



**UNITED FINANCE**

**ANNUAL REPORT 2022**





# Annual Report 2022



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## NOTICE OF THE THIRTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fourth Annual General Meeting (AGM) of the shareholders of United Finance Limited will be held on **Thursday, May 25, 2023 at 11:30 a.m.** through a digital platform in accordance with the Bangladesh Securities and Exchange Commission (BSEC) order no. SEC/SRMIC/94-231/91 dated March 31, 2021 to transact the following business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2022.
2. To declare Dividend for 2022.
3. To re-elect Directors.
4. To consider the appointment of Statutory Auditors for the year 2023 and fix their remuneration.
5. To consider the appointment of Corporate Governance Compliance Auditor for the year 2023 and fix their remuneration.

By order of the Board

Sharmi Noor Nahar  
Company Secretary

Dated: Dhaka  
May 3, 2023

### Notes:

1. The Shareholders whose name appeared in the Members'/Depository Register on Record Date i.e., April 16, 2023 will be eligible to attend/participate and vote in the Annual General Meeting through digital platform and to receive Dividend.
2. A shareholder entitled to attend/participate and vote at the meeting may appoint a proxy to attend/participate and vote in his/her stead. The scanned copy of the proxy form duly affixed with a revenue stamp of Tk 20.00 must be e-mailed to [investor.relations@unitedfinance.com.bd](mailto:investor.relations@unitedfinance.com.bd) no later than 48 hours before the day of the Annual General Meeting.
3. The link for participating in the AGM through a digital platform will be notified to the e-mail addresses provided in the Beneficiary Owners (BO) account of the respective shareholders held with Depository Participant (DP).
4. Shareholders who changed/amended their e-mail addresses or opened new e-mail addresses after the Record Date are requested to e-mail the details to [investor.relations@unitedfinance.com.bd](mailto:investor.relations@unitedfinance.com.bd) along with full name, Folio/BO ID to receive the digital platform meeting invitation.
5. Full login/participation process to the digital platform meeting will also be available in the Company website [www.unitedfinance.com.bd](http://www.unitedfinance.com.bd).
6. The soft form of Annual Report 2022 will be forwarded to the e-mail addresses of the shareholders available in their Beneficiary Owners (BO) account maintained with Depository Participant (DP). The Annual Report 2022 and proxy form will be available in the Company website [www.unitedfinance.com.bd](http://www.unitedfinance.com.bd).



## CHAIRMAN'S STATEMENT

### Dear Shareholders:

On behalf of the Board of Directors, I welcome you all to the 34<sup>th</sup> Annual General Meeting of United Finance Limited. I take this opportunity to brief you on the state of the economy, the financial services sector and the Company's performance during 2022.

### Global Economic Performance

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

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

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

### Bangladeshi Economic Performance

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

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

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

### Financial Services Sector

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

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

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

### Company Performance

In view of the above noted conditions of national and international economies and the financial sectors, the year 2022 was very challenging for the Company. The Earnings per Share (EPS) of your Company decreased to BDT 0.76 in 2022 from BDT 1.19 in 2021 and Net Asset Value (NAV) per Share decreased from BDT 17.30 in 2021 to BDT 17.06 in 2022.

The Company registered a 10.83% growth in its operating revenue from 2021; however due to necessary provision requirement and increase in operating expenses the net profit decreased by 35.86%.



## BUSINESS

### Deposit Products

The overall deposit portfolio consisting mainly of individuals, corporate entities, and organisations grew by 7.04% in 2022 which reflects the enviable confidence of the customers on your Company.

### Lease, Loans and Advances Products

The lease, loans and advances portfolio of the Company grew by 17.37% from BDT 17.2 billion to BDT 20.2 billion this year. The lending activities of your Company in 2022 were consciously focused on areas less vulnerable to national and international economic shocks, eligible for refinancing, contributing in sustainable development and identified by the government and central bank to be crucial to the economic recovery of the country.

### Cost Administration

Operational costs increased by 16.96% due to the overall increase in business activities and significant inflationary pressures. This was primarily due to an increase in the fixed costs such as salaries which increased by 16.89% in 2022 from the previous year. The fixed costs increased due to high inflation and the salary related costs had to be increased to align with peers' position.

### Risk Management

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

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

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

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

### Sustainability Initiatives

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

### Outlook

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

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



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

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

## Acknowledgement

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

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

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

Sincerely,

Imran Ahmed  
Chairman of the Board



## BOARD OF DIRECTORS' REPORT

### Dear Shareholders:

We are pleased to submit herewith the 34<sup>th</sup> annual report of the Company together with the audited financial statements for the year ended December 31, 2022 and the auditors' report thereon.

### Principal activities

The Company's main activities are as follows:

- Providing mid-to-long-term financing in the form of leases, term loans, and home loans.
- Offering short-term loans to support small business financing needs.
- Accepting deposits through fixed-term deposits and DPS products.

In the year 2022, the principal activities of the Company were influenced by several factors including high inflation and unstable foreign exchange market impacting imports. Your Company was proactive in adopting approaches to deal with these threats. Disbursements were made cautiously avoiding major vulnerable sectors and special focus was given to the green and sustainable sectors.

However, the Company had to adjust both the lending and deposit interest rates to follow the Bangladesh Bank's interest rate cap. This resulted in a historically low level of interest margin. In addition, the unusually high level of inflation impacted the Company's cost of doing business. Both these factors contributed to a 35.86% reduction in our net profit after tax. Going forward your Company will focus on optimising resource productivity through leveraging technologies, training and process reengineering.

### Financial results

The Company's before and after tax profit for the year 2022 were BDT 162 million and BDT 142 million compared to BDT 260 million and BDT 222 million respectively in the previous year.

The financial results are summarized below:

	2022 BDT	2021 BDT
Operating income	1,086,598,509	980,403,686
Operating expenses and provision	(924,605,680)	(720,768,831)
Profit before tax	161,992,829	259,634,855
Provision for taxation	(19,455,932)	(37,392,938)
Profit after tax	142,536,897	222,241,917
Retained earnings brought forward	17,807,675	27,180,372
Profit available for appropriation	160,344,572	249,422,289
Appropriation:		
Profit transferred to statutory reserve	28,600,000	44,500,000
Profit transferred to general reserve	-	-
Proposed cash dividend	93,557,307	187,114,614
Proposed bonus share	-	-
Un-appropriated profit carried forward	38,187,265	17,807,675
	<b>160,344,572</b>	<b>249,422,289</b>

### Dividend

The Board recommended cash dividend of Taka 0.50 per ordinary share amounting to BDT 93.56 million for 187.11 million ordinary shares held on record date April 16, 2023 for the year ended December 31, 2022.

### Directors

Surmah Valley Tea Company Limited withdrew the nomination of Mr. C. K. Hyder. Mr. Ormaan Rafay Nizam was nominated by National Brokers Limited to represent in the Board of United Finance Limited. The Board accepted his nomination in accordance with Article 161 of the Articles of Association of the Company and he is eligible for re-election.

As per Articles 154, 155 and 156 of the Articles of Association of the Company, Mr. Imran Ahmed representing Lawrie Group Plc, Mr. A.F. Nesaruddin representing Surmah Valley Tea Company Limited will retire by rotation from the office and are eligible for re-election.

The re-election of the above-mentioned Directors are subject to approval of Bangladesh Bank as per DFIM Circular No. 09 dated August 29, 2022.

Mr. Mahbub Mustafizur Rahman, Independent Director has resigned from the Board of the Company on March 23, 2023.

### Managing Directors

The tenure of the contract with Mr. Kaiser Tamiz Amin as Managing Director of United Finance Limited expired on August 31, 2022 as Bangladesh Bank, DFIM vide its letter no. DFIM(C) 1058/55/2022-2464 dated August 31, 2022 has not approved to reappoint Mr. Amin for further term. The Board put on record its appreciation of Mr. Kaiser Tamiz Amin for his commendable involvement and contribution during his services for the last six years and for the accomplishments achieved by the Company, particularly during the challenging period of COVID-19 pandemic.

The Board selected the next eligible senior most executive, Mr. Mohammed Abul Ahsan and appointed him as Acting Managing Director with effect from September 1, 2022 in accordance with Bangladesh Bank DFIM Circular No. 2 dated March 25, 2015.



## Statutory Auditors

Nurul Faruk Hasan & Co., Chartered Accountants who have served as Auditors of the Company for three consecutive years shall retire and are ineligible for re-appointment as per Bangladesh Bank and Bangladesh Securities and Exchange Commission rules. Therefore, a new auditor is required to be appointed by the shareholders for the year 2023 in the 34<sup>th</sup> Annual General Meeting.

The Board of Directors recommended the appointment of A. Qasem & Co., Chartered Accountants for the year 2023. The matter will be placed before the shareholders in the Annual General Meeting subject to approval from Bangladesh Bank.

## Corporate Governance Compliance Auditor

As per the Corporate Governance Code of Bangladesh Securities and Exchange Commission dated June 3, 2018, a professional is required to be appointed for certifying compliance with Corporate Governance Code by the shareholders for the year 2023 in the Annual General Meeting.

The Board of Directors recommended the appointment of Hoque Bhattacharjee Das & Co, Chartered Accountants for the year 2023. The matter will be placed before the shareholders in the Annual General Meeting.

## Statement of Directors on Financial Reports

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994, Securities and Exchange Rules, 1987 and rules and regulations from Bangladesh Bank. These statements present fairly the Company's statement of affairs, the result of its operation, cash flow, and statement of changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) The presentation of Financial Statements has been made in accordance with the Bangladesh Bank DFIM circular no.11 dated December 23, 2009.
- e) IAS/IFRS as applicable in Bangladesh have been followed in preparation of the financial statements.
- f) Internal Control System is sound in design and has been effectively implemented and monitored.
- g) There are no significant doubts about the ability of the Company to continue as going concern.
- h) There is significant deviation from the operating result of the last year.
- i) The interests of the minority shareholders have been duly protected in the Company
- j) There is no stock dividend recommended by the Board of Directors of the Company as interim dividend.

## Board Meeting and Attendance

During the year, Nine (9) Board Meetings were held. The attendance of the Directors is shown in annexure-1.

## Shareholding Pattern

The shareholding pattern as per clause 1.5 (xxiii) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 is shown in annexure -2.

## Key Operating and Financial Data

Summarised key operating and financial data of the Company for last five years is shown in annexure-3.

## Segment-wise performance

The segment wise performance of the Company as per clause 1.5 (ii) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 is shown in annexure-4.

## Management Discussion and Analysis

Pursuant to the clause 1.5(xxv) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 is shown in annexure-5.

## Declaration and Certification of Managing Director and Chief Financial Officer

Pursuant to the clause 1.5 (xxvi) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 is shown in annexure-6.

## Brief resume of the Directors who will seek re-appointment/approval in the AGM

Brief resume of the Directors as per clause 1.5 (xxiv) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 and BSEC Notification No. BSEC/CMRRCD/2009-193/3/Admin/104 dated February 5, 2020 is shown in annexure-7.



**Report on the Activities of Audit Committee**

Pursuant to the clause 5.7 of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 we attach the Company's compliance status as annexure-8.

**Certification on Compliance of Corporate Governance Code**

Certificate from a professional on compliance with the conditions as per clause 9 (1) of Corporate Governance Code is shown in annexure-9.

For and on behalf of the Board of Directors.

Imran Ahmed  
Chairman of the Board

March 23, 2023

**Board meeting and attendance**

Name of Directors	Meetings attended
Mr. Imran Ahmed	9
Mrs. Susan Ann Walker	9
Mr. A. Rouf	9
Mr. L. H. Khan	8
Mr. M.M. Alam	5
Mr. A.F. Nesaruddin	7
Mr. C. K. Hyder*	1
Mr. Mahbub Mustafizur Rahman	9
Mr. Ormaan Rafay Nizam**	7
Mr. A.F.M.M Samad Choudhury	8
Mr. Kaiser Tamiz Amin***	5
Mr. Mohammed Abul Ahsan****	3

In 2022 Nine (9) Board meetings were held. Leave of absence was granted in case of non-attendance. \*The nomination of Mr. C. K. Hyder was withdrawn on April 21, 2022. \*\*Mr. Ormaan Rafay Nizam was appointed on May 17, 2022. \*\*\* Mr. Kaiser Tamiz Amin, Managing Director's contract expired on August 31, 2022. \*\*\*\*Mr. Mohammed Abul Ahsan was appointed as Acting Managing Director with effect from September 1, 2022.

**Shareholding pattern as at December 31, 2022****Shareholdings of Parent/Subsidiary/Associated companies and other related parties**

Sl. No	Name of shareholders	Number of shares	% of holdings
1	Lawrie Group Plc, U.K.	37,422,921	20.00
2	United Insurance Co. Ltd.	37,116,828	19.84
3	Surmah Valley Tea Co. Ltd.	15,481,242	8.27
4	Camellia Duncan Foundation	4,855,602	2.59
5	Macalms Bangladesh Trust	2,144,514	1.15
6	Duncan Brothers (BD) Ltd.	1,871,145	1.00
7	Octavius Steel & Co. of BD Ltd.	1,336,510	0.71
8	The Lungla (Sylhet) Tea Co. Ltd.	1,085,324	0.58
9	Amo Tea Co. Ltd.	554,773	0.30
10	The Chandpore Tea Co. Ltd.	130,835	0.07
11	Chittagong Warehouses Ltd.	111,414	0.06
12	The Allynugger Tea Co. Ltd.	111,274	0.06
13	The Mazdehee Tea Co. Ltd.	111,191	0.06
14	Duncan Products Ltd.	111,132	0.06

**Shareholdings of the Directors', Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit & Compliance and their Spouses and Minor Children**

Name	Status	Number of shares	% of holdings
Mrs. Khurshid Ara Rouf	Wife of Mr. A. Rouf, Director	200	0.0001
Mrs. Shama Rukh Alam	Wife of Mr. M.M. Alam, Independent Director	19,449	0.010
Mr. Mohammed Abul Ahsan	Chief Executive Officer – Acting	-	-
Ms. Sharmi Noor Nahar	Company Secretary	-	-
Mr. Khandaker Tanbir Islam	Head of Internal Audit & Compliance- Acting	2,124	0.001
Mr. Arnab Kumar Das, ACA	Head of Financial Reporting	-	-

**Shareholdings of top five executives other than directors and above mentioned executives**

Name	Status	Number of shares	% of holdings
Mr. Md. Enayet Latif	Deputy General Manager	-	-
Mr. Md. Mahabubur Rahman Khan	Deputy General Manager	-	-
Mr. Zia Ul Alam Chowdhury	Deputy General Manager	-	-
Ms. Sabrina Mehnaz	Deputy General Manager	-	-
Mr. Mohammed Ashfaquul Haque Chowdhury	Assistant General Manager	-	-

**10% and above shareholdings of the Company**

Name	Status	Number of shares	% of holdings
Lawrie Group Plc, U.K	Sponsor	37,422,921	20.00
United Insurance Co. Ltd.	Sponsor	37,116,828	19.84



Annexure-3

Key Operating and Financial Data

		2022	2021	2020	2019	2018
<b>Operating Result</b>						
Net operating income	MBDT	1,087	980	923	1,059	1,131
Profit before tax	MBDT	162	260	272	385	473
Provision for tax	MBDT	19	37	60	141	197
Profit after tax	MBDT	143	222	211	245	277
<b>Balance Sheet</b>						
Total investment portfolio	MBDT	20,221	17,228	15,136	14,989	17,942
Total assets	MBDT	27,183	25,860	21,560	21,730	24,073
Financial liabilities	MBDT	20,245	19,044	14,647	15,096	17,800
Total liabilities	MBDT	23,992	22,623	18,359	18,553	20,953
Shareholders' equity	MBDT	3,192	3,236	3,201	3,177	3,119
Shares outstanding	Mn	187.11	187.11	187.11	187.11	187.11
<b>Financial ratios</b>						
Debt-equity ratio <sup>1</sup>	Times	7.52	6.99	5.73	5.84	6.72
Return on equity <sup>2</sup>	%	4.43	6.90	6.62	7.77	9.01
Financial expenses coverage <sup>3</sup>	Times	1.13	1.23	1.21	1.25	1.30
Provision on doubtful assets to total lease, loan and advances	%	2.77	2.92	3.15	3.02	2.68
Net asset value per share (NAV)	BDT	17.06	17.30	17.11	16.98	16.67
Earnings per share (EPS)	BDT	0.76	1.19	1.13	1.31	1.48
Cash dividend (per share)	%	5.00	10.00	10.00	10.00	10.00
Stock dividend (bonus share)		-	-	-	-	-
<b>Number of offices</b>	Nos.	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
<b>Number of employees</b>	Nos.	<b>696</b>	<b>608</b>	<b>541</b>	<b>516</b>	<b>482</b>
<b>Restatements<sup>4</sup> :</b>						
<b>EPS</b>	BDT	<b>0.76</b>	<b>1.19</b>	<b>1.13</b>	<b>1.31</b>	<b>1.48</b>
<b>NAV</b>	BDT	<b>17.06</b>	<b>17.30</b>	<b>17.11</b>	<b>16.98</b>	<b>16.67</b>

MBDT= Bangladeshi Taka in Million, BDT= Bangladeshi Taka, Mn= Number in Million

1. Debt-equity ratio is the ratio between total debt and total equity.
2. Return on equity is the ratio between net profit and average equity.
3. Financial expenses coverage is the ratio between profit before interest & tax and interest expenses.
4. Restatements have been calculated based on shares outstanding at the end of the year 2022 and accordingly restated for the previous years.

Annexure-4

Income segments

Segments	2022	2021	Growth
Net Interest income from long term activities	993,701,895	911,980,536	9%
Net interest income from short term activities	64,087,798	40,121,243	60%
Investment income	28,808,815	28,301,908	2%



## Management Discussion and Analysis

### 1. Accounting Policies and Estimation

Financial Statements are prepared in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), the Financial Institutions Act 1993, the Financial Institutions Regulation 1994, the Companies Act 1994, Securities and Exchange Rules 1987, the rules and regulations issued by Bangladesh Bank and the listing regulations of Dhaka Stock Exchange. When any requirement(s) of the Country's laws, acts, guidelines and circulars issued by the local regulatory bodies differed from those of IFRS or IAS, the national requirement(s) prevailed. When any requirement of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank differed from those of IFRSs, IASs and BSEC, the requirements of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank prevailed.

A brief description of the accounting policies and the basis of estimation used for preparation of the financial statements of your Company are disclosed in Note-2 of the Financial Statements published in the annual report.

### 2. Changes in Accounting Policies and Estimation

The Company has been maintaining consistent accounting policies and bases of estimation. There was no change in the accounting policies and bases of estimation that had an impact on the financial statements for the past year.

### 3. Comparative Analyses of Financial Performance

The financial performance of your Company over the last 5 years is appended in Annexure-03 of the Director's Report. Changes over the last year in the key operating and financial position indicators from the financial statements are discussed below:

	Indicators	2022 over 2021 (% Change)	Explanation
Income Statement	Interest Income	8.16%	Due to the growth in both asset and deposit portfolios
	Interest paid on deposits, borrowings, etc.	7.55%	
	Investment Income	13.85%	Due to growth in investment portfolio
	Other Income	19.99%	Due to processing a large number of disbursements
	Salaries and allowances	16.89%	Due to high turnover and to align with peers' position
	Legal Expenses	42.63%	Due to increase in legal action against delinquent and defaulting clients
	Postage, stamp, telecommunication etc.	5.92%	Due to processing a large number of disbursements
	Stationery, printing, advertisements, etc.	28.27%	Due to increase in lending activities
	Rent, taxes, insurance, electricity, etc.	-3.22%	Due to a reduction in insurance costs in line with changes in insurance policy
	Depreciation and repair of assets	18.78%	Due to an increase in repair of assets, kept pending during COVID period
	Total Provisions for Lease, Loans and Advances	150.79%	Due to an increase in the delinquency rate of clients adversely affected by COVID and the conflict in Ukraine
Balance Sheet	Balance with Bangladesh Bank and its agent bank(s)	32.33%	To accommodate higher level of refinancing payment to Bangladesh Bank
	Balance with banks and other financial institutions	-41.28%	Due to higher level of loan disbursements
	Lease, loans and advances	17.37%	Due to expansionary long-term business strategy
	Investments	30.74%	Due to higher level of investment in preference shares
	Borrowing from banks, other financial institutions and agents	4.45%	Due to a strategic moderation of bank financing
	Term Deposits	6.51%	Due to increase in business deposits as part of long-term business strategy

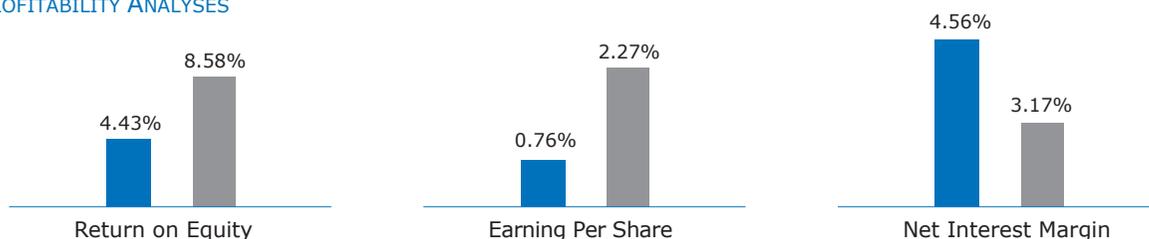


Indicators		2022 over 2021 (% Change)	Explanation
Cash Flow Statement	Cash flow from operating activities	-321.7%	Due to increase in long-term and short-term lease and loan disbursement
	Cash flow from investing activities	45.96%	Due to increase in investment in preference shares
	Cash flow from financing activities	-46.2%	Due to repayment of long-term loans

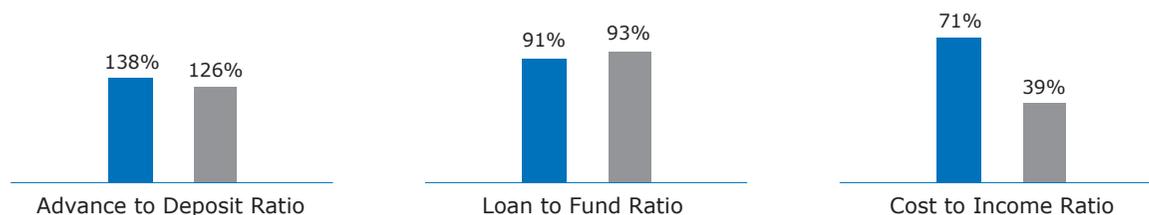
#### 4. Comparison of Performance with Peers

In this segment, we present some important performance indicators to show your Company’s performance over the last year in comparison to our peers.

