 1 of the Financial Reporting Council (FRC) circular no. 179 dated 07 July 2020. The amount comprises forfeited account balances of resigned employees who did not complete required years of employment with the Company to be eligible to receive employer's contribution for the period 1 January 2023 to 30 June 2023.			
25 Salaries and allowances			
Basic salary, provident fund contribution and all other allowances		514,997,519	531,598,226
Festival and incentive bonus		32,563,842	12,682,315
		547,561,360	544,280,541
26 Rent, taxes, insurance, electricity etc.			
Rent, rate and taxes	26.1	519,929	436,857
Insurance		8,578,575	15,368,110
Electricity, gas and water		9,872,509	9,236,905
		18,971,013	25,041,872



	Notes	For the year ended 31 December	
		2023	2022
		BDT	BDT
26.1 Movement of rent, rate and taxes:			
Rent expenses charged		39,864,448	38,274,105
Less: Reclassification of rent (as per IFRS 16 Leases)		39,344,518	37,837,248
Rent expenses reported		<u>519,929</u>	<u>436,857</u>
Movement of rent, rate and taxes have been included due to implementation of IFRS-16 Leases (office rent).			
27 Legal expenses			
Legal fees		20,888,689	16,051,801
Professional fees		4,999,861	5,193,976
		<u>25,888,550</u>	<u>21,245,777</u>
28 Postage, stamp, telecommunication etc.			
Stamp expenses		8,117,352	8,190,006
Postage and courier		795,795	901,437
Telephone, mobile and internet		8,514,074	14,436,946
		<u>17,427,221</u>	<u>23,528,389</u>
29 Stationery, printing, advertisements etc.			
Printing and stationeries		1,901,925	4,539,161
Publicity and advertisements		22,338	600,129
		<u>1,924,263</u>	<u>5,139,290</u>
30 Managing Director's salary and benefits			
Remuneration		1,000,000	7,616,250
Other benefits		250,000	1,170,000
		<u>1,250,000</u>	<u>8,786,250</u>
Bangladesh Bank approved the appointment letter of Mr. Mohammad Rafiqul Islam as the Managing Director of the Company vide letter no. DFIM(C)1054/55/2023-3595 dated 17 October 2023. Mr. Mohammad Rafiqul Islam joined the Company with effect from 1 November 2023.			
31 Directors' fees			
Directors' fees		568,333	580,555
		<u>568,333</u>	<u>580,555</u>
Directors' fee include fees for attending meetings by the non-executive Directors. Each Director was paid @ Tk. 5,000 per meeting as attendance fee after deduction of tax.			
32 Auditors' fees			
Statutory audit fees (including VAT)		805,000	805,000
		<u>805,000</u>	<u>805,000</u>
33 Depreciation and repair of assets			
Depreciation	Annexure-A		
Furniture and fixture		8,120,446	8,507,612
Office equipment		39,440	36,432
Electrical equipment		23,906,648	22,413,006
System software		11,721,938	9,478,592
Motor vehicles		8,028,297	8,852,768
Office space		4,447,260	4,447,260
Right-of-use assets		28,231,160	28,395,958
		<u>84,495,189</u>	<u>82,131,629</u>
Repairs			
Maintenance of electrical equipment, office equipment, motor vehicle and other assets		14,477,569	19,194,058
		<u>14,477,569</u>	<u>19,194,058</u>
		<u>98,972,758</u>	<u>101,325,687</u>

Movement of depreciation for Right-of-use assets have been included due to implementation of IFRS-16 Leases (office rent).