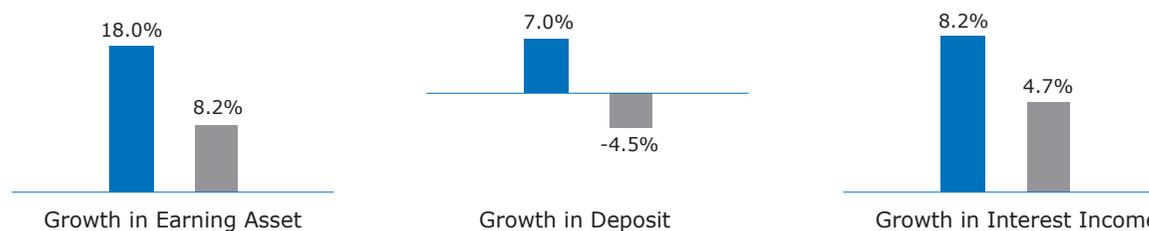
##### PROFITABILITY ANALYSES



##### EFFICIENCY ANALYSES



##### BUSINESS GROWTH ANALYSES



■ United Finance    ■ Industry Average (Q3)

The Company remained competitive in terms of Net Interest Margin, Earning Asset Growth, Deposit Growth, and Growth in Interest Income compared to the peers. However, improvement of the Cost to Income ratio will be a priority in the coming years.

#### 5. Financial and Economic Overview

##### 5.1. Global Economic Condition

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

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



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

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

## 5.2. Bangladesh Economy

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

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

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

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

## 5.3 Bangladesh Financial Sector

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

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

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



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

#### 5.4 Risks and Concerns

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

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

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

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

Your Company's risk management process appended as Pillar III: Market Discipline disclosure to this Annual Report illustrates the details of how we are prepared to tackle such risks.

#### 5.5 The Way Forward

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

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

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

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

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

Sincerely yours,

**Mohammed Abul Ahsan**  
Managing Director (Acting)



## Declaration by Managing Director and Chief Financial Officer

March 23, 2023

The Board of Directors  
United Finance Limited  
22 Kazi Nazrul Islam Avenue  
Dhaka

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

Dear Sirs,

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

1. The Financial Statements of United Finance Limited for the year ended on December 31, 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on December 31, 2022 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,

**Mohammed Abul Ahsan**  
Managing Director (Acting)

**Arnab Kumar Das, ACA**  
Head of Financial Reporting



## Brief resume of the Directors who are going to retire & seek re-appointment at the Annual General Meeting

### Mr. Imran Ahmed

Mr. Imran Ahmed, Chairman of Board of Directors of United Finance Limited represents Lawrie Group Plc. He is also the Executive Chairman of Duncan Brothers group.

In 2001, he joined Duncan Brothers group of companies and has been a Director in Surmah Valley Tea Co. Limited, The Lungla (Sylhet) Tea Co. Limited, The Allynugger Tea Co. Limited, Amo Tea Co. Limited, The Chandpore Tea Co. Limited, The Mazdehee Tea Co. Limited, Eastland Camellia Limited, Octavius Steel & Co. of BD Limited, Chittagong Warehouse Limited, Duncan Products Limited and Duncan Properties Limited.

Mr. Ahmed started his career at Tea Holdings Limited in 1975. He joined Grindlays Bank Limited in 1980 and in his more than 20 years' association with the Bank, he held various positions including being a member of Management Committee of the Bank. He is associated with Bangladesh Tea Association, British Business Group, Foreign Investors' Chamber of Commerce & Industry, International Chamber of Commerce, Metropolitan Chamber of Commerce and Industry, Bangladesh Employer's Federation, Federation of Bangladesh Chambers of Commerce & Industries, and Shippers' Council of Bangladesh. Mr. Ahmed graduated from the University of Dhaka.

### Mr. A. F. Nesaruddin

Mr. A. F. Nesaruddin represents Surmah Valley Tea Company Limited on the Board of United Finance.

Mr. Nesaruddin is a Senior Partner of Hoda Vasi Chowdhury & Co., Chartered Accountants. He has more than 35 years of experience in statutory audits including audits of listed companies, taxation, corporate due diligence and business advisory services as well as group audits for multinational corporations.

Mr. Nesaruddin has served as member and Director in various government organisations, listed company, banks and other capital market intermediary entities.

He completed his Masters in Finance with Honours from the University of Dhaka. He is a Fellow of the Institute of Chartered Accountants of Bangladesh (ICAB) and past President of the Institute. He is also a Fellow of the Institute of Chartered Secretaries of Bangladesh (ICSB).

### Mr. Ormaan Rafay Nizam

Mr. Ormaan Rafay Nizam represents National Brokers Limited on the Board of United Finance.

Mr. Nizam is the Managing Director of National Brokers Limited. He has over 30 years of experience in tea broking. He joined National Brokers in 1991, became its Director in 2000.

He is associated with various social activities and is actively involved in Bhatyari Golf and Country Club. He is also the Honorary Consul of France in Chattogram.

Mr. Nizam graduated from University of Chattogram and obtained B.Sc. degree from the London School of Economics.



## Report on the Activities of Audit Committee

During 2022, the Audit Committee discharged the following responsibilities:

- Met with the external Auditors for discussion on the Company's draft Audited Financial Statements for the year 2021;
- Reviewed the Company's draft financial statements for the year ended on December 31, 2021 and recommended that the same be placed before the Board for approval;
- Recommended that the report of the Committee be adopted by the Board for publishing in the Annual Report 2021;
- Advised the Board on the appointment of external auditors for the year 2022 and their audit fee;
- Advised the Board on the appointment of professional for certification on compliance of Corporate Governance for the year 2022;
- Reviewed the quarterly reports on Risk Management Forum, Compliance, Internal Audit and System Audit;
- Reviewed the report on development of pending legal cases;
- Reviewed the quarterly financial statements and recommended that the same be placed to the Board for approval;
- Reviewed the Management Report of the external auditors' for the year 2021 along with the management responses on the Company's internal control;
- Reviewed and approved the Operational Guidelines on Internal Control and Compliance;
- Reviewed and approved the Compliance Calendar-2023;
- Reviewed the Lease/Loan Write Off cases;
- Noted the following:
  - Presentations from the management on the update of the business exposure in the potential sectors identified by IFC, World Bank and peer group comparison on a quarterly basis;
  - After the fire incident on April 6, 2022 the business operations of Sylhet Branch were resumed on Sunday, April 10, 2022 at temporary premises in the same building and relevant insurance claims had been lodged and an assessment of the cost and timeliness of renovation/repair work of the original building were underway;
  - The operations of the Sylhet branch resumed from the original premises on July 24, 2022 after completion of the renovation work;
  - Fire drills were conducted at all the offices of the Company including Camellia House;

The Audit Committee comprised of:

Sl.	Name	Status in the Company	Status with Committee	Educational Qualification
1	M. M. Alam	Independent Director	Chairman	MBA & Chartered Accountant
2	Mahbub Mustafizur Rahman	Independent Director	Member	MBA
3	L.H. Khan	Director	Member	B.A.
4	Ormaan Rafay Nizam	Director	Member	Graduate, UK
5	A.F.M.M Samad Choudhury	Director	Member	Mechanical Engineer
6	Sharmi Noor Nahar	Company Secretary	Secretary	Chartered Secretary

The Audit Committee held four meetings during the year 2022. On invitation, Company's Managing Director, Chief Financial Officer (CFO), Head of Internal Audit and Compliance, Chief Risk Officer (CRO), Head of Special Assets Management and Head of Financial Reporting attended the meeting to meet the queries of the Audit Committee and take directives for improvement.

*M. M. Alam*  
M. M. Alam  
Chairman  
Audit Committee



# Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

## Report to the Shareholders of United Finance Limited on compliance of the Corporate Governance Code

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

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

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

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

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

**Suraiya Parveen and Associates**

Chartered Secretaries

Dhaka, April 02, 2023



**Status on compliance of Corporate Governance code by BSEC**

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	<b>Board of Directors'</b>			
1.1	<b>Board's Size</b>	√		
<b>1.2</b>	<b>Independent Director:</b>			
1.2 (a)	One fifth (1/5) of the total number of directors	√		
1.2 (b)(i)	Does not hold any share or holds less than 1% share of the total paid-up shares	√		
1.2 (b) (ii)	Not connected with any sponsor/director/shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship	√		
1.2 (b) (iii)	Who has not been an executive of the Company in the last two years	√		
1.2 (b) (iv)	Does not have any other relationship, whether or otherwise, with the Company or its subsidiary/associated companies	√		
1.2 (b) (v)	Not a Member, Director or Officer of any Stock Exchange or Trading Right Entitlement Certificate (TREC) holder	√		
1.2 (b) (vi)	Not a shareholder, Non-Independent Director, member or officer of any capital market intermediary	√		
1.2 (b) (vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm	√		
1.2 (b) (viii)	Not an Independent Director in more than 5 (five) listed companies	√		
1.2 (b) (ix)	Not been convicted of any crime, and not a loan defaulter	√		
1.2 (b)(x)	Not been convicted of any criminal offence involving moral turpitude	√		
1.2 (c)	Appointed by the Board of Directors and approved in the AGM	√		
1.2 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	√		
1.2 (e)	Tenure of office of an independent director shall be for a period of 3 (three) years and may be extended for one more term	√		
<b>1.3</b>	<b>Qualification of Independent Director (ID):</b>			
1.3 (a)	Knowledge of Independent Directors	√		
1.3 (b) (i)	Business leader	√		
1.3 (b)(ii)	Corporate leader	√		
1.3 (b) (iii)	Former government official	√		
1.3 (b)(iv)	University Teacher in Economics, Commerce or Business Studies or Law	√		
1.3 (b) (v)	Professional who is/was an accountant, secretary, advocate/ equivalent qualification	√		
1.3 (c)	The Independent Director shall have at least 10 (ten) years of experience	√		
1.3 (d)	Special cases for qualification			N/A
<b>1.4</b>	<b>Duality of Chairperson of the Board and Managing Director /Chief Executive Officer</b>			
1.4 (a)	The Chairperson and MD/CEO shall be filling by two different individuals	√		
1.4 (b)	MD/CEO of a listed Company shall not hold the same position in another listed company	√		
1.4 (c)	The Chairperson shall be elected from the non-executive directors	√		
1.4 (d)	The Board shall clearly define the roles and responsibilities of the Chairperson and MD/CEO	√		
1.4 (e)	In absence of Chairperson, the remaining members may elect one from non-executive directors as chairperson for that meeting	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>1.5</b>	<b>The Directors' Report to Shareholders:</b>			
1.5 (i)	Industry outlook and possible future developments in the industry	√		
1.5 (ii)	Segment-wise or product-wise performance	√		
1.5 (iii)	Risks and concerns	√		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		
1.5 (vi)	Basis for related party transactions	√		
1.5 (vii)	Utilisation of proceeds from public issues, rights issues and/or through any others			N/A
1.5 (viii)	Explanation if the financial results deteriorate after the Company goes for IPO, RPO, Rights Offer, Direct Listing			N/A
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements			N/A
1.5 (x)	Remuneration to directors including independent directors	√		
1.5 (xi)	Fairness of Financial Statements	√		
1.5 (xii)	Proper books of accounts maintained	√		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	√		
1.5 (xiv)	Followed IAS/IFRS as applicable in Bangladesh in preparation of financial statements	√		
1.5 (xv)	The system of internal control sound in design & effectively implemented & monitored	√		
1.5 (xvi)	The minority shareholders have been protected from abusive actions of majority shareholders and that there are effective means of redress	√		
1.5 (xvii)	There is no significant doubt regarding the Company's ability to continue as a going concern	√		
1.5 (xviii)	Reporting of significant deviations from the last year's operating results	√		
1.5 (xix)	Key operating and financial data of at least preceding 5 (five) years	√		
1.5 (xx)	No dividend declared			N/A
1.5 (xxi)	Board's statement that no interim bonus share or stock dividend has been/shall be declared			N/A
1.5 (xxii)	Number of Board meeting held & attendance reporting	√		
1.5 (xxiii)	Pattern of shareholdings held by category	√		
1.5 (xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties	√		
1.5 (xxiii)(b)	Directors, CEO, CFO, CS, HIAC and their spouses and minor children	√		
1.5 (xxiii)(c)	Executives (five top executives other than CEO, CFO, CS, HIAC)	√		
1.5 (xxiii)(d)	10% or more voting interest	√		
1.5 (xxiv)	Appointment/re-appointment of director	√		
1.5 (xxiv)(a)	Resume of the director	√		
1.5 (xxiv)(b)	Expertise in specific functional areas	√		
1.5 (xxiv)(c)	Holding of directorship and membership of committees of the Board other than this Company	√		
1.5 (xxv)	Management discussion and analysis by CEO/MD covering the Company's position with a brief discussion of changes in the financial statements	√		
1.5 (xxv)(a)	Accounting policies and estimation for preparation of financial statements	√		
1.5 (xxv)(b)	Changes in accounting policies and estimation	√		
1.5 (xxv)(c)	Comparative analysis of financial performance	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5 (xxv)(d)	Comparison of financial performance or results with the peer industry	√		
1.5 (xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	√		
1.5 (xxv)(f)	Risks and concerns related to the financial statements; explaining such risk and concerns mitigation plan	√		
1.5 (xxv)(g)	Future plan or projection or forecast for Company's operation, performance & position with justification	√		
1.5 (xxvi)	Declaration of CEO and CFO to the Board	√		
1.5 (xxvii)	Certification by a practicing professional regarding compliance with Corporate Governance code shall be disclosed in the Annual Report	√		
<b>1.6</b>	<b>Meeting of the Board of Directors</b>			
	Compliance under Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of BD (ICSB)	√		
<b>1.7</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1.7 (a)	The Board shall lay down a code of conduct for the Chairperson, Board members and CEO	√		
1.7 (b)	The code of conduct shall be posted in the website of the Company	√		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2 (a)	Composition of the Board of Directors			N/A
2 (b)	At least (one) independent director to the subsidiary company			N/A
2 (c)	Submission of Minutes to the holding company			N/A
2 (d)	Review of Minutes by the holding company			N/A
2 (e)	Review of Financial Statement by the holding company			N/A
<b>3</b>	<b>Managing Director (MD)/Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
<b>3.1</b>	<b>Appointment</b>			
3.1 (a)	The Board shall appoint MD/CEO, CS, CFO and HIAC	√		
3.1 (b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals	√		
3.1 (c)	The MD/CEO, CFO, CS and HIAC of a listed company shall not hold any executive position in any other company at the same time	√		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, CS and HIAC	√		
3.1 (e)	Position of MD/CEO, CFO, CS and HIAC shall not be removed without approval of the Board and immediate dissemination to BSEC and Stock exchange(s)	√		
<b>3.2</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
3.2 (a)	The MD/CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board	√		
3.2 (a) (i)	Reviewed the truthfulness of the Financial Statements and certified to the Board by MD & CFO	√		
3.2 (a) (ii)	Reviewed compliance of the accounting standard by MD & CFO	√		
3.2 (b)	Reviewed the absence of fraudulent or illegal transactions or violation of the Company's Code of Conduct	√		
3.2 (c)	Certification of the Financial Statement by MD/CEO and CFO shall be disclosed in the Annual Report	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>4</b>	<b>Board of Directors' Committee</b>			
4 (i)	Audit Committee (AC)	√		
4 (ii)	Nomination and Remuneration Committee (NRC)			<p>Financial Institutions are permitted to form only two sub Committees of Board; an Executive Committee and another Audit Committee as per Bangladesh Bank DFIM circular no. 18 dated October 26, 2011; whereas BSEC Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated June 3, 2018 directs to form NRC.</p> <p>However, Bangladesh Bank has further advised through their letter ref.no.DFIM(P)1052/27/ 2021-2436 dated November 4, 2021 that the Financial Institutions are not allowed to form NRC.</p>
<b>5</b>	<b>Audit Committee</b>			
<b>5.1</b>	<b>Responsibility to the Board of Directors</b>			
5.1 (a)	Sub-committee of the Board	√		
5.1 (b)	Assistance of the Audit Committee to the Board of Directors	√		
5.1 (c)	Responsibility of the Audit Committee	√		
<b>5.2</b>	<b>Constitution of the Audit Committee</b>			
5.2 (a)	At least 3 (three) members	√		
5.2 (b)	Appointment of members of the Audit Committee	√		
5.2 (c)	Qualification of Audit Committee members	√		
5.2 (d)	Term of service of Audit Committee members	√		
5.2 (e)	Secretary of the Audit Committee	√		
5.2 (f)	Quorum of the Audit Committee	√		
<b>5.3</b>	<b>Chairperson of the Audit Committee</b>			
5.3 (a)	Board of Directors shall select the chairperson	√		
5.3 (b)	In absence of Chairperson, the remaining members may elect one from non-executive directors as chairperson for that meeting	√		
5.3 (c)	Chairman of the Audit Committee shall remain present in the AGM	√		
<b>5.4</b>	<b>Meetings of the Audit Committee</b>			
5.4 (a)	At least four meetings in a financial year	√		
5.4 (b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher	√		
<b>5.5</b>	<b>Role of the Audit Committee</b>			
5.5 (a)	Oversee the financial reporting process	√		
5.5 (b)	Monitor choice of accounting policies and principles	√		
5.5 (c)	Monitor Internal Control Risk management process	√		
5.5 (d)	Oversee hiring and performance of external auditors	√		
5.5 (e)	Hold meeting with the external auditor to review the annual financial statements	√		
5.5 (f)	Review the annual financial statements before submission to the Board for approval	√		
5.5 (g)	Review the quarterly and half yearly financial statements before submission to the Board for approval	√		
5.5 (h)	Review the adequacy of internal audit function	√		
5.5 (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√		
5.5 (j)	Review statement of all related party transactions	√		
5.5 (k)	Review Management Letters / Letter of Internal Control weakness issued by statutory auditors	√		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	✓		
5.5 (m)	Disclosure about the uses/applications of funds raised by IPO/RPO/Rights issue			N/A
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
5.6 (a)	Reporting to the Board of Directors	✓		
5.6 (a)(i)	Activities of Audit Committee	✓		
5.6 (a)(ii)(a)	Conflicts of Interest			N/A as no such event found
5.6 (a)(ii)(b)	Material defect in the internal control system			
5.6 (a)(ii)(c)	Infringement of laws, rules and regulations			
5.6 (a)(ii)(d)	Any other matter			
5.6 (b)	Reporting to the authorities	✓		
5.7	Reporting to the Shareholders & General Investors	✓		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>	<p>Financial Institutions are permitted to form only two sub Committees of Board; an Executive Committee and another Audit Committee as per Bangladesh Bank DFIM circular no. 18 dated October 26, 2011; whereas BSEC Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80, dated June 3, 2018 directs to form NRC.</p> <p>However, Bangladesh Bank has further advised through their letter ref. no. DFIM (P) 1052/27/2021-2436 dated November 4, 2021 that the Financial Institutions are not allowed to form NRC.</p>		
<b>6.1</b>	<b>Responsibility to the Board of Directors</b>			
6.1 (a)	Sub-committee of the Board			
6.1 (b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications			
6.1 (c)	The Terms of Reference shall be clearly set forth in writing			
<b>6.2</b>	<b>Constitution of NRC</b>			
6.2 (a)	The Committee shall comprise at least three members including an independent director			
6.2 (b)	All members of the Committee shall be non-executive directors			
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board			
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee			
6.2 (e)	In casual vacancy the Board shall fill the vacancy within 180 days			
6.2 (f)	The Chairperson of the Committee may appoint or co-opt any external expert to the Committee as advisor			
6.2 (g)	The Company Secretary shall act as the secretary of the Committee			
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director			
6.2 (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration other than Directors' fees from the Company			
<b>6.3</b>	<b>Chairperson of the NRC</b>			
6.3 (a)	The NRC Chairperson shall be an independent director			
6.3 (b)	In absence of Chairperson, the remaining members may elect one from non-executive directors as chairperson for that meeting			
6.3 (c)	The Chairperson of the NRC shall attend the AGM			
<b>6.4</b>	<b>Meeting of the NRC</b>			
6.4 (a)	The Committee shall conduct at least one meeting in a financial year			
6.4 (b)	The Chairperson can call an emergency meeting upon request by any member of the NRC			
6.4 (c)	Quorum shall be two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must			
6.4 (d)	Minutes of each meeting shall be recorded and confirmed in the next meeting			



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>6.5</b>	<b>Role of the NRC</b>			
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			
6.5 (b)	NRC shall oversee, among others, the following matters and submit a report with recommendations to the Board			
6.5 (b)(i)(a)	Formulate the criteria regarding the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors to run the Company successfully			
6.5 (b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks			
6.5 (b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance			
6.5 (b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality			
6.5 (b)(iii)	Identifying persons who are qualified to become directors and top executives			
6.5 (b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board			
6.5 (b)(v)	Identifying the Company's needs for employees at different levels - selection, transfer or replacement and promotion criteria			
6.5 (b)(vi)	Developing, recommending and reviewing annually the Company's HR and training policies			
6.5 (c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC in its Annual Report			
<b>7.</b>	<b>Engagement of External/Statutory Auditors</b>			
7.1 (i)	Appraisal or valuation services or fairness opinions	√		
7.1 (ii)	Financial information systems design and implementation	√		
7.1 (iii)	Book keeping	√		
7.1 (iv)	Broker-dealer services	√		
7.1 (v)	Actuarial services	√		
7.1 (vi)	Internal audit services	√		
7.1 (vii)	Any service that the Audit Committee determines	√		
7.1 (viii)	Audit or certification services on compliance of Corporate Governance	√		
7.1 (ix)	Any other service that creates conflict of interest	√		
7.2	Audit firms shall not hold any share of the Company they audit at least during the tenure of audit	√		
7.3	Representative of external auditors shall be present in the AGM/EGM	√		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8.1	The Company shall have an official website linked with the website of the Dhaka Stock Exchange	√		
8.2	The Company shall keep the website functional from the date of listing	√		
8.3	The Company shall make available the detailed disclosures on its website as required under the listing regulations	√		
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9.1	Obtain certificate regarding compliance of conditions of Corporate Governance Code	√		
9.2	The professional who will certify on compliance of Corporate Governance Code (CGC) shall be appointed by the shareholders in the AGM	√		
9.3	Directors statement on the Company's compliance with CGC conditions	√		



## Dividend Declaration & Distribution Policy

### A. Policy Statement

The Board of Directors of United Finance Limited has adopted this Dividend Declaration & Distribution Policy pursuant to the requirements of Bangladesh Securities and Exchange Commission directive no. BSEC/CMRRCD/2021-386/03 dated January 14, 2021 and in consistency with the Articles of Association and Accounting Policy section on "Dividend" of United Finance Limited. The Dividend Declaration & Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company website.

### B. Policy Guidelines

#### 1. Declaration of dividends

The Company shall declare dividends after complying with all applicable laws, rules, regulations and guidelines from all regulatory bodies.

The Company has a dividend policy that balances the objective of rewarding shareholders by providing a reasonable return on their investments and retaining sufficient earnings to support the future growth of the Company. Subject to these considerations, the dividends for any financial year shall be paid from:

- Current year's distributable profit net of any appropriations from net profit after tax as may be prescribed by relevant laws, rules and regulation and as considered appropriate by the Board of Directors;
- Accumulated retained earnings from previous financial years and general reserve.

The dividends payout shall be subject to consideration of the following financial, internal and external parameters:

Financial parameters	Internal parameters	External parameters
<ul style="list-style-type: none"> <li>• Profit earned during the year</li> <li>• Profit available for distribution</li> <li>• Liquidity profile of the Company</li> <li>• Funding and lending requirements</li> <li>• Creation of contingency fund</li> </ul>	<ul style="list-style-type: none"> <li>• Business expansion</li> <li>• Capital expenditure requirements</li> <li>• Need for conservation of cash</li> <li>• Trend of past dividends payout ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Economic environment</li> <li>• Market trends and industry practice</li> <li>• Statutory provisioning and appropriation guidelines</li> <li>• Tax matters and other contingent liabilities</li> </ul>

#### 2. Forms of Dividends

The Board in the meeting that considers and approves the annual financial statements may recommend final dividends for the approval of the shareholders in the Annual General Meeting.

Apart from the above, the Board may after considering the financial position of the Company also declare the following dividends:

- Interim dividends in a financial year;
- Special dividends as and when it deems fit.

#### 3. Consideration of dividends payment to various classes of shares

As of the date of this policy, the Company had issued only one class of ordinary shares with equal voting rights. Dividends are declared on a per share basis on the ordinary shares of face value. The shareholders whose name appear in the Members Register on the record date shall be eligible to receive dividends after deduction of applicable income tax.

The Company may decide to issue any other classes of shares as it deems appropriate from time to time in which case the dividends payments shall be determined in accordance with the applicable rules and regulations of the respective terms of issue of such other class of shares.



#### **4. Circumstances under which dividends may not be declared by the Company**

The Company may not be in a position to distribute dividends under the following circumstances:

- In the event of inadequacy of profits earned;
- Any other reason as the Board may deem fit from time to time.

#### **5. Utilisation of retained earnings**

The Board may retain such earnings of the Company as it deems necessary to increase shareholder value. Utilisation of the retained earnings of the Company shall be dictated by the business growth plans, capacity building and modernisation initiatives, replacement of capital assets and any other long term strategic plans.

#### **6. Dividends distribution procedure:**

In accordance with the guidelines of Bangladesh Securities and Exchange Commission, the Company shall distribute dividends in the following manner:

- Pay off interim/final dividends (cash/stock) to all shareholders within the statutory time after approval in the Annual General Meeting, subject to any additional permission of regulatory bodies as may be applicable.
- Transfer cash dividends to the shareholder's bank account as prescribed in the BO account details maintained with the concerned Depository Participants (DP), or the bank account provided by shareholders in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN) or any bank transfer mechanism or electronic payment system recognised under the laws of Bangladesh.
- Transfer cash dividends of margin clients to the Consolidated Customer's Bank Account (CCBA) of their respective stock brokers, merchant bankers or portfolio managers.
- In cases where no bank account information of the concerned shareholder is available, issue dividends warrant and forward by registered or courier post to the shareholder.
- Directly credit stock dividends to the BO account or issue bonus share certificate of the shareholder within the statutory time after approval in the Annual General Meeting with the clearance of the stock exchanges and the Central Depository Bangladesh Limited (CDBL).
- Maintain all unclaimed stock dividends in the Suspense BO Account held under Block Module of CDBL.
- Unclaimed cash dividends or stock dividends shall not be forfeited till such time as the claim is barred under the applicable laws of Bangladesh.

#### **7. Unclaimed Dividend History & Dividend Distribution Compliance report:**

The summary of the Unclaimed Dividends shall be disclosed every year in the annual financial statements and shall be published on the Company website.

The Dividend Distribution Compliance report shall be published on the Company website after submission of the same to the Bangladesh Securities and Exchange Commission.

#### **8. Review & Amendment:**

The Policy shall be reviewed from time to time to ensure conformity with market and regulatory changes. In event of any conflict between requirements of this policy and any statutory rules or regulations, the statutory rules or regulation shall prevail and this policy will be appropriately amended.



# Financial Statements



## 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 2022, and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting as explained in note #2.1 and also comply with the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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. These 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.

Key audit matters	How the matters were addressed in our audit
<b>01. Measurement of provision for loans and advances</b>	
<p>Identification of and provisioning for non-performing assets (loans and advances) is in accordance with relevant prudential norms issued by the Bangladesh Bank in respect of income recognition, asset classification and provisioning pertaining to advances.</p> <p>The process for estimating the provision for loans and advances portfolio is dependent on the outstanding balance, valuation of collateral provided for credit transactions, interest suspense account and overdue period, etc. For the individual analysis, these provisions also consider the estimates of future business performance (where applicable). For the collective analysis, these provisions are manually processed that</p>	<p>Our procedures, in relation to the key audit matter described, included, among others:</p> <ul style="list-style-type: none"> <li>● Assessed the Company’s policy with respect to measurement and provision for loans and advances including compliance with relevant prudential norms issued by the Bangladesh Bank;</li> <li>● Tested the design, implementation and operating effectiveness of key controls related to the credit appraisal, loan disbursement, monitoring and provisioning process;</li> <li>● Tested the inputs in computation of provision in terms of testing the accuracy of underlying information;</li> </ul>



Key audit matters	Our response to the risk
<p>deals with outstanding balance, a number of information/data assumptions and calculations based on the rates prescribed by the Bangladesh Bank Guidelines. At year end 31 December 2022 the Company reported total gross lease, loans and advances BDT 20,220,594,810 (2021: BDT 17,228,266,388) and provision for lease, loans and advances BDT 559,733,148 (2021: BDT 502,922,958).</p> <p>See note 12.6 to the financial statements for relevant disclosure regarding provision.</p> <p>Provision for loans and advances is a key audit matter due to level of regulatory and other stakeholders focus as well as the judgement and estimates involve in the determining the amount of provision.</p> <p>Significant judgments and estimates related to the provision for loans and advances which could give rise to material misstatement or management bias are:</p> <ul style="list-style-type: none"> <li>● Completeness and timing of recognition of loss events in accordance with criteria set out in DFIM circular no 04, dated 26 July 2021;</li> <li>● For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, overdue period and interest suspense account;</li> <li>● Provision measurement for additional provision beyond the minimum regulatory prescribed is primarily dependent upon key assumptions relating to probable financial position of default borrowers.</li> </ul>	<ul style="list-style-type: none"> <li>● Reviewed quarterly classification of loans (FICL Statement) submitted to Bangladesh Bank;</li> <li>● Reviewed the classification status of loans as on cut-off date;</li> <li>● Tested the adequacy of the Company’s general and specific provisions;</li> <li>● Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines; and</li> <li>● Finally recalculated the provision amount of loans and advances and loan classification disclosed in the financial statements in line with the Bangladesh Bank Guidelines.</li> </ul>



## 02. IT Systems and Controls

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 and the reliance on automated and IT dependent manual controls. Our areas of audit focus primarily included user access management and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.

The IT infrastructure is critical for smooth functioning of the Companies' business operations as well as for timely and accurate financial accounting and reporting.

Due to the pervasive nature and complexity of the IT environment we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.

We involved our IT specialists to obtain an understanding of the Company's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant to our audit and have identified Core Banking Solution (CBS) including Treasury System primarily as relevant for financial reporting. For the key IT systems pertaining to CBS including treasury operations used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular:

- We obtained an understanding of the Company's IT control environment and key changes during the audit period that may be relevant to the audit;
- We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Company's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner during the year;
- We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or formed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.

### Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the director's reports, management discussion and analysis, statement of corporate governance, financial highlights and certification on corporate governance but doesn't include the financial statements and our auditor's report. The directors' reports, management discussion and analysis, statement of corporate governance, financial highlights, and certification on corporate governance are 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance of the Company.



### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the basis of accounting as explained in Note #2.1 and for such- internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 omission, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as 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 financial statements of the current period and are therefore the key audit matters. We described 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 and the Securities and Exchange Rules, 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- I. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 Company's balance sheet, profit and loss account together with annexed notes dealt with by the report are in agreement with the books of account and returns;
- IV. the expenditures incurred, and payments made were for the purposes of the Company's business;
- V. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- VI. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- VII. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- VIII. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- IX. statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- X. taxes and duties collected and deposited in the government treasury by the Company as per government instructions were 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 auditors' 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, net worth, cash & liquid assets and procedure for sanctioning and disbursing loans/leases were found satisfactory;
- XV. we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1300 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 account;
- XVII. the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
- XVIII. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, Bangladesh

Dated: 23 March 2023

**For Nurul Faruk Hasan & Co.**

Chartered Accountants

Registration Ref. No. 1/1/ICAB-2008(1)

**Md. Faruk Uddin Ahammed**

Partner

Enrollment No. 720

DVC: 2303270720AS296907



**UNITED FINANCE LIMITED**

**Balance Sheet**

as at 31 December, 2022

PROPERTY AND ASSETS	Notes	2022 BDT	2021 BDT
<b>Cash</b>	3		
In hand		1,290,000	1,290,000
Balance with Bangladesh Bank and its agent bank(s)		291,849,869	220,551,075
		<b>293,139,869</b>	<b>221,841,075</b>
<b>Balance with banks and other financial institutions</b>	4		
In Bangladesh		3,031,275,489	5,162,665,054
Outside Bangladesh		-	-
		<b>3,031,275,489</b>	<b>5,162,665,054</b>
<b>Money at call and short notice</b>	5	-	-
<b>Investments</b>	6		
Government		502,665	1,001,555
Others		1,041,644,369	796,087,128
		<b>1,042,147,034</b>	<b>797,088,683</b>
<b>Lease, loans and advances</b>	7		
Lease receivable		6,817,143,448	6,357,168,031
Loans, cash credits, overdrafts, etc.		13,403,451,362	10,871,098,356
		<b>20,220,594,810</b>	<b>17,228,266,388</b>
<b>Fixed assets including land, building, furniture and fixtures</b>	8	446,603,481	431,321,830
<b>Other assets</b>	9	2,149,458,067	2,018,562,755
<b>Non - financial institutional assets</b>		-	-
<b>Total assets</b>		<b>27,183,218,750</b>	<b>25,859,745,784</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from banks, other financial institutions and agents</b>	10	5,617,589,299	5,378,180,201
<b>Deposits and other accounts</b>	11		
Current deposits & other accounts etc.		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		14,178,306,705	13,312,007,103
Bearer certificates of deposit		-	-
Other deposits		448,968,336	353,353,085
		<b>14,627,275,041</b>	<b>13,665,360,188</b>
<b>Other liabilities</b>	12	3,746,663,698	3,579,936,966
<b>Total liabilities</b>		<b>23,991,528,037</b>	<b>22,623,477,355</b>
<b>Capital / Shareholders' equity</b>			
Paid- up capital	13	1,871,146,140	1,871,146,140
Share premium	14	3,750,000	3,750,000
Statutory reserve	15	995,050,000	966,450,000
General reserve	16	190,000,000	190,000,000
Retained earnings	17	131,744,572	204,922,289
<b>Total Shareholders' equity</b>		<b>3,191,690,712</b>	<b>3,236,268,429</b>
<b>Total liabilities and Shareholders' equity</b>		<b>27,183,218,750</b>	<b>25,859,745,784</b>
<b>Net asset value per share (NAV)</b>	18	<b>17.06</b>	<b>17.30</b>
<b>Restatement of NAV:</b>			
Net asset		3,191,690,712	3,236,268,429
Number of outstanding shares (current year's)		187,114,614	187,114,614
NAV per share		<b>17.06</b>	<b>17.30</b>

**UNITED FINANCE LIMITED****Balance Sheet**

as at 31 December, 2022

**OFF-BALANCE SHEET ITEMS**

Notes	2022 BDT	2021 BDT
19		
Contingent liabilities		
Acceptances and endorsements	-	-
Letters of guarantee	-	2,837,915
Irrevocable letters of credit	-	-
Bills for collection	-	-
Other contingent liabilities	-	-
	-	<b>2,837,915</b>
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	-	-
	-	-
<b>Total Off-Balance Sheet items including contingent liabilities</b>	-	<b>2,837,915</b>

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

**Mohammed Abul Ahsan**  
Managing Director  
(Acting)

**A. F. M. M. Samad Choudhury**  
Director

**A. F. Nesaruddin**  
Director

**A. Rouf**  
Director

See annexed auditors' report to the Shareholders of same date.

Dhaka, Bangladesh  
Dated: 23 March, 2023

**For Nurul Faruk Hasan & Co.**  
Chartered Accountants  
Registration No. 1/1/ICAB-2008(1)

**Md. Faruk Uddin Ahammed**  
Partner  
Enrollment No. 720  
DVC: 2303270720AS296907



**UNITED FINANCE LIMITED**  
**Profit and Loss Account**  
for the year ended 31 December, 2022

Notes	2022 BDT	2021 BDT
<b>OPERATING INCOME</b>		
Interest income	21 2,087,240,968	1,929,804,471
Interest paid on deposits, borrowings, etc.	22 (1,233,293,685)	(1,146,721,213)
<b>Net interest income</b>	<b>853,947,283</b>	<b>783,083,258</b>
Investment income	23 76,321,715	67,036,087
Commission, exchange and brokerage	-	-
Other operating income	24 156,329,510	130,284,342
<b>Total operating income (A)</b>	<b>1,086,598,509</b>	<b>980,403,686</b>
<b>OPERATING EXPENSES</b>		
Salaries and allowances	25 532,269,439	455,343,749
Rent, taxes, insurance, electricity etc.	26 25,041,872	25,876,052
Legal expenses	27 21,245,777	14,895,357
Postage, stamp, telecommunication etc.	28 23,528,389	22,213,526
Stationery, printing, advertisements etc.	29 5,139,290	4,006,503
Managing Director's salary and benefits	30 8,786,250	10,595,000
Directors' fees	31 580,555	452,220
Auditors' fees	32 805,000	805,000
Charges on loan losses	-	-
Depreciation and repair of assets	33 101,325,687	85,303,082
Other expenses	34 53,020,674	40,326,095
<b>Total operating expenses (B)</b>	<b>771,742,934</b>	<b>659,816,583</b>
<b>Profit before provision C=(A-B)</b>	<b>314,855,575</b>	<b>320,587,103</b>
Provision for lease, loans and advances	35 132,862,745	61,055,456
Provision for diminution in value of investments	-	(103,208)
Other provisions	20,000,000	-
<b>Total provision (D)</b>	<b>152,862,745</b>	<b>60,952,248</b>
<b>Operating profit before taxes E=(C-D)</b>	<b>161,992,829</b>	<b>259,634,855</b>
<b>PROVISION FOR TAXATION</b>		
Current Tax	36 18,558,188	41,380,692
Deferred Tax	36 897,744	(3,987,754)
<b>Total provision for taxation (F)</b>	<b>19,455,932</b>	<b>37,392,938</b>
<b>Net profit after taxation (E-F)</b>	<b>142,536,897</b>	<b>222,241,917</b>
<b>Appropriations</b>		
Statutory reserve	15 28,600,000	44,500,000
General reserve	16 -	-
Dividends, etc.	-	-
	28,600,000	44,500,000
<b>Retained surplus</b>	<b>113,936,897</b>	<b>177,741,917</b>
<b>Earnings per share (EPS)</b>	<b>0.76</b>	<b>1.19</b>

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

**Mohammed Abul Ahsan**  
Managing Director  
(Acting)

**A. F. M. M. Samad Choudhury**  
Director

**A. F. Nesaruddin**  
Director

**A. Rouf**  
Director

See annexed auditors' report to the Shareholders of same date.