	Notes	For the year ended 31 December	
		2023	2022
		BDT	BDT
38 Receipts from other operating activities			
Reimbursement - invoice processing and collection costs		10,638,065	13,356,267
Early repayment premium		9,190,294	25,808,221
Reimbursement-documentation costs		58,249,171	81,547,096
Supervision charge		2,556,314	-
Late payment charges		13,159,978	21,016,426
Profit on sale of fixed assets		669,684	779,988
Profit on sale of share		328,309	1,315,112
Income from provident fund forfeited account	24.1	441,701	5,734,615
Miscellaneous earnings		11,451,475	7,133,671
		106,684,990	156,691,395
39 Payments for other operating activities			
Rent, taxes, insurance, electricity etc.		19,009,997	25,041,872
Repairs and maintenance		13,942,337	17,753,371
Travelling and conveyance expenses		10,979,808	12,533,205
Annual general meeting/shareholder expenses		1,228,870	1,422,800
Entertainment		2,885,127	4,093,001
Bank charges		6,898,207	7,605,737
Fees and subscriptions		2,203,760	2,778,252
Medical expenses		434,477	1,084,133
Directors' fees		568,333	580,555
Books, magazines and newspapers etc.		74,287	67,315
Training expenses		5,777	157,827
Office expenses		2,347,235	3,077,133
Security services		4,024,710	8,597,362
		64,602,925	84,792,563
40 Net operating cash flow per share (NOCFPS)			
Net cash flows from operating activities		142,293,554	(2,333,690,864)
Number of shares outstanding		187,114,614	187,114,614
NOCFPS		0.76	(12.47)
NOCFPS (Restated)		0.76	(12.47)
41 Reconciliation of operating activities of cash flow statement			
Particulars			
Net profit after tax		143,103,721	142,536,897
Depreciation		84,495,189	82,131,629
Provision for lease, loans and advances		88,777,406	152,862,745
Written off during the year		(9,747,005)	(100,661,060)
Amount realised from written off clients		40,355,828	24,608,505
Provision for taxation		90,131,515	18,558,188
Profit on sale of fixed assets		(669,684)	(779,988)
Increase/(decrease) in short term loans		290,167,472	(544,208,606)
Increase in lease, loans and advances		(156,143,065)	(2,992,328,422)
Income tax paid		(84,472,587)	(106,233,751)
(Decrease)/increase in deposit and other accounts		(381,193,320)	961,914,852
Increase in other liabilities		195,597,245	72,247,753
Increase in other assets		(158,109,162)	(24,661,562)
Increase in right-of-use assets		-	(19,678,045)
Cash flow from operating activities		142,293,554	(2,333,690,864)
42 Number of employees			
Number of employees who received less than BDT 3,000 per month		-	-
Number of employees who received an aggregate amount more than BDT 36,000 for the whole year or part of the year		862	1,007
		862	1,007



43 Related party disclosures

43.1 Particulars of Directors of the Company as on 31 December 2023

Sl	Name of directors	Designation	Shareholding status
1.	Imran Ahmed	Chairman	Nominated by Camellia Duncan Foundation having share of 2.59%
2.	Susan Ann Walker	Director	Nominated by Lawrie Group Plc.,UK having share of 20%
3.	A. Rouf	Director	Nominated by United Insurance Co. Ltd. having share of 19.84%
4.	L. H. Khan	Director	
5.	A. F. M. M. Samad Choudhury	Director	
6.	A. F. Nesaruddin	Director	Nominated by Surmah Valley Tea Co. Ltd. having share of 8.27%
7.	Ormaan Rafay Nizam	Director	Nominated by National Brokers Ltd. having share of 2.01%
8.	M. M. Alam	Independent director	Not applicable; no shareholdings.
9.	Professor Dr. Mahfuzul Hoque	Independent director	Not applicable, no shareholdings.
10.	Mohammad Rafiqul Islam	Managing director	Not applicable, Ex-officio capacity

43.2 Name of Directors and their interest in different entities as on 31 December 2023

Sl no.	Name of directors	Status with United Finance Limited	Entities where they have interest
1.	Imran Ahmed	Chairman	Director 1. Eastland Camellia Ltd. 2. Duncan Properties Ltd. 3. Octavius Steel & Co. of BD Ltd. 4. Duncan Brothers (BD) Ltd. 5. Duncan Products Ltd. 6. Chittagong Warehouse Ltd. 7. Surmah Valley Tea Co. Ltd. 8. The Lungla (Sylhet) Tea Co. Ltd. 9. The Allynugger Tea Co. Ltd. 10. Amo Tea Co. Ltd. 11. The Chandpore Tea Co. Ltd. 12. The Mazdehee Tea Co. Ltd.
2.	A. Rouf	Director	Director 1. Octavius Steel & Co. of BD Ltd. 2. Duncan Brothers (BD) Ltd. 3. Duncan Products Ltd. 4. Chittagong Warehouse Ltd. 5. Eastland Camellia Ltd. 6. Duncan Properties Ltd.
3.	Susan Ann Walker	Director	Director 1. The Lungla (Sylhet) Tea Co. Ltd. 2. The Allynugger Tea Co. Ltd. 3. Amo Tea Co. Ltd. 4. The Chandpore Tea Co. Ltd. 5. The Mazdehee Tea Co. Ltd. 6. Surmah Valley Tea Co. Ltd.
4.	L. H. Khan	Director	Director National Brokers Ltd.
5.	A. F. Nesaruddin	Director	Senior Partner, Hoda Vasi Chowdhury & Co. Chartered Accountants
6.	Ormaan Rafay Nizam	Director	Managing Director National Brokers Ltd. Director Chittagong Warehouse Ltd.
7.	A.F.M.M. Samad Choudhury	Director	-
8.	M. M. Alam	Independent director	-
9.	Professor Dr. Mahfuzul Hoque	Independent director	Director 1. Power Grid Company of Bangladesh (PGCB) Limited 2. Japan Society of Organization and Accounting (JSOA)
10.	Mohammad Rafiqul Islam	Managing director	-