Dhaka, Bangladesh  
Dated: 23 March, 2023

**For Nurul Faruk Hasan & Co.**  
Chartered Accountants  
Registration No. 1/1/ICAB-2008(1)

**Md. Faruk Uddin Ahammed**  
Partner  
Enrollment No. 720  
DVC: 2303270720AS296907



**UNITED FINANCE LIMITED**  
**Cash Flow Statement**  
for the year ended 31 December, 2022

	Notes	2022 BDT	2021 BDT
<b>A) Cash flows from operating activities</b>			
Interest receipts		2,039,898,727	1,904,674,285
Interest payments		(1,173,729,763)	(1,318,317,319)
Dividend receipts		56,630,892	31,242,934
Amount realised from written off clients	7.8 (xi) d.	24,608,505	22,047,752
Payments to employees		(559,335,232)	(462,898,457)
Payments to suppliers		(267,518,423)	(170,827,396)
Income taxes paid	9.4	(106,233,751)	(95,420,901)
Receipts from other operating activities	38	156,691,395	129,548,125
Payments for other operating activities	39	(84,792,563)	(70,749,982)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>86,219,788</b>	<b>(30,700,959)</b>
<b>Increase / (decrease) in operating assets and liabilities</b>			
Lease, loans and advances to customers		(2,957,355,873)	(2,037,679,464)
Other assets		7,037,067	(9,952,978)
Right-of-use assets		(12,212,852)	(8,525,637)
Term and other deposits		961,914,852	1,365,475,216
Accrued expenses and payables		14,820,273	(32,881,481)
Short term loan		(544,208,606)	1,725,713,415
Interest suspense		21,732,048	22,068,092
Deferred liability-employees gratuity		(1,472,821)	5,362,823
Other liabilities		89,835,258	53,679,000
		(2,419,910,652)	1,083,258,985
<b>Net cash from operating activities</b>		<b>(2,333,690,864)</b>	<b>1,052,558,027</b>
<b>B) Cash flows from investing activities</b>			
Investment in shares		(500,575,420)	(400,203,740)
Investment in Govt. Securities		(98,483,300)	(1,001,555)
Redemption of Govt. Securities		98,982,189	-
Redemption/sale of shares		145,018,179	71,884,698
Redemption of commercial Bond		110,000,000	156,000,000
Purchase of fixed assets		(82,277,992)	(49,200,744)
Proceeds from sale of fixed assets		5,322,744	1,907,409
<b>Net cash from investing activities</b>		<b>(322,013,598)</b>	<b>(220,613,932)</b>
<b>C) Cash flows from financing activities</b>			
Receipts of long term loan		2,832,271,148	2,732,375,022
Repayments of long term loan		(2,048,653,444)	(1,427,301,903)
Dividend paid		(188,004,013)	(197,924,808)
<b>Net Cash from financing activities</b>		<b>595,613,691</b>	<b>1,107,148,311</b>
D) Net (decrease)/increase in cash and cash equivalents (A + B + C)		(2,060,090,771)	1,939,092,406
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		5,384,506,129	3,445,413,723
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>		<b>3,324,415,358</b>	<b>5,384,506,129</b>
<b>Cash and cash equivalents at end of the year</b>			
Cash in hand		1,290,000	1,290,000
Balance with Bangladesh Bank and its agent bank(s)		291,849,869	220,551,075
Balance with banks and other financial institutions		3,031,275,489	5,162,665,054
Money at call and short notice		-	-
		<b>3,324,415,358</b>	<b>5,384,506,129</b>
<b>Net operating cash flows per share</b>		<b>(12.47)</b>	<b>5.63</b>

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

Mohammed Abul Ahsan  
Managing Director  
(Acting)

A. F. M. M. Samad Choudhury  
Director

A. F. Nesaruddin  
Director

A. Rouf  
Director



**UNITED FINANCE LIMITED**  
**Statement of Changes in Equity**  
for the year ended 31 December, 2022

(Amount in BDT)

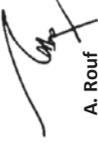
Particulars	Paid-up Capital	Share Premium	Statutory Reserve	General Reserve	Retained Earnings	Total
<b>Balance as at 01 January, 2021</b>	1,871,146,140	3,750,000	921,950,000	225,000,000	179,294,986	3,201,141,126
Cash dividend paid for the year 2020	-	-	-	-	(187,114,614)	(187,114,614)
Issuance of bonus share for the year 2020	-	-	-	-	-	-
Net profit after tax for the year 2021	-	-	-	-	222,241,917	222,241,917
Movement of general reserve	-	-	-	(35,000,000)	35,000,000	-
Appropriation made during the year	-	-	44,500,000	-	(44,500,000)	-
<b>Balance as at 31 December, 2021</b>	1,871,146,140	3,750,000	966,450,000	190,000,000	204,922,289	3,236,268,429
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 2021	-	-	-	-	-	-
Cash dividend for the year 2021	-	-	-	-	(187,114,614)	(187,114,614)
Net profit after taxation for the year	-	-	-	-	142,536,897	142,536,897
Movement of general reserve	-	-	-	-	-	-
Appropriation made during the year	-	-	28,600,000	-	(28,600,000)	-
<b>Balance as at 31 December, 2022</b>	1,871,146,140	3,750,000	995,050,000	190,000,000	131,744,572	3,191,690,712

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

  
**Mohammed Abul Ahsan**  
Managing Director  
(Acting)

  
**A. F. M. Samad Choudhury**  
Director

  
**A. F. Nesaruddin**  
Director

  
**A. Rouf**  
Director

Dhaka, Bangladesh  
Dated: 23 March, 2023



**UNITED FINANCE LIMITED**  
**Liquidity statement**

as at 31 December, 2022

(Analysis of maturity of assets and liabilities)

Particulars	(Amount in BDT)					Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	
<b>Assets:</b>						
Cash in hand	1,290,000	-	-	-	-	1,290,000
Balance with Bangladesh Bank and its agent bank(s)	291,849,869	-	-	-	-	291,849,869
Balance with banks and other financial institutions	1,186,694,794	1,224,615,695	619,965,000	-	-	3,031,275,489
Money at call and short notice	-	-	-	-	-	-
Investments	23,794,019	32,850,350	188,002,665	782,500,000	15,000,000	1,042,147,034
Leases, loans and advances	1,056,344,585	1,525,447,669	6,693,884,425	8,507,783,073	2,437,135,058	20,220,594,810
Fixed assets including land, building, furniture and fixtures	2,384,014	4,891,856	24,158,505	226,391,965	188,777,140	446,603,481
Other assets	53,771,869	61,784,304	54,654,028	456,121,622	1,523,126,243	2,149,458,067
<b>Total assets (A)</b>	<b>2,616,129,150</b>	<b>2,849,589,874</b>	<b>7,580,664,623</b>	<b>9,972,796,661</b>	<b>4,164,038,441</b>	<b>27,183,218,750</b>
<b>Liabilities:</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,555,113,769	300,874,080	1,919,022,440	1,831,944,365	10,634,646	5,617,589,299
Term deposits	2,146,345,445	2,154,402,702	3,038,669,125	6,801,470,799	37,418,633	14,178,306,705
Other deposits	18,650,738	35,471,388	156,892,389	191,713,548	46,240,273	448,968,336
Other liabilities	6,179,044	8,641,352	756,363,755	2,265,663,348	709,816,199	3,746,663,698
<b>Total liabilities (B)</b>	<b>3,726,288,996</b>	<b>2,499,389,521</b>	<b>5,870,947,709</b>	<b>11,090,792,060</b>	<b>804,109,752</b>	<b>23,991,528,037</b>
<b>Net liquidity gap (A - B)</b>	<b>(1,110,159,846)</b>	<b>350,200,353</b>	<b>1,709,716,914</b>	<b>(1,117,995,399)</b>	<b>3,359,928,689</b>	<b>3,191,690,712</b>

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

  
**Mohammed Abul Ahsan**  
Managing Director  
(Acting)

  
**A. F. M. Samad Choudhury**  
Director

  
**A. F. Nesaruddin**  
Director

  
**A. Rouf**  
Director



## United Finance Limited

### Notes to the financial statements

for the year ended 31 December, 2022

#### 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 Financial Institutions Act, 1993, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act, 1994. In case any requirement of the Financial Institutions Act, 1993, regulations & circulars issued by Bangladesh Bank and FRA's requirement differ with those of IFRSs and FRC's requirements, the requirements of the Financial Institutions Act, 1993, 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 2022 and corresponding year 2021 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 10 dated 04 September 2022 and DFIM Circular Letter no 27 dated 21 December 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 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular No. 04 dated 26 July 2021, DFIM Circular no 10 dated 03 October 2021 and DFIM Circular no 10 dated 04 September 2022) of Bangladesh Bank. An amount of BDT 132.86 million has been charged as incremental provision for lease, loan and advances for 2022. As at 31 December 2022 accumulated provision for lease, loans and advances stand at BDT 559.73 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 become 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 2022 and corresponding year 2021 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 180.97 million from BDT 159.24 million resulting increase of BDT 21.73 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 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular 11 dated 23 December 2009) of Bangladesh Bank.

### v) Cash flow statement

IAS: 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 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 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular 11 dated 23 December 2009) of Bangladesh Bank.

### vi) Cash and Cash equivalents

IAS: 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 2022 and corresponding year 2021 have been prepared as per guideline issued through DFIM Circular 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 2022 and corresponding year 2021 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 2022 and corresponding year 2021 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 and IAS; 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 2022 and corresponding year 2021 have been prepared as per guideline (DFIM Circular 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 flows 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 2022 and corresponding year 2021 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 Financial Institutions Act, 1993, 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 to 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 23 March 2023.

## 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 useful lives;
- 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;
- 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 & 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 & Loss account during the financial period in which they are incurred.

Fixed assets acquired under lease are accounted for at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset.

### 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 are used as follows:

Furniture & 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 softwares 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 is 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 comprise 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 Ordinance 1984.

#### Deferred tax

Deferred taxation 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:

- a. when the Company has a present obligation, legal or constructive as a result of a past event;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c. 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 employees in exchange for those contributions.

#### Defined benefit plans

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 Interest income

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 borrowing, individual and institutional deposits and direct deposit expenses 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 23 March 2023 by Board of Directors who has the power to amend the financial statements after issue. There is no other significant event that has occurred between the financial position 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 0.50 per share as cash dividend (5%) in its Board of Directors meeting held on 23 March, 2023. 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 an Financial Institution (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 & 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 & 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 & 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 & 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.



	2022 BDT	2021 BDT
<b>3 Cash</b>		
Cash in hand (note-3.1)	1,290,000	1,290,000
Balance with Bangladesh Bank and its agent bank(s) (note-3.2)	291,849,869	220,551,075
	<b>293,139,869</b>	<b>221,841,075</b>
<b>3.1 Cash in hand</b>		
In local currency	1,290,000	1,290,000
In foreign currency	-	-
	<b>1,290,000</b>	<b>1,290,000</b>
<b>3.2 Balance with Bangladesh Bank and its agent bank(s)</b>		
In local currency (with Bangladesh Bank)	291,849,869	220,551,075
Sonali Bank as agent of Bangladesh Bank (local currency)	-	-
	<b>291,849,869</b>	<b>220,551,075</b>
<b>3.3 Statutory deposits</b>		
<b>Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>		
Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, 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:		
<b>a) Cash Reserve Requirement (CRR)</b>		
Actual reserve maintained (note-3.2)	291,849,869	220,551,075
Required reserve (1.5% on Public deposits)	202,979,788	197,738,690
Surplus	<b>88,870,081</b>	<b>22,812,384</b>
<b>b) Statutory Liquidity Reserve (SLR)</b>		
Actual reserve maintained including CRR (note-3.4)	1,404,415,358	3,664,506,129
Required reserve (5% on average total liabilities)	827,588,954	802,793,598
Surplus	<b>576,826,404</b>	<b>2,861,712,531</b>
The surplus for SLR mostly comprises of interest earnings deposits are maintained as fixed deposit (Free FDR) of BDT 577 million are maintained with different Banks and Financial Institutions.		
<b>3.4 Actual reserve maintained (including CRR)</b>		
Cash in hand	1,290,000	1,290,000
Balance with Bangladesh Bank and its agent bank(s)	291,849,869	220,551,075
Balance with banks and other financial institutions (except lien FDR)	1,111,275,489	3,442,665,054
	<b>1,404,415,358</b>	<b>3,664,506,129</b>
<b>4 Balance with banks and other financial institutions</b>		
In Bangladesh (note-4.1)	3,031,275,489	5,162,665,054
Outside Bangladesh	-	-
	<b>3,031,275,489</b>	<b>5,162,665,054</b>



4.1 In Bangladesh

**Current deposits**

Bank Al-Falah Limited
Bank Asia Limited
Brac Bank Limited
Dutch Bangla Bank Limited
Eastern Bank Limited
IFIC Bank Limited
National Bank Limited
One Bank Limited
Pubali Bank Limited
Sonali Bank Limited
Standard Bank Limited
Standard Chartered Bank
The City Bank Limited
United Commercial Bank Limited

**Short-term deposit (STD)**

Bank Asia Limited
Commercial Bank Of Ceylon PLC
Dutch Bangla Bank Limited
Mutual Trust Bank Limited
National Credit & Commerce Bank Limited
Standard Bank Limited
Standard Chartered Bank
United Commercial Bank Limited

**Fixed deposits**

AB Bank Limited
Brac Bank Limited
Commercial Bank Of Ceylon PLC
Dhaka Bank Limited
Eastern Bank Limited
Mercantile Bank Limited
Mutual Trust Bank Limited
National Credit & Commerce Bank Limited
One Bank Limited
Pubali Bank Limited
Standard Bank Limited
United Commercial Bank Limited
IDLC Finance Limited
DBH Finance Corporation Ltd
IPDC Finance Limited
BIFC
Fareast Finance & Investment Limited

	2022 BDT	2021 BDT
	4,239	99,641
	178,682	771,743
	12,029,338	416,392,777
	1,277,561	6,552,298
	9,583,183	12,280,036
	330,668	186,276
	259,500	114,561
	102,079,612	122,322,977
	87,327,467	408,566,432
	267,718	78,790
	7,906	56,685
	3,100,021	24,226,082
	217,458	-
	108,230,028	281,635,373
	<b>324,893,379</b>	<b>1,273,283,670</b>
	14,812,768	12,758,962
	-	197
	1,393,670	5,573,836
	805,174	6,954,976
	149,629	1,096,778
	12,976,308	15,406,686
	31,666,372	12,082,051
	29,997,494	170,507,898
	<b>91,801,414</b>	<b>224,381,385</b>
	5,000,000	-
	200,000,000	200,000,000
	100,000,000	100,000,000
	150,000,000	150,000,000
	200,000,000	-
	35,015,000	235,000,000
	200,000,000	200,000,000
	160,000,000	460,000,000
	135,000,000	335,000,000
	354,565,695	350,000,000
	100,000,000	100,000,000
	350,000,000	350,000,000
	100,000,000	-
	-	470,000,000
	300,000,000	480,000,000
	115,000,000	115,000,000
	110,000,000	120,000,000
	<b>2,614,580,695</b>	<b>3,665,000,000</b>
	<b>3,031,275,489</b>	<b>5,162,665,054</b>
	416,694,794	1,497,665,054
	770,000,000	335,000,000
	1,224,615,695	2,610,000,000
	619,965,000	720,000,000
	-	-
	-	-
	-	-
	<b>3,031,275,489</b>	<b>5,162,665,054</b>
	-	-
	-	-

4.2 Maturity grouping of balance with banks and other financial institutions

On demand
Up to 1 month
Over 1 month but not more than 3 months
Over 3 months but not more than 6 months
Over 6 months but not more than 1 year
Over 1 year but not more than 5 years
Over 5 years

5 Money at call and short notice



**6 Investments**

Investment classified as per nature

**a) Government securities:**

	2022 BDT	2021 BDT
Treasury bill	-	496,335
Treasury bond	502,665	505,220
National investment bonds	-	-
Bangladesh Bank bills	-	-
Government bonds	-	-
Prize bonds	-	-
	<b>502,665</b>	<b>1,001,555</b>

**b) Other investment:**

Investment in ordinary shares (note-6.1)	15,350,350	15,396,170
Investment in preference shares (note-6.2)	966,294,019	610,690,958
Investment in bonds (note-6.3)	60,000,000	170,000,000
	<b>1,041,644,369</b>	<b>796,087,128</b>
	<b>1,042,147,034</b>	<b>797,088,683</b>

**6.1 Investment in ordinary shares**

United Insurance Company Limited	15,000,000	15,000,000
Robi Axiata Limited	262,370	262,370
Acme Pesticides Ltd	-	133,800
Islami Commercial Insurance Company Limited	87,980	-
	<b>15,350,350</b>	<b>15,396,170</b>

**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 2018.

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
	<b>4,450,000</b> Shares

As on December 31, 2022 the market value @ Tk. 45.70 (closing market price) of the above 4,450,000 shares was Tk. 203,365,000 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
Other insurance company	8,798	87,980	247,224
Telecommunication	26,237	262,370	787,110
	<b>35,035</b>	<b>350,350</b>	<b>1,034,334</b>

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, 2022 the market value (closing market price) of the above shares was Taka 1,034,334 against cost price of Taka 350,350.



	2022 BDT	2021 BDT
<b>6.2 Investment in preference shares</b>		
Preference share of Regent Energy and Power Ltd.	23,794,019	23,794,019
Redeemable Cumulative Preference Share: Raj Lanka Power Company Ltd.	-	19,396,939
Redeemable Cumulative Preference Share: Confidence Power Rangpur Limited	60,000,000	80,000,000
Redeemable Cumulative Preference Share: Confidence Power Bogra Unit-2 Limited	62,500,000	87,500,000
Preference share: City Sugar Industries Limited	100,000,000	125,000,000
Preference share: City Sugar Industries Limited	100,000,000	125,000,000
Preference share: H. Akberali & Co. Limited	120,000,000	150,000,000
Preference share: Premier Cement Mills Limited	200,000,000	-
Preference share: Paramount Textile Limited	100,000,000	-
Preference share: United Tank Terminal Ltd	200,000,000	-
	<b>966,294,019</b>	<b>610,690,958</b>
<b>6.3 Investment in bonds</b>		
Second Subordinate Bond- United Commercial Bank Ltd.	-	20,000,000
Mudaraba Subordinate Bond- Al-Arafah Islami Bank Ltd.	-	40,000,000
Subordinate Bond: Mutual Trust Bank Ltd.	40,000,000	80,000,000
Subordinate Bond: Standard Bank Ltd.	20,000,000	30,000,000
	<b>60,000,000</b>	<b>170,000,000</b>
<b>6.4 Maturity grouping of investments</b>		
On demand	-	-
Up to 1 month	23,794,019	23,794,019
Over 1 month but not more than 3 months	32,850,350	43,090,975
Over 3 months but not more than 1 year	188,002,665	212,201,025
Over 1 year but not more than 5 years	782,500,000	503,002,665
Over 5 years	15,000,000	15,000,000
	<b>1,042,147,034</b>	<b>797,088,683</b>
<b>7 Lease, loans and advances</b>		
<b>7.1 Broad category-wise break up</b>		
<b>Inside Bangladesh</b>		
Lease receivable (note-7.2)	6,817,143,448	6,357,168,031
Loans (note-7.3)	13,403,451,362	10,871,098,356
	<b>20,220,594,810</b>	<b>17,228,266,388</b>
<b>Outside Bangladesh</b>	-	-
	<b>20,220,594,810</b>	<b>17,228,266,388</b>
<b>7.2 Lease receivable</b>		
Net lease receivable (note-7.2.1)	6,742,951,655	6,294,951,747
Interest receivable	74,191,794	62,216,285
	<b>6,817,143,448</b>	<b>6,357,168,031</b>
<b>7.2.1 Net lease receivable</b>		
Gross lease receivable	7,559,620,409	7,021,711,400
Less: Unearned lease income	(816,668,754)	(726,759,654)
	<b>6,742,951,655</b>	<b>6,294,951,747</b>
<b>7.2.2 Movement of net lease receivables</b>		
Balance as on January 01	6,294,951,747	7,161,296,636
Addition during the year	3,642,644,930	2,565,911,445
Realisation during the year	(3,194,645,022)	(3,432,256,334)
	<b>6,742,951,655</b>	<b>6,294,951,747</b>
<b>7.3 Loans</b>		
Term loan	8,217,140,760	7,123,401,639
Home loan	3,242,644,652	2,232,949,149
Short term loan and CSF advances	1,712,039,047	1,306,117,705
Interest receivable	231,626,904	208,629,864
	<b>13,403,451,362</b>	<b>10,871,098,356</b>



7.4 Maturity grouping of lease, loans and advances

	2022 BDT	2021 BDT
On demand	-	-
Up to 1 month	1,056,344,585	721,379,060
Over 1 month but not more than 3 months	1,525,447,669	1,717,554,498
Over 3 months but not more than 1 year	6,693,884,425	6,158,105,380
Over 1 year but not more than 5 years	8,507,783,073	6,062,032,114
Over 5 years	2,437,135,058	2,569,195,336
	<b>20,220,594,810</b>	<b>17,228,266,388</b>

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

a) Lease, loans and advances to companies or firms in which the Directors of the Company have interests	4,480,131	1,766,399
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	3,191,690,712	3,236,268,429
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	425,592,346	465,129,734
2. Industrial sector:		
a) Service industry	1,266,918,063	1,287,893,236
b) Food production/processing industry	2,284,760,055	2,405,640,441
c) Chemical & Pharmaceutical	474,209,826	361,627,054
d) Plastic industry	453,355,048	266,813,260
e) Garments	459,880,274	442,384,721
f) Textile	396,925,525	339,942,449
g) Paper, Printing and packaging industry	1,478,075,794	1,249,232,011
h) Iron, Steel & Engineering industry	794,845,877	460,020,662
i) Leather & leather products	207,563,400	251,153,756
j) Electronics and electrical industry	64,842,789	222,905,663
k) Telecommunication/Information Technology	834,034	1,023,688
l) Jute and jute products	458,290,312	433,888,499
m) Cement/Concrete and allied industry	50,363,446	109,700,249
n) Glass and ceramic industry	10,387,505	7,166,900
3. Power, Gas, Water and sanitary service	52,363,007	58,282,271
4. Transport & Communication	998,868,019	892,604,016
5. Real Estate & Housing	3,378,124,476	2,368,796,630
6. Trade and Commerce	6,193,897,769	4,738,235,707
7. Others	770,497,245	865,825,443
	<b>20,220,594,810</b>	<b>17,228,266,388</b>

e) Geographical location-wise lease, loans and advances

**Inside Bangladesh**

**Urban**

Dhaka Division	9,131,481,146	7,892,215,483
Chattogram Division	3,258,966,581	2,806,678,768
Khulna Division	1,999,892,419	1,716,369,765
Rajshahi Division	2,268,759,149	1,838,867,372
Rangpur Division	1,598,504,269	1,325,856,474
Barishal Division	715,665,704	535,971,006
Mymensingh Division	875,278,047	710,156,148
Sylhet Division	240,754,750	193,596,236
	<b>20,089,302,065</b>	<b>17,019,711,252</b>

**Rural**

Barishal Division	6,222,600	8,576,077
Rajshahi Division	1,503,910	1,730,046
Chattogram Division	121,680,032	195,116,732
Rangpur Division	1,886,203	3,132,281
	<b>131,292,746</b>	<b>208,555,136</b>
	<b>20,220,594,810</b>	<b>17,228,266,388</b>

**Outside Bangladesh**

	-	-
	<b>20,220,594,810</b>	<b>17,228,266,388</b>



7.6 Sector-wise lease, loans and advances

Public sector  
Co-operative sector  
Private sector

2022 BDT	2021 BDT
-	-
-	-
20,220,594,810	17,228,266,388
<b>20,220,594,810</b>	<b>17,228,266,388</b>

7.7 Size wise lease, loan portfolio concentration

Cottage, Micro, Small & Medium Enterprise Financing (CMSME)  
Other than Cottage, Micro, Small & Medium Enterprise Financing (CMSME)

10,690,876,866	10,250,418,740
9,529,717,945	6,977,847,648
<b>20,220,594,810</b>	<b>17,228,266,388</b>

7.8 Particulars of lease, loans and advances

i) Leases, loans and advances considered good in respect of which the Company is fully secured

ii) Leases, loans and advances considered good in respect of which the Company is partially secured

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

v) Classified Leases, loans and advances against which no provision has been made

vi) Leases, loans and advances due by Directors, Officers of the Company or any of them either separately or jointly with any other persons

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.

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

xi) Classified lease, loans and advances

a) Classified lease, loans and advances on which interest has not been charged

b) Increase/(decrease) of specific provision against classified lease/loan

c) Amount of loan written off

d) Amount realised against loan previously written off

e) Provision kept against loans classified as bad/loss on the date of preparing the balance sheet (note-7.9)

f) Interest credited to Interest Suspense account (note-12.3)

xii) Written off lease, loans and advances

Opening Balance

During the year

**Cumulative to-date**

The amount of written-off leases, loans and advances for which law suits have been filed

2,897,324,330	2,111,900,400
6,386,967,585	5,587,190,435
-	-
10,936,302,896	9,529,175,553
-	-
<b>20,220,594,810</b>	<b>17,228,266,388</b>
-	-
4,480,131	1,766,399
-	-
-	-
-	-
321,872,134	181,581,922
10,139,370	58,444,750
148,343,754	77,256,135
24,608,505	22,047,752
463,411,838	464,372,539
180,971,557	159,239,508
1,125,037,437	1,047,781,303
148,343,754	77,256,135
<b>1,273,381,191</b>	<b>1,125,037,437</b>
1,114,485,704	1,043,214,796



	2022 BDT	2021 BDT
<b>7.9 Classification of lease, loans and advances</b>		
<b>Unclassified</b>		
Standard	19,158,099,109	16,600,674,146
Special mention account (SMA)	367,450,043	13,439,922
	<u>19,525,549,152</u>	<u>16,614,114,068</u>
<b>Classified</b>		
Sub-standard	129,115,460	83,483,936
Doubtful	102,518,360	66,295,845
Bad/Loss	463,411,838	464,372,539
	<u>695,045,658</u>	<u>614,152,320</u>
	<b><u>20,220,594,810</u></b>	<b><u>17,228,266,388</u></b>
<b>8 Fixed assets including land, building, furniture and fixtures</b>		
<b>Cost</b>		
Furniture and fixtures	125,636,766	124,443,838
Office equipment	589,601	621,586
Electrical equipment	181,725,498	140,354,525
System software	44,808,157	25,003,000
Motor vehicles	52,759,756	69,155,996
Office space	177,890,411	177,890,411
Right-of-use assets	220,913,801	208,700,949
	<b><u>804,323,989</u></b>	<b><u>746,170,304</u></b>
Less: Accumulated depreciation	<u>(357,720,508)</u>	<u>(314,848,475)</u>
<b>Net book value at the end of the year (Annexure - A)</b>	<b><u>446,603,481</u></b>	<b><u>431,321,830</u></b>
<b>9 Other assets</b>		
<b>Inside Bangladesh</b>		
<b>Income generating:</b>		
Income receivable (note-9.1)	130,105,129	98,406,500
<b>Non-income generating:</b>		
Deferred tax asset (note-9.2)	5,699,082	6,596,827
Advance, deposit and prepaid expenses	43,901,247	50,040,570
Other receivables	-	-
Receivable from provident fund account (note-9.3)	6,508,175	6,508,175
Advance corporate tax (note-9.4)	1,963,244,433	1,857,010,682
	<b><u>2,149,458,067</u></b>	<b><u>2,018,562,755</u></b>
<b>Outside Bangladesh</b>	-	-
	<b><u>2,149,458,067</u></b>	<b><u>2,018,562,755</u></b>

9.1 Income receivable amount represents interest receivable on other investment and fixed deposits.

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 at balance sheet	Tax base	Deductible temporary difference
Fixed assets at book value	312,290,262	320,532,367	8,242,105
Liability to employees gratuity fund	6,955,448	-	6,955,448
	<u>319,245,710</u>	<u>320,532,367</u>	<u>15,197,553</u>
Applicable tax rate			37.5%
Deferred tax asset as on 31 December, 2022			5,699,082
Deferred tax asset as on 31 December, 2021			6,596,827
Deferred tax expense during the year 2022 (note-36)			<u>(897,744)</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 UFL Employees Provident Fund.



	2022 BDT	2021 BDT
<b>9.4 Advance corporate tax</b>		
Balance as on January 01	1,857,010,682	1,761,589,781
Paid during the year	106,233,751	95,420,901
	<b>1,963,244,433</b>	<b>1,857,010,682</b>
<b>10 Borrowing from banks, other financial institutions and agents</b>		
In Bangladesh (note-10.1)	5,617,589,299	5,378,180,201
Outside Bangladesh	-	-
	<b>5,617,589,299</b>	<b>5,378,180,201</b>
<b>10.1 In Bangladesh</b>		
<b><u>Bank overdraft</u></b>		
Nationalised Commercial Bank	-	-
Private Commercial Bank	772,625,319	746,024,623
Foreign Commercial Bank	254,477,851	295,287,154
	<b>1,027,103,170</b>	<b>1,041,311,777</b>
<b><u>Short term loan</u></b>		
Nationalised Commercial Bank	-	-
Private Commercial Bank	-	-
Foreign Commercial Bank	-	230,000,000
Non Banking Financial Institutions	200,000,000	-
	<b>200,000,000</b>	<b>230,000,000</b>
<b><u>Call borrowing</u></b>		
Nationalised Commercial Bank	-	200,000,000
Private Commercial Bank	-	300,000,000
	-	<b>500,000,000</b>
<b><u>Long term loan</u></b>		
Bangladesh Bank (Refinance)	3,921,840,101	2,923,779,656
Kreditanstalt Für Wiederaufbau (KfW)	13,173,847	25,720,367
Non-Convertible Zero Coupon Bond (note-10.1.1)	455,472,181	657,368,402
	<b>4,390,486,129</b>	<b>3,606,868,425</b>
	<b>5,617,589,299</b>	<b>5,378,180,201</b>
<b>10.1.1</b> 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, 2021.		
<b>10.2 Analysis by security against borrowing from banks, other financial institutions and agents</b>		
Secured (FDR pledged as security)	1,027,103,170	1,271,311,777
Secured (Corporate guarantee)	-	-
Unsecured	4,590,486,129	4,106,868,425
	<b>5,617,589,299</b>	<b>5,378,180,201</b>
<b>10.3 Maturity grouping of borrowing from banks, other financial institutions and agents</b>		
On demand	-	-
Up to 1 month	1,555,113,769	1,668,762,626
Over 1 month but within 3 months	300,874,080	433,201,470
Over 3 months but within 1 year	1,919,022,440	1,460,580,893
Over 1 year but within 5 years	1,831,944,365	1,798,027,923
Over 5 years	10,634,646	17,607,289
	<b>5,617,589,299</b>	<b>5,378,180,201</b>
<b>11 Deposits and other accounts</b>		
Current deposits & other accounts etc.	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits (note-11.1)	14,178,306,705	13,312,007,103
Bearer certificates of deposit	-	-
Other deposits (note-11.2)	448,968,336	353,353,085
	<b>14,627,275,041</b>	<b>13,665,360,188</b>



	2022 BDT	2021 BDT
<b>11.1 Term deposits</b>		
Deposits from banks and financial institutions	930,000,000	800,000,000
Deposits from other than banks and financial institutions	13,248,306,705	12,512,007,103
	<b>14,178,306,705</b>	<b>13,312,007,103</b>
These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than three months.		
<b>11.1.1 Sector-wise break-up of term deposits</b>		
Government	-	-
Banks and financial institutions	930,000,000	800,000,000
Other public	-	-
Foreign currency	-	-
Private	13,248,306,705	12,512,007,103
	<b>14,178,306,705</b>	<b>13,312,007,103</b>
<b>11.1.2 Maturity analysis of term deposits</b>		
<b>a) Maturity analysis of deposits from banks &amp; financial institutions</b>		
Payable on demand	-	-
Up to 1 month	130,000,000	-
Over 1 month but within 3 months	800,000,000	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	-	-
	<b>930,000,000</b>	<b>800,000,000</b>
<b>b) Maturity analysis of deposits from other than banks &amp; financial institutions</b>		
Payable on demand	-	-
Up to 1 month	2,016,345,444	1,163,724,187
Over 1 month but within 3 months	1,354,402,702	1,272,393,791
Over 3 months but within 1 year	3,038,669,125	5,469,379,951
Over 1 year but within 5 years	6,801,470,799	3,067,247,806
Over 5 years but within 10 years	37,260,170	1,538,870,932
Over 10 years	158,463	390,436
	<b>13,248,306,705</b>	<b>12,512,007,103</b>
	<b>14,178,306,705</b>	<b>13,312,007,103</b>
<b>11.2 Other deposits</b>		
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	411,228,349	316,262,554
Interest bearing deposit	37,739,987	37,090,531
	<b>448,968,336</b>	<b>353,353,085</b>
<b>11.2.1 Maturity analysis of other deposits</b>		
Payable on demand	-	-
Up to 1 month	18,650,738	25,554,744
Over 1 month but within 3 months	35,471,388	32,063,380
Over 3 months but within 1 year	156,892,389	122,978,442
Over 1 year but within 5 years	191,713,548	149,185,940
Over 5 years but within 10 years	46,240,273	23,570,578
Over 10 years	-	-
	<b>448,968,336</b>	<b>353,353,085</b>
<b>12 Other liabilities</b>		
Provision for gratuity (note-12.1)	6,955,448	8,428,268
KFW interest differential fund (note-12.2)	71,030	1,246,186
Interest suspense account (note-12.3)	180,971,557	159,239,508
Accrued expenses and payables (note-12.4)	712,193,951	652,935,050
Lease liabilities (note-12.5)	158,798,185	164,893,404
Provision for lease, loans and advances (note-12.6)	559,733,148	502,922,958
Provision on others (note-12.7)	40,000,000	20,000,000
Provision for income tax (note-12.8)	2,075,514,158	2,056,955,970
Provision on receivable from provident fund account (note-12.9)	6,508,175	6,508,175
Unpaid/unclaimed Dividend (note-12.10)	5,918,046	6,807,445
	<b>3,746,663,698</b>	<b>3,579,936,966</b>



12.1 Net defined benefit obligation - Employees' Gratuity Fund

Defined benefits obligation (note-12.1.1)  
Less: Fair value of plan assets (note-12.1.2)

	2022 BDT	2021 BDT
Defined benefits obligation (note-12.1.1)	76,109,990	80,479,802
Less: Fair value of plan assets (note-12.1.2)	(69,154,542)	(72,051,534)
	<b>6,955,448</b>	<b>8,428,268</b>

12.1.1 Defined benefits obligation

Balance as on January 01

Interest cost/income

Current service cost

Actuarial loss (gain) arising from:

Demographic assumptions

Financial assumptions

Experience adjustments

Benefits paid

Expenses/Adjustments\*

Balance as on December 31

Balance as on January 01	80,479,802	64,232,805
Interest cost/income	7,162,702	4,978,042
Current service cost	9,487,646	10,548,478
Actuarial loss (gain) arising from:		
Demographic assumptions	-	-
Financial assumptions	(8,074,764)	(43,573,461)
Experience adjustments	10,591,499	48,916,731
Benefits paid	(24,184,160)	(4,705,382)
Expenses/Adjustments*	647,265	82,590
Balance as on December 31	<b>76,109,990</b>	<b>80,479,802</b>

\* Benefits unpaid as at the date of valuation

12.1.2 Fair value of plan assets

Balance as on January 01

Interest cost/income

Contribution paid by the employer

Benefits paid

Expenses/Adjustments

Balance as on December 31

Balance as on January 01	72,051,534	61,167,359
Interest cost/income	4,327,633	4,266,900
Contribution paid by the employer	17,227,914	11,706,383
Benefits paid	(24,184,160)	(4,705,382)
Expenses/Adjustments	(268,379)	(383,726)
Balance as on December 31	<b>69,154,542</b>	<b>72,051,534</b>

12.1.3 Plan assets

Cash at Bank

Investment in Fixed Deposit Receipts

Cash at Bank	286,182	16,915
Investment in Fixed Deposit Receipts	68,868,359	72,034,619
	<b>69,154,542</b>	<b>72,051,534</b>

12.1.4 Principal actuarial assumptions

Discount rate and expected rate of return on plan assets

Future salary growth rate

Withdrawal rate

Age till 30 years

Age from 30 to 40 years

Age from 40 to 50 years

Age above 50 years

Discount rate and expected rate of return on plan assets	8.90%	7.75%
Future salary growth rate	6.50%	6.00%
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.

	2022		2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(10,773,883)	13,038,183	(10,864,129)	13,238,327
Future salary growth (1% movement)	13,225,233	(11,088,646)	13,340,843	(11,121,316)

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

Addition during the year

Adjusted against training programme

	2022 BDT	2021 BDT
Balance as on January 01	1,246,186	4,826,739
Addition during the year	875,120	1,426,270
	2,121,306	6,253,009
Adjusted against training programme	(2,050,276)	(5,006,823)
	<b>71,030</b>	<b>1,246,186</b>



2022 BDT	2021 BDT
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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	159,239,508	137,171,416
Add: Amount transferred to interest suspense account during the year	83,941,358	45,428,789
Less: Amount recovered from interest suspense account during the year	(14,526,616)	(3,042,944)
Less: Written off during the year	(47,682,693)	(20,317,753)
	<b>180,971,557</b>	<b>159,239,508</b>

12.4 Accrued expenses and payables

Liabilities for expenses	508,096,628	463,722,797
Liabilities other than expenses	204,097,323	189,212,253
	<b>712,193,951</b>	<b>652,935,050</b>

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	164,893,404	174,076,712
Addition during the year	21,317,745	11,601,424
Interest charged during the year	12,063,983	12,693,981
Disposal during the year	(1,639,699)	-
Office rent adjustment made during the year	(37,837,248)	(33,478,713)
	<b>158,798,185</b>	<b>164,893,404</b>

Movement of lease liabilities has been included due to implementation of IFRS-16 Leases (office rent)

12.6 Provision for lease, loans and advances

General provision on lease, loans and advances

Balance as on January 01	93,703,810	129,955,131
Provision made for the year (note-35)	32,379,174	(36,251,321)
	<b>126,082,983</b>	<b>93,703,810</b>

Special provision 2% (15% payment of deferral clients)

Balance as on January 01	12,059,572	-
Provision made for the year (note-35)	(3,473,467)	12,059,572
	<b>8,586,105</b>	<b>12,059,572</b>

Specific provision on unclassified lease, loans and advances

Balance as on January 01	622,454	8,237,846
Provision made for the year (note-35)	17,793,493	(7,615,393)
	<b>18,415,946</b>	<b>622,454</b>

Specific provision on classified lease, loans and advances

Balance as on January 01	396,401,544	337,956,794
Fully provided debt written off during the year	(100,661,060)	(56,943,537)
Amount realised from written off clients	24,608,505	22,047,752
Provision released during the year (note-35)	-	(833,225)
Provision made for the year (note-35)	86,191,925	94,173,760
	<b>406,540,913</b>	<b>396,401,544</b>

Provision on receivable others and off balance sheet item

Balance as on January 01	135,579	613,517
Provision made for the year (note-35)	(28,379)	(477,938)
	<b>107,200</b>	<b>135,579</b>
	<b>559,733,148</b>	<b>502,922,958</b>



Provision surplus

	2022		2021	
	Required	Maintained	Required	Maintained
General provision on lease, loans and advances	117,871,300	126,082,983	92,843,894	93,703,810
Special provision 2% (15% payment of deferral clients)	8,586,105	8,586,105	12,059,572	12,059,572
Specific provision on unclassified lease, loans and advances	17,216,530	18,415,946	616,741	622,453
Specific provision on classified lease, loans and advances	402,224,826	406,540,913	392,763,784	396,401,544
Other provisions	107,200	107,200	135,579	135,579
	<u>546,005,961</u>	<u>559,733,148</u>	<u>498,419,570</u>	<u>502,922,958</u>
<b>Total surplus</b>		<b><u>13,727,187</u></b>		<b><u>4,503,388</u></b>

12.6.1 Base for provision for lease, loans and advances

Status	Base for provision	Rate (%)	Required Provision	Kept Provision
<b>General Provision</b>				
Loans and leases SME-STD	9,827,958,878	0.25%	24,569,897	26,281,597
Loans and leases STD (Excluding SMA)	9,330,140,232	1.00%	93,301,402	99,801,387
Loan/lease to the Subsidiaries/ Sister Concerns, Brokerage House, Merchant Banks, Stock dealers	-	2.00%	-	-
Special mention account (SMA)	344,330,610	5.00%	<u>17,216,530</u>	<u>18,415,946</u>
			<b><u>135,087,830</u></b>	<b><u>144,498,930</u></b>
<b>Special Reserve</b>				
Extra provision for providing COVID related circular advantage-STD	-	2.00%	-	-
Extra provision for providing COVID related circular advantage-SS	-	2.00%	-	-
Extra provision for providing COVID related circular advantage	429,305,242	2.00%	<u>8,586,105</u>	<u>8,586,105</u>
<b>Specific provision</b>				
Sub-standard	129,216,439	20%	25,843,288	27,643,700
Doubtful	72,220,487	50%	36,110,243	38,625,918
Bad/ Loss	340,271,295	100%	<u>340,271,295</u>	<u>340,271,295</u>
			<b><u>402,224,826</u></b>	<b><u>406,540,913</u></b>
<b>Provision for loans, advances and leases</b>			<b><u>545,898,761</u></b>	<b><u>559,625,948</u></b>
<b>Other provision</b>				
Off-Balance Sheet	-	1%	-	-
Other Asset	107,200	100%	<u>107,200</u>	<u>107,200</u>
			<b><u>107,200</u></b>	<b><u>107,200</u></b>
<b>Total provision</b>			<b><u>546,005,961</u></b>	<b><u>559,733,148</u></b>

12.7 Provision on others

Balance as on January 01  
Provision made for the year (note-35)

	2022 BDT	2021 BDT
	20,000,000	20,000,000
	20,000,000	-
	<b><u>40,000,000</u></b>	<b><u>20,000,000</u></b>

12.8 Provision for income tax

Balance as on January 01  
Add: Corporate tax for the year (note-36)  
Less: Settlement of previous year's liability (note-36)

	2022 BDT	2021 BDT
	2,056,955,970	2,015,575,278
	72,942,469	97,851,794
	(54,384,281)	(56,471,102)
	<b><u>2,075,514,158</u></b>	<b><u>2,056,955,970</u></b>

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.