- 43.3 Significant contract where the Company is the party and wherein directors have interest
As on 31 December 2023 no such contract exists.
- 43.4 Share issued to directors and executives without consideration or exercisable at a discount.
As on 31 December 2023 no such share issue exists.
- 43.5 Transactions with directors and their related entities

Name of the party	Name of directors	Related by	Nature of transaction	Amount	Status of loan and advances
The Lungla (Sylhet) Tea Co. Ltd.	Imran Ahmed	Common director	Term deposit	6,045,688	
	Susan Ann Walker	-Do-	Office rent	4,019,112	
Duncan Properties Ltd.	Imran Ahmed	-Do-	Office rent	123,648	
	A. Rouf	-Do-			
Macalms Bangladesh Trust	Imran Ahmed	Trustee	Term deposit	35,970,065	
	A. Rouf	-Do-			
	A.F.M.M Samad Choudhury	-Do-			
National Brokers Limited	L. H. Khan	Common director	Term deposit	99,797,332	
	Ormaan Rafay Nizam	-Do-			
Duncan Brothers (BD) Ltd.	Imran Ahmed	-Do-	Office rent	2,874,788	
	A. Rouf	-Do-			
United Insurance Co. Ltd.	A. Rouf	Nominated director	Lease	3,654,184	Regular
	L. H. Khan	-Do-	Term deposit	25,642,000	
	A.F.M.M. Samad Choudhury	-Do-	Insurance premium	373,971	
Duncan Products Ltd.	A. Rouf	Common director	Term deposit	8,210,000	
	Imran Ahmed	-Do-	Drinking water bill	33,408	
Amo Tea Co. Ltd.	Imran Ahmed	-Do-	Office rent	2,874,788	
	Susan Ann Walker	-Do-			
The Chandpore Tea Co. Ltd.	Imran Ahmed	-Do-	Office rent	697,770	
	Susan Ann Walker	-Do-			
The Mazdehee Tea Co. Ltd	Imran Ahmed	-Do-	Office rent	697,770	
	Susan Ann Walker	-Do-			
Camellia Duncan Foundation	Imran Ahmed	Trustee	Term deposit	54,622,507	
	A. Rouf	-Do-			
Octavius Steel & Company of Bangladesh Limited	Imran Ahmed	Common director	Term deposit	13,591,688	
	A. Rouf	-Do-			

- 43.6 Lending policy to related parties

Related parties are allowed lease, loans and advance as per credit policy of the Company on arm's length basis.

- 43.7 Investment in the securities of directors and their related concerns

As on 31 December 2023 no such investment exists.



44 Commitment

Capital expenditure

There was no capital expenditure contracted but not incurred or provided for at 31 December 2023 (2022: Nil).

Commitment to lend

Under a lease/loan commitment the Company agrees to make funds available to customers in the future. Lease/loan commitments, which are usually for a specified term may be unconditionally cancellable or may persist, provided all conditions in the lease/loan facility are satisfied or waived. At the end of the year 2023, the Company had BDT 1,006,614,329 commitment with customers (2022: BDT 1,403,213,735).

45 Claim against Company not acknowledged as debt

Unsettled income tax returns/appeals are under process for assessments/settlement with the National Board of Revenue and honorable Supreme Court (High Court Division and Appellate Division). However, no such final judgment/order has been received from honorable Supreme Court (High Court Division and Appellate Division) which may go against the Company.

Except above, there was no such claim against the Company which required to be acknowledged as debt at 31 December 2023.

46 Proposal of dividend

The Board of Directors has recommended a cash dividend of BDT 0.60 per ordinary share (2022: @ BDT 0.50 per ordinary share) i.e. a total of BDT 112.27 million for 187.11 million ordinary shares held on the record date 16 May 2024.

47 Dividend remitted to non-resident shareholders

An amount of Tk. 16,581,564.45 equivalent to GBP 119,237.19 (2021: Tk. 33,421,878.90 equivalent to GBP 288,795.58) was remitted to non-resident shareholder as dividend for the year 2022.

48 Foreign currency transactions

There were no foreign currency monetary transactions during the reporting year that would give rise to gains or losses in the profit and loss account.

49 Collection of audited financial statements during sanction or renewal of lease/loan facility.

Bangladesh Bank in its DFIM Circular no 08 dated 17 August 2021 instructed the financial institutions to obtain and preserve audited financial statements for loans and advances sanctioned/renewed to public interest entity.

In 2023, United Finance sanctioned around 1,450 clients who are in the Cottage, Micro and Small segment. These segments were exempted from mandatory submission of Audited Financials up to December 2024 as per DFIM Circular letter No. 03 dated 13 February 2023.