12.10 Aging analysis of Unpaid/unclaimed Dividend

i. Cash dividend payable

	2022 BDT	2021 BDT
Upto 1 year	1,493,594	2,037,506
Over 1 year but within 3 years	4,424,452	4,769,939
Over 3 years but within 4 years	-	-
Over 4 years but within 5 years	-	-
Above 5 years	-	-
	<b>5,918,046</b>	<b>6,807,445</b>

Unclaimed cash dividends for the year 2018 amounting to Tk 22,09,496.25 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	-	19,115
Over 4 years but within 5 years	-	18,232
Above 5 years	-	349,172
	-	<b>386,519</b>

13 Share capital

13.1 Authorized capital

300,000,000 ordinary shares of BDT 10 each	<b>3,000,000,000</b>	<b>3,000,000,000</b>
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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
	<b>1,871,146,140</b>	<b>1,871,146,140</b>

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	3,191,690,712	3,236,268,429
Tier-2 Capital	144,498,930	106,366,077
Total Eligible Capital (1+2) :	<b>3,336,189,642</b>	<b>3,342,634,506</b>
B Total Risk Weighted Assets (RWA):	19,096,874,453	17,503,072,803
C Capital Adequacy Ratio (CAR) $(A_3 / B) * 100$	17.47%	19.10%
D Core Capital to RWA $(A_1 / B) * 100$	16.71%	18.49%
E Supplementary Capital to RWA $(A_2 / B) * 100$	0.76%	0.61%
F Minimum Capital Requirement (MCR)	1,909,687,445	1,750,307,280
<b>Surplus</b>	<b>1,426,502,197</b>	<b>1,592,327,225</b>
<b>Core capital (Tier-I)</b>		
Paid up capital (note-13.2)	1,871,146,140	1,871,146,140
Share premium (note-14)	3,750,000	3,750,000
Statutory reserve (note-15)	995,050,000	966,450,000
General reserve (note-16)	190,000,000	190,000,000
Retained earnings (note-17)	131,744,572	204,922,289
	<b>3,191,690,712</b>	<b>3,236,268,429</b>
<b>Eligible supplementary capital (Tier-II)</b>		
General provision maintained against unclassified loan	144,498,930	106,366,077
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)	-	-
	<b>144,498,930</b>	<b>106,366,077</b>



	2022 BDT	2021 BDT
General provision (Unclassified+SMA+Off balance sheet exposure)	144,498,930	106,366,077
Limit up to 1.25% of RWA for Credit Risk would be eligible as Tier-II capital	214,765,553	193,001,805
<b>Risk Weighted Assets (RWA)</b>		
A Credit Risk	17,181,244,240	15,440,144,395
On- Balance sheet	17,181,244,240	15,436,597,002
Off-Balance sheet	-	3,547,394
B. Market Risk	420,822,800	585,983,321
C. Operational Risk	1,494,807,413	1,476,945,086
<b>Total: RWA (A+B+C)</b>	<b>19,096,874,453</b>	<b>17,503,072,803</b>

13.4 Percentage of shareholding at the closing date

	No. of shares		Percentage	
	2022	2021	2022	2021
(i) Sponsors - Foreign	37,422,921	37,422,921	20.00	20.00
Sponsor - Domestic				
-Sponsor affiliated/related entities	40,324,483	40,324,483	21.55	21.55
-Other	3,754,942	3,754,942	2.01	2.01
	<u>81,502,346</u>	<u>81,502,346</u>	<u>43.56</u>	<u>43.56</u>
(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	26,289,735	24,744,418	14.05	13.22
	<u>50,987,036</u>	<u>49,441,719</u>	<u>27.25</u>	<u>26.42</u>
(iii) General public – Domestic	54,625,232	56,170,549	29.19	30.02
	<b><u>187,114,614</u></b>	<b><u>187,114,614</u></b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

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, 2022.

13.5 Shareholding range on the basis of shareholding as at 31 December, 2022

	No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
1	Less than 500	2,287	382,612	0.20
2	500 to 5,000	4,176	8,263,741	4.42
3	5,001 to 10,000	864	6,549,762	3.50
4	10,001 to 20,000	536	7,796,071	4.17
5	20,001 to 30,000	192	4,852,890	2.59
6	30,001 to 40,000	104	3,711,965	1.98
7	40,001 to 50,000	81	3,771,594	2.02
8	50,001 to 100,000	118	8,677,044	4.64
9	100,001 to 1,000,000	88	21,116,974	11.29
10	Above 1,000,000	16	121,991,961	65.20
		<b><u>8,462</u></b>	<b><u>187,114,614</u></b>	<b><u>100.00</u></b>



13.6 Composition of Shareholders' Equity:

<u>Particulars</u>	<u>No. of shares</u>	<u>Face value per share</u>	<u>BDT</u>
Paid-up Capital	187,114,614	10.00	1,871,146,140
Share Premium			3,750,000
Preference Share Capital			-
Statutory Reserve			995,050,000
General Reserve			190,000,000
Retained Earnings			131,744,572
<b>Total Shareholders' Equity</b>			<b>3,191,690,712</b>

Date of issue & other information:

<u>Date</u>	<u>Types of paid-up capital</u>	<u>No. of shares</u>	<u>Face value per share</u>	<u>BDT</u>
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
	<b>Before split</b>	<b>9,240,000</b>		<b>924,000,000</b>
	<b>After split</b>	<b>92,400,000</b>	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
	<b>Paid up capital</b>	<b>187,114,614</b>		<b>1,871,146,140</b>

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

	<b>2022 BDT</b>	<b>2021 BDT</b>
Balance as at January 01	966,450,000	921,950,000
Addition during the year	28,600,000	44,500,000
	<b>995,050,000</b>	<b>966,450,000</b>

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, every Non Banking Financial Institution (NBF) 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 28,600,000 (2021: BDT 44,500,000) to the Statutory Reserve.

16 General reserve

Balance as on January 01	190,000,000	225,000,000
Transfer to retained earnings during the year	-	(35,000,000)
Transfer from retained earnings during the year	-	-
	<b>190,000,000</b>	<b>190,000,000</b>

17 Retained earnings

Balance as on January 01	204,922,289	179,294,986
Less: Cash dividend for last year	(187,114,614)	(187,114,614)
Less: Issue of bonus shares for last year	-	-
Add: Transfer from general reserve during the year	-	35,000,000
Balance remaining	17,807,675	27,180,372
Addition during the year		
Net profit after taxation	142,536,897	222,241,917
Transfer to general reserve during the year	-	-
Transfer to statutory reserve during the year	(28,600,000)	(44,500,000)
	<b>131,744,572</b>	<b>204,922,289</b>



**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 2022) subject to the final clearance from the Ministry of Labor since the matter stands unresolved.

	<b>2022 BDT</b>	<b>2021 BDT</b>
<b>18 Net asset value per share (NAV)</b>		
Total assets	27,183,218,750	25,859,745,784
Total liabilities	23,991,528,037	22,623,477,355
Net assets	3,191,690,712	3,236,268,429
Number of share outstanding (current year's)	187,114,614	187,114,614
Net asset value per share	<b>17.06</b>	<b>17.30</b>
<b>Restated NAV:</b>		
Net assets	3,191,690,712	3,236,268,429
Number of ordinary shares as at 31 December	187,114,614	187,114,614
Restated NAV	<b>17.06</b>	<b>17.30</b>
<b>19 Contingent liabilities</b>		
<b>19.1 Letters of guarantee</b>		
Letters of guarantee (Local)	-	2,837,915
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	<b>-</b>	<b>2,837,915</b>
<b>Guarantees</b>		
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.		
<b>20 Profit and loss account</b>		
<b>Income</b>		
Interest, discount and similar income (note-20.1)	2,099,797,887	1,952,801,351
Dividend income (note-23)	63,764,796	44,039,206
Other operating income (note-24)	156,329,510	130,284,342
	2,319,892,194	2,127,124,899
<b>Expenses</b>		
Interest, fee and commission etc. (note-22)	1,233,293,685	1,146,721,213
Administrative expenses (note-20.2)	636,590,630	543,560,726
Other operating expenses (note-34)	53,020,674	40,326,095
Depreciation on Company's fixed assets	82,131,629	75,929,762
	2,005,036,619	1,806,537,796
	<b>314,855,575</b>	<b>320,587,103</b>
<b>20.1 Interest, discount and similar income</b>		
Interest on lease, loans, and advances (note-21)	2,087,240,968	1,929,804,471
Interest on Government security (note-23)	1,539,900	5,353
Interest on bonds (note-23)	11,017,019	22,991,528
Discount income	-	-
Interest on debentures	-	-
	<b>2,099,797,887</b>	<b>1,952,801,351</b>
<b>20.2 Administrative expenses</b>		
Salaries and allowances	532,269,439	455,343,749
Rent, taxes, insurance, electricity etc.	25,041,872	25,876,052
Legal expenses	21,245,777	14,895,357
Postage, stamp, telecommunication etc.	23,528,389	22,213,526
Stationery, printing, advertisement etc.	5,139,290	4,006,503
Managing Director's salary and benefits	8,786,250	10,595,000
Directors' fees	580,555	452,220
Auditors' fees	805,000	805,000
Repairs and maintenance of the Company's assets	19,194,058	9,373,321
	<b>636,590,630</b>	<b>543,560,726</b>



	2022 BDT	2021 BDT
<b>21 Interest income</b>		
Lease	669,355,526	739,853,978
Term loan and home loan	1,160,610,311	927,834,743
Short term financing	115,306,575	137,122,519
<b>Total interest income</b>	<b>1,945,272,412</b>	<b>1,804,811,241</b>
Interest on deposit/balance with banks and other financial institutions	54,066,870	44,357,585
Interest on deposits under lien for credit line facilities	87,901,686	80,635,645
	<b>2,087,240,968</b>	<b>1,929,804,471</b>
<b>22 Interest paid on deposits, borrowings etc.</b>		
<b>a) Interest paid on deposits</b>		
Deposits from other than banks and financial institutions	866,822,321	939,095,596
Deposits from banks and financial institutions	103,425,694	5,189,444
Direct deposit expenses	12,017,542	15,091,608
Interest bearing security deposits	1,889,042	1,880,918
	<b>984,154,599</b>	<b>961,257,566</b>
<b>b) Interest paid for borrowing</b>		
Bank loans	43,737,014	3,685,417
Bangladesh Bank refinance and KFW	117,298,284	97,789,208
Call loan	3,346,319	315,625
Overdraft	24,589,706	3,365,423
Zero Coupon Bond	48,103,779	67,613,993
	<b>237,075,103</b>	<b>172,769,666</b>
<b>c) Interest expenses-lease liabilities</b>	12,063,983	12,693,981
	<b>12,063,983</b>	<b>12,693,981</b>
	<b>1,233,293,685</b>	<b>1,146,721,213</b>
<b>23 Investment income</b>		
Interest on Government security	1,539,900	5,353
Interest on bonds	11,017,019	22,991,528
Dividend on shares	63,764,796	44,039,206
	<b>76,321,715</b>	<b>67,036,087</b>
<b>24 Other operating income</b>		
Reimbursement - invoice processing and collection costs	13,356,267	12,295,495
Early repayment premium	25,808,221	21,870,120
Reimbursement - documentation costs	81,547,096	67,939,206
Late payment interest	21,016,426	21,763,297
Profit on sale of fixed assets	779,988	805,876
Profit on sale of share	1,315,112	971,473
Income from provident fund forfeited account (note-24.1)	5,734,615	1,615,571
Miscellaneous earnings	6,771,786	3,023,303
	<b>156,329,510</b>	<b>130,284,342</b>
<b>24.1 Income from provident fund forfeited account</b>		
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 part for the year 2021 and 2022.		
<b>25 Salaries and allowances</b>		
Basic salary, provident fund contribution and all other allowances	519,587,124	424,708,502
Festival and incentive bonus	12,682,315	30,635,247
	<b>532,269,439</b>	<b>455,343,749</b>
<b>26 Rent, taxes, insurance, electricity etc.</b>		
Rent, rate and taxes (note-26.1)	436,857	503,108
Insurance	15,368,110	17,189,381
Electricity, gas and water	9,236,905	8,183,563
	<b>25,041,872</b>	<b>25,876,052</b>



	2022 BDT	2021 BDT
<b>26.1 Movement of Rent, rate and taxes:</b>		
Rent expenses charged	38,274,105	33,981,822
Less: Reclassification of rent (as per IFRS 16 Leases)	37,837,248	33,478,713
Rent expenses reported	<b>436,857</b>	<b>503,108</b>
<p>Movement of Rent, rate and taxes have been included due to implementation of IFRS-16 Leases (office rent).</p>		
<b>27 Legal expenses</b>		
Legal fees	16,051,801	9,334,686
Professional fees	5,193,976	5,560,671
	<b>21,245,777</b>	<b>14,895,357</b>
<b>28 Postage, stamp, telecommunication etc.</b>		
Stamp expenses	8,190,006	7,449,242
Postage and courier	901,437	960,694
Telephone, mobile and internet	14,436,946	13,803,590
	<b>23,528,389</b>	<b>22,213,526</b>
<b>29 Stationery, printing, advertisements etc.</b>		
Printing and stationeries	4,539,161	3,338,557
Publicity and advertisements	600,129	667,946
	<b>5,139,290</b>	<b>4,006,503</b>
<b>30 Managing Director's salary and benefits</b>		
Remuneration	6,706,250	7,475,000
Other benefits	2,080,000	3,120,000
	<b>8,786,250</b>	<b>10,595,000</b>
<b>31 Directors' fees</b>		
Directors' fees	580,555	452,220
	<b>580,555</b>	<b>452,220</b>
<p>Directors' fee include fees for attending the meeting by the non-executive Directors. Each Director was paid @ Tk. 5,000 per meeting as attendance fee after deduction of tax.</p>		
<b>32 Auditors' fees</b>		
Statutory audit fees (including VAT)	805,000	805,000
	<b>805,000</b>	<b>805,000</b>
<b>33 Depreciation and repair of assets</b>		
<b>Depreciation - (Annexure-A)</b>		
Furniture and fixture	8,507,612	8,630,143
Office equipment	36,432	42,965
Electrical equipment	22,413,006	18,091,623
System software	9,478,592	5,260,250
Motor vehicles	8,852,768	9,926,965
Office space	4,447,260	4,447,260
Right-of-use assets	28,395,958	29,530,556
	<b>82,131,629</b>	<b>75,929,762</b>
<b>Repairs</b>		
Maintenance of electrical equipment, office equipment, motor vehicle and other assets	19,194,058	9,373,321
	<b>19,194,058</b>	<b>9,373,321</b>
	<b>101,325,687</b>	<b>85,303,082</b>
<p>Movement of depreciation and repair of assets (Right-of-use assets) have been included due to implementation of IFRS-16 Leases (office rent).</p>		



	2022 BDT	2021 BDT
<b>34 Other expenses</b>		
Training expenses	157,827	506,072
Books, magazines and newspapers etc.	67,315	75,512
Staffs' uniforms	942,030	718,083
Medical expenses	1,084,133	674,953
Fees and subscriptions	2,778,252	2,437,306
Bank charges	3,808,637	3,241,743
Excise duty expenses	3,797,100	1,732,450
Car expenses	870,990	896,426
Entertainment	4,093,001	4,451,229
Office expenses	3,077,133	1,877,407
Security services	8,573,668	8,792,439
Business promotion expenses	9,814,583	3,570,192
Annual General Meeting expenses	1,422,800	1,221,188
Travelling and conveyance expenses	12,533,205	10,131,097
	<b>53,020,674</b>	<b>40,326,095</b>
<b>35 Provision for lease, loans and advances</b>		
General provision on lease, loans and advances	32,379,174	(36,251,321)
Special provision 2% (15% payment for deferral clients)	(3,473,467)	12,059,572
Specific Provision on unclassified lease, loans and advances	17,793,493	(7,615,393)
Specific Provision on classified lease, loans and advances	86,191,925	93,340,535
Provision on receivable others and off balance sheet item	(28,379)	(477,938)
Provision for investment	-	(103,208)
	<b>132,862,745</b>	<b>60,952,248</b>
<b>36 Provision for taxation</b>		
<u>Current tax</u>		
Corporate tax for the year on operating profit	72,942,469	97,851,794
Less: Settlement of previous year's tax liability	(54,384,281)	(56,471,102)
	18,558,188	41,380,692
<u>Deferred tax</u>		
Deferred tax (note- 9.2)	897,744	(3,987,754)
	897,744	(3,987,754)
	<b>19,455,932</b>	<b>37,392,938</b>
<u>Average effective tax rate</u>		
Operating profit before taxes	161,992,829	259,634,855
Provision for taxation	19,455,932	37,392,938
Effective rate (36.1)	12.01%	14.40%

**36.1 Reconciliation of Effective Tax Rate**

	2022		2021	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		161,992,829		259,634,855
Income tax as per applicable tax rate	37.50%	60,747,311	37.50%	97,363,071
Net inadmissible expenses (due to difference between accounting & tax depreciation, lease/loan provision, gratuity provision and others)	14.64%	23,715,653	3.26%	8,462,740
Reduced tax due to tax rate being lower than business tax rate (dividend income @ 20% and capital gain on sale of shares @ 10%)	-7.11%	(11,520,495)	-3.07%	(7,974,016)
Settlement of previous years' tax liabilities	-33.57%	(54,384,281)	-21.75%	(56,471,102)
Deferred tax expense	0.55%	897,744	-1.54%	(3,987,754)
	<b>12.01%</b>	<b>19,455,932</b>	<b>14.40%</b>	<b>37,392,938</b>



**37 Earnings per share (EPS)**

Net profit after tax  
Number of ordinary shares outstanding

**Earnings Per share (EPS)**

**Restatements of EPS:**

Net profit after tax  
Number of ordinary shares as on 31 December

	2022 BDT	2021 BDT
	142,536,897	222,241,917
	187,114,614	187,114,614
	<b>0.76</b>	<b>1.19</b>
	142,536,897	222,241,917
	187,114,614	187,114,614
	<b>0.76</b>	<b>1.19</b>

Earnings per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2022 as per International Accounting Standard 33 Earnings Per Share.

**38 Receipts from other operating activities**

Reimbursement - invoice processing and collection costs  
Early repayment premium  
Reimbursement-documentation costs  
Late payment charges  
Profit on sale of fixed assets  
Profit on sale of share  
Income from provident fund forfeited account (note-24.1)  
Miscellaneous earnings

	13,356,267	12,295,495
	25,808,221	21,870,120
	81,547,096	67,939,206
	21,016,426	21,763,297
	779,988	805,876
	1,315,112	971,473
	5,734,615	1,615,571
	7,133,671	2,287,085
	<b>156,691,395</b>	<b>129,548,125</b>

**39 Payments for other operating activities**

Rent, taxes, insurance, electricity etc.  
Repairs and maintenance  
Travelling and conveyance expenses  
Annual General Meeting/Shareholder expenses  
Entertainment  
Bank charges  
Fees and subscriptions  
Medical expenses  
Directors' fees  
Books, magazines and newspapers etc.  
Training expenses  
Office expenses  
Security services

	25,041,872	25,868,047
	17,753,371	9,288,321
	12,533,205	10,131,097
	1,422,800	1,221,188
	4,093,001	4,451,229
	7,605,737	4,974,193
	2,778,252	2,437,306
	1,084,133	674,953
	580,555	452,220
	67,315	75,512
	157,827	506,072
	3,077,133	1,877,407
	8,597,362	8,792,439
	<b>84,792,563</b>	<b>70,749,982</b>

**40 Net Operating Cash Flow Per Share (NOCFPS)**

Net cash flows from operating activities  
Number of shares outstanding

**NOCFPS**

**NOCFPS (Restated)**

	(2,333,690,864)	1,052,558,027
	187,114,614	187,114,614
	(12.47)	5.63
	(12.47)	5.63

**41 Reconciliation of Operating Activities of Cash Flows**

**Particulars**

Net Profit After Tax  
Depreciation  
Provision for lease, loans and advances  
Provision for taxation  
Profit on sale of fixed assets  
(Decrease)/increase in short term loans  
Increase in lease, loans and advances  
Income tax paid  
Increase in deposit and other accounts  
Increase/(decrease) in other liabilities  
Increase in other assets  
Increase in right-of-use assets

**Cash flows from operating activities**

	142,536,897	222,241,917
	82,131,629	75,929,762
	76,810,190	26,056,463
	18,558,188	41,380,692
	(779,988)	(805,876)
	(544,208,606)	1,725,713,415
	(2,992,328,422)	(2,092,055,075)
	(106,233,751)	(95,420,901)
	961,914,852	1,365,475,216
	72,247,753	(187,925,112)
	(24,661,562)	(16,431,048)
	(19,678,045)	(11,601,424)
	<b>(2,333,690,864)</b>	<b>1,052,558,027</b>

**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

	-	-
	1,007	873
	<b>1,007</b>	<b>873</b>

**43 Related Party Disclosures**

## 43.1 Particulars of Directors of the Company as on 31 December, 2022

SI no.	Name of Directors	Designation	Shareholding status
1. Imran Ahmed		Chairman	Nominated by Lawrie Group Plc.,UK having share of 20%
2. Susan Ann Walker		Director	
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. Mahbub Mustafizur Rahman		Independent Director	Not applicable, no shareholdings.
10. Mohammed Abul Ahsan		Acting Managing Director	Not applicable, Ex-officio capacity



## 43.2 Name of Directors and their interest in different entities as on 31 December, 2022

Sl No.	Name of Directors	Status with United Finance Limited	Entities where they have interest
1.	Imran Ahmed	Chairman	<b>Director</b> 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	<b>Director</b> 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	<b>Director</b> 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	<b>Director</b> National Brokers Ltd.
5.	A. F. Nesaruddin	Director	Senior Partner, Hoda Vasi Chowdhury & Co. Chartered Accountants
6.	Ormaan Rafay Nizam	Director	<b>Managing Director</b> National Brokers Ltd.
7.	A.F.M.M. Samad Choudhury	Director	-
8.	M. M. Alam	Independent Director	-
9.	Mahbub Mustafizur Rahman	Independent Director	-
10.	Mohammed Abul Ahsan	Acting Managing Director	-



43.3 Significant Contract where the Company is the party and wherein Directors have interest

As on 31 December 2022 no such contract exists.

43.4 Share issued to Directors and executives without consideration or exercisable at a discount.

As on 31 December 2022 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 in BDT	Status of loan and advances
The Lungla (Sylhet) Tea Co. Ltd.	Imran Ahmed	Common Director	Term Deposit	5,737,783	
	Susan Ann Walker	-Do-	Office rent	4,019,112	
Duncan Properties Ltd.	Imran Ahmed	-Do-	Term deposit	36,463,138	
	A. Rouf	-Do-	Office rent	123,648	
Macalms Bangladesh Trust	Imran Ahmed	Trustee	Term Deposit	33,853,164	
	A. Rouf	-Do-			
	A.F.M.M Samad Choudhury	-Do-			
National Brokers Limited	L. H. Khan	Common Director	Term Deposit	101,384,523	
Duncan Brothers (BD) Ltd.	Imran Ahmed	-Do-	Term Deposit	46,000,000	
	A. Rouf	-Do-	Office rent	2,874,788	
Eastland Camellia Ltd.	Imran Ahmed	-Do-	Term Deposit	54,128,296	
	A. Rouf	-Do-			
United Insurance Co. Ltd.	A. Rouf	Nominated Director	Lease	4,480,131	Regular
	L. H. Khan	-Do-	Term Deposit	48,000,000	
	A.F.M.M. Samad Choudhury	-Do-	Insurance premium	781,169	
Duncan Products Ltd.	A. Rouf	Common Director	Drinking Water Bill	41,856	
	Imran Ahmed	-Do-			
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	51,130,456	
	A. Rouf	-Do-			
Octavius Steel & Company of Bangladesh Limited	Imran Ahmed	Common Director	Term Deposit	12,869,435	
	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 2022 no such investment exists.

**44 Commitment****Capital expenditure**

There was no capital expenditure contracted but not incurred or provided for at 31 December, 2022 (2021: BDT 20.85 million).

**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 2022, the Company had BDT 1,403,213,735 commitment with customers (2021: BDT 1,107,605,009).

**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 2022.

**46 Proposal of dividend**

The Board of Directors has recommended a cash dividend of BDT 0.50 per ordinary share (2021: @ BDT 1.00 per ordinary share) i.e. a total of BDT 93.56 million for 187.11 million ordinary shares held on the record date 16 April 2023.

**47 Dividend Remitted to non-resident shareholders**

An amount of Tk. 33,421,878.90 equivalent to GBP 288,795.58 (2020: Tk. 33,565,628.90 equivalent to GBP 279,505.58) was remitted to non-resident shareholder as dividend for the year 2021.

**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 2022, United Finance sanctioned around 2,700 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 425 clients in 2022 who are in the large segment. Out of this 425 clients audited financial statements were obtained and preserved for 155 clients during sanction. Rest are yet to complete the statutory audit of their financial statements.



## 50 Highlights on the overall activities

SI No.	Particulars		2022	2021	Growth (%)
1	Paid-up capital (note-13.2)	MBDT	1,871.15	1,871.15	-
2	Total Eligible capital (note-13.3)	MBDT	3,336.19	3,342.63	-0.19%
3	Capital surplus (note-13.3)	MBDT	1,426.50	1,592.33	-10.41%
4	Total assets	MBDT	27,183.22	25,859.75	5.12%
5	Total Term deposits (note-11.1)	MBDT	14,178.31	13,312.01	6.51%
6	Total lease, loans and advances (note-7.1)	MBDT	20,220.59	17,228.27	17.37%
7	Total contingent liabilities and commitments (note-19)	MBDT	-	2.84	-100.00%
8	Loan to deposit ratio (note-7.1/note-11.1)		1.43	1.29	10.20%
9	Percentage of classified lease, loans and advances against total leases, loans and advances (note-7.8)	(%)	3.44	3.56	-3.58%
10	Profit after tax and provision	MBDT	142.54	222.24	-35.86%
11	Amount of loans classified during the year	MBDT	695.05	614.15	13.17%
12	Provisions kept against classified loans (note-12.6)	MBDT	406.54	396.40	2.56%
13	Provision surplus (note-12.6)	MBDT	13.73	4.50	204.82%
14	Cost of fund	(%)	6.41	6.36	0.79%
15	Interest earning assets	MBDT	23,647.25	21,741.49	8.77%
16	Non-interest earning assets	MBDT	3,535.97	4,118.26	-14.14%
17	Return on Equity (i)	(%)	4.43	6.90	-35.77%
18	Net Return to total earning assets	(%)	0.60	1.02	-41.03%
19	Return on total assets (ii)	(%)	0.54	0.94	-42.66%
20	Income from investment in shares and bonds (note-23)	MBDT	76.32	67.04	13.85%
21	Earnings per share (iii)	BDT	0.76	1.19	-35.86%
22	Net income per share (iv)	BDT	0.76	1.19	-35.86%
23	Price earning ratio (v)	Times	20.74	17.76	16.75%

MBDT= Bangladeshi BDT in Million, BDT= Bangladeshi BDT

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.

**Mohammed Abul Ahsan**  
Managing Director  
(Acting)

**A. F. M. M. Samad Choudhury**  
Director

**A. F. Nesaruddin**  
Director

**A. Rouf**  
Director



**Fixed assets including land, building, furniture & fixtures**

	Furniture & fixture	Office equipment	Electrical equipment	Software	Motor Vehicle	Office Space	Right-of-use assets	Total
<b>Cost</b>								
Balance at 01 January, 2022	124,443,838	621,586	140,354,525	25,003,000	69,155,996	177,890,411	208,700,949	746,170,304
Addition during the year	5,980,593	41,438	47,530,581	19,805,157	8,920,223	-	21,317,745	103,595,736
Disposal/adjustment	(4,787,665)	(73,423)	(6,159,608)	-	(25,316,463)	-	(9,104,893)	(45,442,052)
<b>Balance at 31 December, 2022</b>	<b>125,636,766</b>	<b>589,601</b>	<b>181,725,498</b>	<b>44,808,157</b>	<b>52,759,756</b>	<b>177,890,411</b>	<b>220,913,801</b>	<b>804,323,989</b>
<b>Accumulated depreciation</b>								
Balance at 01 January, 2022	88,971,422	463,586	91,938,666	5,260,250	44,385,085	18,159,648	65,669,818	314,848,475
Charge for the year	8,507,612	36,432	22,413,006	9,478,592	8,852,768	4,447,260	28,395,958	82,131,629
Disposal /adjustment	(4,585,310)	(73,423)	(5,788,873)	-	(21,346,796)	-	(7,465,194)	(39,259,596)
<b>Balance at 31 December, 2022</b>	<b>92,893,724</b>	<b>426,595</b>	<b>108,562,799</b>	<b>14,738,842</b>	<b>31,891,057</b>	<b>22,606,908</b>	<b>86,600,583</b>	<b>357,720,508</b>
<b>WDV at 31 December, 2022</b>	<b>32,743,041</b>	<b>163,006</b>	<b>73,162,699</b>	<b>30,069,315</b>	<b>20,868,698</b>	<b>155,283,503</b>	<b>134,313,219</b>	<b>446,603,481</b>
<b>WDV at 31 December, 2021</b>	<b>35,472,416</b>	<b>158,001</b>	<b>48,415,859</b>	<b>19,742,751</b>	<b>24,770,910</b>	<b>159,730,763</b>	<b>143,031,131</b>	<b>431,321,830</b>



## Disclosures under Pillar-III Market Discipline

### Scope of the Disclosure

#### Qualitative Disclosures:

The Company (United Finance Limited, or "UFL") does not have any subsidiaries. As such, this disclosure is applied on a solo basis.

#### Quantitative Disclosures:

Not Applicable

### Capital Structure

#### (i) Qualitative Disclosures

For the purpose of calculating capital under capital adequacy framework, total capital be classified into two tiers. The total regulatory capital will consist of sum of the following categories:

Tier 1 Capital ("Core Capital")	Tier 2 Capital ("Supplementary Capital")
1. Paid up capital	1. General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk
2. Non-repayable share premium account	a. Revaluation reserves
3. Statutory reserve	b. 50% Revaluation reserves for Fixed Assets
4. General reserve	2. 45% Revaluation reserves for Securities
5. Retained earnings	3. All other preference shares
6. Minority interest in subsidiaries	a. In addition to the above condition of reserve requirements, the amount of Tier 2 Capital must be limited to 100% of the amount of Tier 1 Capital
7. Non-cumulative irredeemable preference shares	
8. Dividend equalisation account	

#### (ii) Qualitative Disclosures

The details of capital structure are provided as under

	Amount in Crore BDT
1. Fully Paid-up Capital/Capital lien with BB Statutory Reserve	187.11
2. Non-repayable share premium account	0.38
3. Statutory Reserve	96.65
4. General Reserve	19.00
5. Retained Earnings	16.03
6. Minority interest in subsidiaries	-
7. Non-Cumulative irredeemable preferences shares	-
<b>Total Tier 1 Capital</b>	<b>319.17</b>
Total Tier 2 Capital	14.45
Other deductions from Capital	-
<b>Total Eligible Capital</b>	<b>333.62</b>



## Capital Adequacy Ratio (CAR)

### Qualitative Disclosures

On December 31, 2022, the Company CAR stands at 17.47% of the total Risk Weighted Assets (RWA), against the minimum regulatory requirement of 10% of RWA.

As the computation of the CAR requires the value of RWA to be determined on the basis of credit, market and operational risks, UFL identifies the capital charges of each of these respective risk categories, as per the methodology described by the regulatory body.

The following measures are taken to ensure that RWA remains under control:

1. Focusing on expanding investment in Small and Medium Enterprises (SME) on a nationwide scale and keeping lending to large corporate entities at a sustainable level.
2. Encouraging unrated corporate clients to be rated from External Credit Assessment Institutions (ECAIs) recognised by Bangladesh Bank and also notifying rated corporate clients to be reassessed before expiration.
3. Focusing on home loan financing as it is fully secured against residential property.
4. Monitoring overdue clients to minimise loans that are past due through robust collection mechanisms.
5. Mitigating credit risk by taking eligible financial collateral against transactions.

### Quantitative Disclosures

Capital Requirements for credit, market and operational risks, and CAR

	Amount in Crore BDT
Capital requirement for Credit Risk	1,718.12
Capital requirement for Market Risk	42.08
Capital requirement for Operational Risk	149.48
Total RWA	1,908.29
<b>Total and Tier 1 Capital ratio:</b>	
o CAR on Total capital basis (%)	17.47%
o CAR on Tier 1 capital basis (%)	16.71%

## Credit Risk

### Qualitative Disclosures

**Definition of past due and impaired:** The unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off).

**Description of approaches followed for specific and general allowances:** UFL maintains provision of 0.25% against Standard SME loans, 1% against Standard loans, 5% against SMA loans, 20% against Substandard loans, 50% against Doubtful loans and 100% against Bad/Loss loans.

**Credit Risk Management policy:** In UFL, Credit Risk is managed in three ways - (i) Pre-Emptive, (ii) Contemporaneous and (iii) Post-Facto through utilising policies and practices approved by the Board of Directors. These are described in more detail in the following paragraphs.

- Pre-Emptive Risk Management** involves risk management in the pre-disbursement stages.
  - o **Industry Analysis:** analyses of various industries of the country are done to create separate risk profiles for each industry, which are regularly updated and circulated to the Business and Credit divisions to ensure that sound lending decisions are made.



- **Credit Assessment:** an independent Credit team assesses every credit proposal in order to assess the credit risks associated with financing proposals. In the assessment of the credit risk, they assess borrower's economic and social standing, business and market position, management background, financial performance, and overall credit risk grading (CRG). Mandatory visits to every applicable client are done before finalising the proposal.
- **Security Determination:** UFL has securitisation procedure whereby the security against each financing proposal is determined commensurate with the financing risk.
- ii. **Contemporaneous Risk Management** involves risk management during the disbursement as well as post disbursement stages.
  - **Credit Administration:** The Credit Administration team of the Company ensures that all legal risks relating to documentation and security arrangements are complied with. UFL makes disbursement only after all documentation are in order and all security arrangements are completed.
  - **Early Alert System:** A system of data collection and analysis exists that looks at clients' economic, financial and social factors to assess the possibility of delinquency. This enables the company to take a proactive stance in maintaining a healthy portfolio.
  - **Credit Recovery:** A robust collection department monitors the payment performance of all the loan contracts to ensure timely recovery. The Special Asset Management team handles long overdue accounts, takes corrective measures such as legal actions to mitigate risks, and ensures effective monitoring of Written-Off Accounts in a timely manner.
- iii. **Post-Facto Risk Management** takes place in the post disbursement stage through various portfolio level reviews and analyses.
  - **Periodic Credit, CRG Model, and Early Alert Model Review:** There is a periodic review to update the overall credit approval process and the CRG model, as well as the early alert model to better reflect the updated market situation.
  - **Portfolio Analysis:** For better management of the loan portfolio, the Company has developed mechanisms to conduct portfolio-level analyses of credit facilities considering loan repayment performance, concentration of risks by location, product, and sector, and portfolio at risk (PAR) analysis.
  - **Internal Control & Compliance (ICC):** This department ensures that Company policies, procedures and practices adhere to relevant laws, regulations, industry standards, corporate values and ethics.

## Quantitative Disclosures

### **Total gross credit risk exposures broken down by major types of credit exposure.**

	Amount in Crore BDT
Lease Finance	674.30
Term Loan	821.71
Home Loan	324.26
Short Term Loan	171.20
Interest Receivable	30.58
<b>Total</b>	<b>2,022.06</b>

**Geographical distribution of exposures, broken down in significant areas by major types of credit exposure**

	Amount in Crore BDT
Dhaka	913.15
Chattogram	338.06
Rajshahi	227.03
Khulna	199.99
Rangpur	160.04
Mymensingh	87.53
Barishal	72.19
Sylhet	24.08
<b>Total</b>	<b>2,022.06</b>

**Industry or counterparty type distribution of exposures, broken down by major types of credit exposure**

	Amount in Crore BDT
1. Agricultural sector	42.56
2. Industrial sector:	
a) Service industry	126.69
b) Food Production/Processing industry	228.48
c) Chemical & Pharmaceutical	47.42
d) Plastic industry	45.34
e) Garments	45.99
f) Textile	39.69
g) Paper, Printing and Packaging industry	147.81
h) Iron, Steel & Engineering industry	79.48
i) Leather & Leather products	20.76
j) Electronics and Electrical industry	6.48
k) Telecommunication/Information Technology	0.08
l) Jute and Jute Products	45.83
m) Cement/Concrete and allied industry	5.04
n) Glass and Ceramic industry	1.04
o) Ship Manufacturing industry	-
p) Power, Gas, Water and Sanitary service	5.24
4. Transport & Communication	99.89
5. Real Estate & Housing	337.81
6. Trade and Commerce	619.39
7. Others	77.05
<b>Total</b>	<b>2,022.06</b>

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

	Amount in Crore BDT
Up to 1 month	105.63
Over 1 month but not more than 3 months	152.54
Over 3 months but not more than 1 year	669.39
Over 1 year but not more than 5 years	850.78
Over 5 years	243.71
<b>Total</b>	<b>2,022.06</b>

**Gross Non-Performing Assets (NPA)**

	Amount in Crore BDT
Gross Non Performing Assets (NPAs)	69.50
Non-Performing Assets (NPAs) to Outstanding Loans & Advances	3.44%

**Movement of Non-Performing Assets (NPAs)**

	Amount in Crore BDT
Opening balance	61.42
Additions	269.34
Reductions	261.26
Closing balance	69.50

**Movement of specific provisions for NPAs**

	Amount in Crore BDT
Opening balance	39.70
Provisions made during the period	10.40
Write-off	(10.07)
Write-back of excess provisions	2.46
Closing balance	42.49

**Equities: Banking Book Positions****Qualitative Disclosures**

The equity holdings of the Company include unquoted redeemable preferred shares and quoted shares. The redeemable preferred shares are not tradable and pay a fixed dividend per annum, thus there is no scope for any capital gains or losses.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provisions are maintained as per terms and conditions of regulatory authority. On the other hand, unquoted shares are valued as per the latest audited accounts.

**Quantitative Disclosures**

	Amount in Crore BDT
Quoted shares	1.54
Unquoted shares*	96.63
<b>Total</b>	<b>98.16</b>

\*Unquoted shares include redeemable preference shares



The cumulative realised gains/ (losses) arising from sales and liquidations in the reporting period: Nil

	Amount in Crore BDT
Total unrealised gains (losses)	Not Applicable
Total latent revaluation gains (losses)	Not Applicable
Any amounts of the above included in Tier 2 capital	Not Applicable

Capital requirements broken down by appropriate equity groupings, consistent with the FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements: Not Applicable

## Interest Rate in the Banking Book

### Qualitative Disclosures

UFL is in the business of lending and taking deposits with different maturities and interest rates. As such, the Company is exposed to movements in interest rates, which results in mismatches between lending rates and funding costs. UFL's Asset Liability Management Committee (ALCO) monitors the movements in the lending rates and borrowing costs on a monthly basis and formulates strategies to manage changes in market conditions. In case of significant movement in the market such as unexpected loan prepayments and unusual behaviour of non-maturity deposits, emergency ALCO meetings are held to decide on the course of action.

### Quantitative Disclosures – Interest Rate Risk under Simple Sensitivity Analysis

Particulars in BDT Crores	Up to 3 months	3 months to 6 months	6 months to 1 year	Above 1 year
Rate Sensitive Assets (RSA)	507	315	377	1,024
Rate Sensitive Liabilities (RSL)	493	267	331	868
Net Gap [RSA-RSL]	14	48	45	155
Cumulative Gap	14	62	107	262

### Impact of Net Interest Income

1% interest rate increase	0.14	0.62	1.07	2.62
1% interest rate Decrease	-0.14	-0.62	-1.07	-2.62
2% interest rate increase	0.28	1.23	2.14	5.24
2% interest rate Decrease	-0.28	-1.23	-2.14	-5.24

### Quantitative Disclosures – Increase in Interest Rate

Magnitude of Shock	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond Portfolio (BDT in Crore)	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	2.14	4.27	6.41
Revised Regulatory Capital (BDT in Crore)	335.75	337.89	340.03
Risk Weighted Assets (BDT in Crore)	1,909.69	1,909.69	1,909.69
Revised CAR (%)	17.58%	17.69%	17.81%



## Market Risk

### Qualitative Disclosures

**Views of BOD on trading/investment activities:** All the policies have been approved by the Board and related guidelines have been approved by the subcommittees of the Board. The Board has delegated some of its authorities to the Executive Committee as per policy. Every policy and guideline relating to the Market Risk are duly approved by the Executive Committee. The Committee also sets limits and reviews the compliance on a regular basis.

**Methods used to measure Market Risk:** In order to measure the market risk, the Company uses Standardised (rule based) Approach where capital charge for interest rate risk, price and foreign exchange risk is determined separately.

**Policies and processes for mitigating Market Risk:** All policies required for oversight and management of Market Risk are set by the Executive Committee. These policies are reviewed on a periodic basis.

### Quantitative Disclosures

Capital requirements for	Amount in Crore BDT
Interest rate related instruments	-
Equities	4.21
Foreign exchange position (if any)	-
Commodities (if any)	-

## Operational Risk

### Qualitative Disclosures

**Views of Board of Directors on system to reduce Operational Risk:** Like the market risk guidelines, all the policies have been approved by the Board and related guidelines have been approved by the subcommittees of the Board. The Board has delegated some of its authorities to the Executive Committee as per policy. The Audit Committee of the Board monitors the operational risk management process and reviews the adequacy of the internal audit function.

**Potential external events:** The sustained effects of the Covid-19 pandemic have led to many changes in the office environment. Among these changes, the normalisation of work-from-home, and the return to regular office from work-from-home situation may have effects on your Company's operational security and employee satisfaction.

### Policies and processes for mitigating operational risk:

- **Internal Audit** team examines operational flaws of the company generated from the lack of adequacy, effectiveness and efficiency of internal control mechanism. This department serves as an independent body within the company that aims to add value to its various operations and processes.
- **Operational Risk and Systems Audit** Department investigates Company's processes and identifies flaws and risks of regular business operations. It also examines information technology infrastructure, policies & operations, and data integrity & security.

**Approach for calculating capital charge for operational risk:** For calculating capital charge of operational risks, UFL uses the Basic Indicator Approach (BIA) where capital charge is equivalent to 15% of the three year average positive annual gross income of UFL.

### Quantitative Disclosures

Capital charge for	Amount in Crore BDT
Operational Risk	14.81



# Sustainability Report



United Finance Limited is dedicated to pursuing sustainable business practices in all areas of its activities within the communities it serves. The Sustainability Report aims to showcase the company's sustainability efforts in the economic, social, and environmental aspects of its operations during the year 2022. This report contains the company's key sustainability objectives, mechanisms for engaging with stakeholders, environmentally and socially impactful activities, and contributions to workforce diversity.

When determining the contents of this report, the company takes into account the developments and issues that are likely to affect the environment and society in which it operates. Specifically, issues that strongly affect the perception of the company's ability to meet the needs of its stakeholders in the long term are deemed material.

Within this report, United Finance includes material topics and disclosures in accordance with the GRI Sustainability Reporting Standards: Core Option.

### **Key Sustainability Objectives:**

United Finance Limited has following objectives in its sustainability activities:

- I. To collaborate and cooperate with internal and external stakeholders to minimise negative environmental impacts and foster a sustainable business environment.
- II. Commit to engaging in environmentally-friendly activities such as reducing its internal carbon footprint and financing ecologically sustainable projects.
- III. Promote initiatives that take into account structural changes affecting its clients and the community as a whole.
- IV. Provide products and services that contribute directly or indirectly to sustainability, as defined by the United Nations Sustainable Development Goals, by addressing environmental or social issues.
- V. Strive to create new businesses and transform existing businesses by adopting new technologies.
- VI. Remain dedicated to promoting the development and active participation of a diverse workforce.
- VII. To be committed to promoting equal opportunities and diversity within its workforce.
- VIII. Remain committed to providing a safe, secure, and healthy work environment for all its employees.