In addition, United Finance also sanctioned around 243 clients in 2023 who are in the large segment. Out of this 243 clients, audited financial statements were obtained and preserved for 100 clients during sanction. Rest are yet to complete the statutory audit of their financial statements.



50 Highlights on the overall activities

Sl. no.	Particulars		2023	2022	Growth (%)
1	Paid-up capital (note-13.2)	MBDT	1,871.15	1,871.15	-
2	Total eligible capital (note-13.3)	MBDT	3,383.57	3,336.19	1.42%
3	Capital surplus (note-13.3)	MBDT	1,426.90	1,426.50	0.03%
4	Total assets	MBDT	28,818.52	27,183.22	6.02%
5	Total term deposits (note-11.1)	MBDT	13,697.88	14,178.31	-3.39%
6	Total lease, loans and advances (note-7.1)	MBDT	20,376.74	20,220.59	0.77%
7	Total contingent liabilities and commitments (note-19)	MBDT	-	-	-
8	Loan to deposit ratio (note-7.1/note-11.1)		1.49	1.43	4.31%
9	Percentage of classified lease, loans and advances against total lease, loans and advances (note-7.9)	(%)	4.84	3.44	40.77%
10	Profit after tax and provision	MBDT	143.10	142.54	0.40%
11	Amount of loans classified during the year	MBDT	985.99	695.05	41.86%
12	Provisions kept against classified loans (note-12.6)	MBDT	531.23	406.54	30.67%
13	Provision surplus (note-12.6)	MBDT	0.34	13.73	-97.54%
14	Cost of fund	(%)	6.41	6.41	0.00%
15	Interest earning assets	MBDT	25,199.48	23,647.25	6.56%
16	Non-interest earning assets	MBDT	3,619.04	3,535.97	2.35%
17	Return on equity (i)	(%)	4.45	4.43	0.32%
18	Net return to total earning assets	(%)	0.57	0.60	-5.79%
19	Return on total assets (ii)	(%)	0.51	0.54	-4.91%
20	Income from investment in shares and bonds (note-23)	MBDT	112.80	76.32	47.79%
21	Earnings per share (iii)	BDT	0.76	0.76	0.40%
22	Net income per share (iv)	BDT	0.76	0.76	0.40%
23	Price earning ratio (v)	Times	20.66	20.74	-0.40%

MBDT= Bangladeshi taka in Million, BDT= Bangladeshi taka


i. Return on equity is calculated based on average equity.

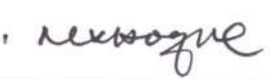
ii. Return on assets is calculated based on average assets.


iii. Restated EPS.

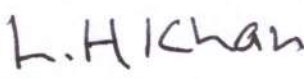
iv. Since United Finance Limited does not have any minority interest, EPS and net income per share remain same.

v. Based on December 31 market price of the respective year.


Mohammad Rafiqul Islam
 Managing Director


Professor Dr. Mahfuzul Hoque
 Independent Director


Ormaan Rafay Nizam
 Director


L. H. Khan
 Director

Dhaka, Bangladesh
 Dated: 24 April 2024



Fixed assets including land, building, furniture and fixtures

Particulars	Furniture and fixture	Office equipment	Electrical equipment	Software	Motor vehicle	Office Space	Right-of-use assets	Total
Cost								
Balance at 01 January 2023	125,636,766	589,601	181,725,498	44,808,157	52,759,756	177,890,411	220,913,801	804,323,989
Addition during the year	2,807,179	-	6,229,313	1,475,000	18,066,645	-	-	28,578,137
Disposal/adjustment	(1,716,065)	-	(355,825)	-	(12,618,615)	-	-	(14,690,505)
Balance at 31 December 2023	126,727,879	589,601	187,598,986	46,283,157	58,207,786	177,890,411	220,913,801	818,211,620
Accumulated depreciation								
Balance at 01 January 2023	92,893,724	426,595	108,562,799	14,738,842	31,891,057	22,606,908	86,600,583	357,720,508
Charge for the year	8,120,446	39,440	23,906,648	11,721,938	8,028,297	4,447,260	28,231,160	84,495,189
Disposal/adjustment	(1,689,908)	-	(340,495)	-	(6,708,836)	-	-	(8,739,239)
Balance at 31 December 2023	99,324,262	466,035	132,128,952	26,460,780	33,210,518	27,054,168	114,831,743	433,476,458
WDV at 31 December 2023	27,403,617	123,566	55,470,034	19,822,377	24,997,268	150,836,243	106,082,058	384,735,163
WDV at 31 December 2022	32,743,041	163,006	73,162,699	30,069,315	20,868,698	155,283,503	134,313,219	446,603,481