### **I. Coordination with Stakeholders**

The sustainability approach of United Finance encompasses three dimensions: economic, environmental and social. The key stakeholders from each stated dimension are determined by the degree to which each group is affected by the activities of the Company. Engagement mechanisms for each of these groups are mentioned in the following table.



<b>Sustainability Dimension</b>	<b>Stakeholders Identified</b>	<b>Primary Objectives of Engagement</b>	<b>Engagement Mechanisms</b>
<b>Economic</b>	<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Preserve and enhance Company valuation</li> <li>• Ensure consistent return on equity</li> </ul>	<ul style="list-style-type: none"> <li>• Online Annual General meeting of shareholders</li> <li>• Dissemination of information through disclosures and on the Company website</li> </ul>
	<b>Clients</b>	<ul style="list-style-type: none"> <li>• Provide customer with top-class services</li> <li>• Understand the needs of clients, and provide them with professional financial services tailored to their individual needs</li> <li>• Manage the assets of clients with due and diligent care</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue with customers via relationship managers</li> <li>• Call centres and customer helplines</li> <li>• Website providing access to important information</li> <li>• Provision of a wide array of value added services</li> <li>• Increasing ease of access to services by moving towards a more robust digital platform</li> </ul>
	<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Strengthen internal control systems through robust accounting and internal audit</li> <li>• Ensure compliance with all regulatory directives</li> </ul>	<ul style="list-style-type: none"> <li>• Timely delivery of all regulatory and statutory reporting</li> <li>• Ad-hoc reporting as per directives of the regulators</li> </ul>
<b>Environmental</b>	<b>Clients</b>	<ul style="list-style-type: none"> <li>• Reduce the negative social impact of clients through the adoption of new technology</li> <li>• Ensure operations in a manner as to minimise negative social effects</li> <li>• Finance clients with a view to supporting socially responsible and sustainable clients</li> </ul>	<ul style="list-style-type: none"> <li>• Financing firms and initiatives that have a positive impact on the environment (e.g. financing adoption of environmentally friend equipment/technology)</li> <li>• Financing firms and sectors that have a track record of environmental awareness</li> </ul>
<b>Social</b>	<b>Employees</b>	<ul style="list-style-type: none"> <li>• Help employees with the opportunities to use their skills and grow their careers</li> <li>• Provide a congenial and healthy work environment</li> <li>• Ensuring the present and future of the employees</li> </ul>	<ul style="list-style-type: none"> <li>• Robust grievance handling mechanisms</li> <li>• Providing training to all levels of employees to better develop their skills and talents</li> <li>• Providing health insurance coverage for employees</li> <li>• Contributing equally (10%) in employee provident fund and maintaining surplus gratuity fund</li> </ul>
	<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• To keep the local communities updated about the Company’s initiatives and achievements.</li> <li>• Helping underserved and vulnerable populations as part of our commitment to the society</li> </ul>	<ul style="list-style-type: none"> <li>• Presence in social media</li> <li>• Activities undertaken as Company’s Corporate Social Responsibilities (CSR)</li> </ul>



<b>Engagement activity – by the numbers</b>	<b>2022</b>	<b>2021</b>
Surveys conducted to measure customer feedback	0	0
Grievances from stakeholders raised and handled	11	15

**Memberships of Industry/Associations**

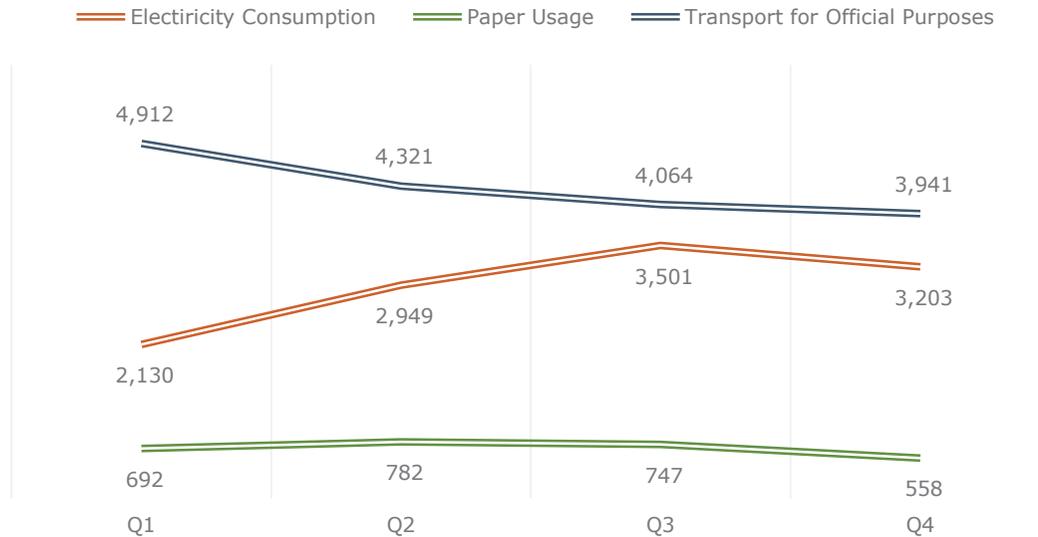
1. Bangladesh Association of Publicly Listed Companies
2. Bangladesh Employers Federation
3. Bangladesh Leasing and Finance Companies Association
4. Bangladesh Money Market Dealers Association
5. Foreign Investors’ Chamber of Commerce & Industry
6. Metropolitan Chamber of Commerce & Industry

**II. Environmentally Impactful Activities**

**Internal**

The Company has been taking strides in minimising the negative impact of its operations on the environment. This has had a measurable impact on operations, as is outlined in terms of costs per employee in some of the major categories as outlined below:

**COSTS PER EMPLOYEE (BDT)**



In addition to this, other technical and infrastructural changes have been taken to reduce carbon footprint:

- Moving towards a more robust online on-boarding mechanism of new clients to increase accessibility and reduce paper consumption
- Paperless recruitment and approval systems for efficient task handling and significant reduction of paper waste
- Video conferencing for both internal meetings and recruitment interviews
- Scanning and electronic transmission of internal documents
- Replacing conventional lighting systems with energy efficient LED lighting



- Refurbishing and reusing old furniture and fixtures rather than replacing them
- E-archiving of office documents to reduce paper waste
- Usage of electronic equipment with inverter technology instead of the conventional ones to reduce carbon footprint and save electricity
- Procurement of hybrid cars (combination of electric and fuel combustion system) instead of conventional fuel combustion cars

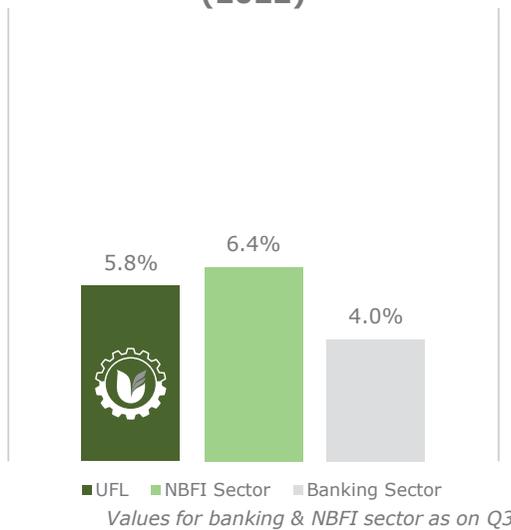
### External

Bangladesh is one of the most environmentally vulnerable countries in the world. Tropical storms on an average cost the country USD 1 billion a year, and potential severe floods could adversely affect GDP by as much as 9%. In this context, it is imperative to be environmentally conscious when operating in Bangladesh.

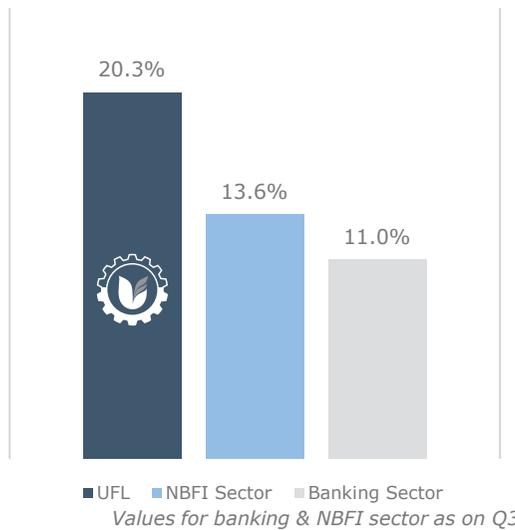
Social responsibility is a core tenant of the values here at United Finance Limited, and the Company has made significant effort to integrate ESG considerations in every aspect of its operations.

The Company has been focused on financing sustainable initiatives and projects that promote green and environmental responsible action and encouraging its clients to adopt technologies to reduce their carbon footprint. As is demonstrated by its performance in this year.

**GREEN FINANCING AS % OF TERM LOAN DISBURSEMENTS (2022)**



**SUSTAINABLE FINANCING AS % OF ALL DISBURSEMENTS (2022)**



It is clear from the performance numbers of 2022 that United Finance Limited remains one of the industry leaders in terms of financing in green and sustainable ventures.

In addition, the Company has long-standing commitment to ESG issues. It uses a comprehensive ESG framework to identify, assess, and manage ESG risks in all aspects of its financing operations.

The Company is cognisant of the effect its operations may have on individuals, institutions and the community at large, and remains committed to doing its part in making a greener and more resilient society.



### III. Initiatives that Affect Our Clients and the Community

<i>Impact from the Company's Activities</i>	<b>2022</b>	<b>2021</b>
<b>Access to Finance</b>		
Economic activity for the period (No. of new accounts)	2,330	1,743
Financial Inclusion – First Time Institutional Borrowers (No. of enterprises) <sup>1</sup>	599	376
Geographical Access (No. of districts) <sup>2</sup>	64	64
Inclusion in Formal Banking System (No. of accounts) <sup>3</sup>	-	-
Enterprise Development (No. of enterprises) <sup>4</sup>	-	-
Financial Assistance received from Government (BDT millions) <sup>5</sup>	2,832	2,732
<b>Employment Generation</b>		
Seasonal Employment as a result of Financing Activities (in persons) <sup>6</sup>	-	-
Regular Employment as a result of Financing Activities (in persons) <sup>7</sup>	1,176	1,053
<b>Work Efficiency</b>		
Increased Productivity/Month (BDT in millions) <sup>8</sup>	18,200	17,543
Reduced Outsourcing Cost (BDT in millions) <sup>9</sup>	110.0	96.5
<b>Empowerment</b>		
Breakout from Traditional Financing (%) <sup>10</sup>	-	-
Women Entrepreneurship Financed (in persons) <sup>11</sup>	494	345
Women Farmers Financed in Agricultural Financing (in persons) <sup>12</sup>	-	-
Landless Farmers Financed in Agricultural Financing (in person) <sup>13</sup>	-	-

1. Measured as how many enterprises financed by the Company have never taken any prior loan/lease from any Non-banking Financial Institution or Bank.
2. Measured by number of districts under financing coverage.
3. Measured by the summation of the number of bank accounts and number of mobile banking accounts opened for the clients who never had any account in any bank.
4. Measured as how many enterprises were developed as a result of agricultural finance to supply agricultural inputs.
5. Measured as how much refinancing have been received from Bangladesh Bank, ADB, Women, Green Finance and JICA's refinance scheme.
6. Measured as how much temporary employment was created from the agricultural financing activities.
7. Measured as how much employments was created from financing activities.
8. Increased productivity is calculated when leased equipment/loan amount increase production capacity by a significant amount. The additional production units are multiplied by its selling price and thus given into the report.
9. Reduced outsourcing cost is calculated as the gap between outsourcing cost and cost incurring from the financing activities.
10. Measured as number of person transferred from traditional financing (Mohajon) to formal financing (Bank/FI).
11. Measured as number of enterprise financed which are controlled/owned by women.
12. Measured as number of women entrepreneurs financed under agricultural financing.
13. Measured as number of landless farmers financed under agricultural financing.

### IV. Active Participation of a Diverse Workforce

<i>Impact from the Company's Activities<sup>14</sup></i>	<b>2022</b>	<b>2021</b>
<b>Diversity of Workforce</b>		
<b>Permanent Employees<sup>15</sup></b>		
Male (in persons)	696	586
Female (in persons)	575	474
<b>Non-Permanent Employees<sup>16</sup></b>		
Male (in persons)	121	112
Female (in persons)	88	118
<b>Full-time and Part-time Employee Comparison</b>		
Total Full-time Employees (in persons) <sup>17</sup>	784	704



<b>Impact from the Company's Activities<sup>14</sup></b>	<b>2022</b>	<b>2021</b>
Total Part-time Employees (in persons) <sup>18</sup>	0	0
Ratio of Full-time Employees: Part-time Employees	784:0	704:0
<b>Employment Generation</b>		
<b>Permanent</b>		
New Employees (male)	194	132
New Employees (female)	25	24
Total New Employees	219	156
Total Resignations <sup>19</sup>	124	146
Employment Generation	95	10
<b>Non-Permanent</b>		
New Employees (male)	15	12
New Employees (female)	2	2
Total New Employees	17	14
Total Resignations <sup>19</sup>	105	48
Employment Generation	-	-
Ratio of new employees by age (Under 30: 30-50: Over 50)	72:104:0	67:88:1
<b>Employee Training</b>		
Employees trained (in persons)	128	7
Total Employee Training Hours	2,160	308
Training Ratio- Male: Female	56:13	4:3
Ratio of Training Hours (Employee: Manager: Senior Management)	94:15:19	4:3:0
Percentage of Employee Received Career Development Review (Male)	-	-
Percentage of Employee Received Career Development Review (Female)	-	-
<b>Maternity Leave</b>		
Employees entitled to Maternity Leave (in persons)	10	11
Employees availing Maternity Leave (in persons)	10	11
Percentage of Women Employee Retention Rate after Maternity Leave	80%	91%
Percentage of Women Employee Retention Rate 12 months after Maternity Leave	57%	50%

14. Social aspects in terms of equality, fair play and development have been identified in this segment of report.
15. Permanent employees are those that are eligible for Provident Fund.
16. Non-permanent employees include employees hired for a specific time period, employees hired temporarily for doing certain tasks, and employees that are on probation.
17. Full-time employees are those whose working hours per day, week, month, or year, are defined according to national legislation and practice regarding working time.
18. Part-time employees are those who are not full time employees.
19. Considers the effective date of resignation of employees, as opposed to the actual resignation date.



GRI Index

Disclosure No.	Requirements	Location	Page No.
<b>Organisation Profile</b>			
102-1	Name of organisation	United Finance Limited	-
102-2	a. A description of the organisation's activities b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets	<a href="https://www.unitedfinance.com.bd/en/Home/PersonalLoans">https://www.unitedfinance.com.bd/en/Home/PersonalLoans</a> <a href="https://www.unitedfinance.com.bd/en/Home/BusinessLoans">https://www.unitedfinance.com.bd/en/Home/BusinessLoans</a>	-
102-3	Location of headquarters	<a href="https://www.unitedfinance.com.bd/en/Home/ContactUs">https://www.unitedfinance.com.bd/en/Home/ContactUs</a>	-
102-4	Number of countries where the organisation operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	Countries served: Bangladesh	-
102-5	Nature of ownership and legal form	Public Limited Company	-
102-6	Markets served including: i. Geographic locations where products and services are offered ii. Sectors served iii. Types of customers and beneficiaries	<a href="https://www.unitedfinance.com.bd/en/Home/ContactUs">https://www.unitedfinance.com.bd/en/Home/ContactUs</a>	-
102-7	Scale of the organisation, including i. Total number of employees ii. Total number of operations iii. Net sales (for private sector organisations) or net revenues (for public sector organisations) iv. Total capitalisation (for private sector organisations) broken down in terms of debt and equity v. Quantity of products or services provided	Financial Statements, Notes to the Financial Statements, Sustainability Report	28-76 84-90
102-8	a. Total number of employees by employment contract (permanent and temporary), by gender b. Total number of employees by employment contract (permanent and temporary), by region c. Total number of employees by employment type (full-time and part-time), by gender d. Whether a significant portion of the organisation's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made	Sustainability Report	89-90
102-9	A description of the organisation's supply chain, including its main elements as they relate to the organisation's activities, primary brands, products, and services.	No proper supply chain, given the nature of industry. Major suppliers restricted to suppliers of stationery, electronic assets, and third-party suppliers of personnel e.g. security guards	-



Disclosure No.	Requirements	Location	Page No.
102 - 10 <sup>1</sup>	Significant changes to the organisation & supply chain, including <ul style="list-style-type: none"> <li>i. Changes in the location of, or changes in, operations, including facility openings, closings and expansions</li> <li>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations)</li> <li>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination</li> </ul>	<a href="https://www.unitedfinance.com.bd/en/Home/ShareholdingStructure">https://www.unitedfinance.com.bd/en/Home/ShareholdingStructure</a>	-
102 - 11	Whether and how the organisation applies the Precautionary Principle or approach	Yes, Precautionary Approach to Financing	-
102 - 12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses	No such charters	-
102 - 13	A list of the main memberships of industry or other associations, and national or international advocacy organisations	Sustainability Report	87
<b>Strategy</b>			
102 - 14	A statement from the most senior decision-maker of the organisation (such as CEO, Chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy for addressing sustainability	Chairman’s Statement	4-6
<b>Ethics and Integrity</b>			
102 - 16	A description of the organisation's values, principles, standards, and norms of behaviour	<a href="https://www.unitedfinance.com.bd/en/Home/VisionMissionGoals">https://www.unitedfinance.com.bd/en/Home/VisionMissionGoals</a>	-
<b>Governance</b>			
102 - 18	<ul style="list-style-type: none"> <li>a. Governance structure of the organisation, including committees of the highest governance body</li> <li>b. Committees responsible for decision-making on economic, environmental, and social topics</li> </ul>	<a href="https://www.unitedfinance.com.bd/en/Home/Management">https://www.unitedfinance.com.bd/en/Home/Management</a>	-
<b>Stakeholder Engagement</b>			
102 - 40	A list of stakeholder groups engaged by the organisation	Sustainability Report	85-86
102 - 41	Percentage of total employees covered by collective bargaining agreements	No employees covered	-

<sup>1</sup> Shareholding Structure is reported in every Annual Report



Disclosure No.	Requirements	Location	Page No.
102 -42	The basis for identifying and selecting stakeholders with whom to engage	Sustainability Report	86
102 -43	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Sustainability Report	86
102 -44	Key topics and concerns that have been raised through stakeholder engagement, including: <ul style="list-style-type: none"> <li>i. how the organisation has responded to those key topics and concerns, including through its reporting</li> <li>ii. The stakeholder groups that raised each of the key topics and concerns</li> </ul>	Sustainability Report	86
<b>Reporting Practices</b>			
102 -45	<ul style="list-style-type: none"> <li>a. A list of all entities included in the organisation's consolidated financial statements or equivalent documents</li> <li>b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report</li> </ul>	Not Applicable	-
102 -46	<ul style="list-style-type: none"> <li>a. An explanation of the process for defining the report content and the topic boundaries</li> <li>b. An explanation of how the organisation has implemented the Reporting Principles for defining report content</li> </ul>	Sustainability Report	85
102 -47	A list of the material topics identified in the process for defining report content	Sustainability Report	85
102 -48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	Key Operating and Financial Data Note 18 & 37 to the Financial Statements	11 66, 70
102 -49	Significant changes from previous reporting periods in the list of material topics and topic boundaries	Management Discussion and Analysis	12-15
102 -50	Reporting period for the information provided	01 January, 2022 to 31 December, 2022	-
102 -51	If applicable, the date of the most recent previous report	April 26, 2022	-
102 -52	Reporting cycle	Annual	-
102 -53	The contact point for questions regarding the report or its contents	Sharmi Noor Nahar Company Secretary	-
102 -54	The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards, either: <ul style="list-style-type: none"> <li>i. 'This report has been prepared in accordance with the GRI Standards: Core option'</li> <li>ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'</li> </ul>	Sustainability Report This report has been prepared in accordance with the GRI Standards: Core option	84-90



Disclosure No.	Requirements	Location	Page No.
102 -55	<p>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report</p> <p>b. For each disclosure, the content index shall include:</p> <ul style="list-style-type: none"> <li>i. The number of the disclosure (for disclosures covered by the GRI Standards)</li> <li>ii. The page number(s) or URL(s) where the information can be found, either within the report or in other published materials</li> <li>iii. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made</li> </ul>	This table	-
102 -56	<p>a. A description of the organisation's policy and current practice with regard to seeking external assurance for the report</p> <p>b. If the report has been externally assured:</p> <ul style="list-style-type: none"> <li>i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process</li> <li>ii. The relationship between the organisation and the assurance provider</li> <li>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report</li> </ul>	No external assurance sought	-
<b>Material Topics</b>			
<b>Economic performance</b>			
103 -1	<p>a. An explanation of why the topic is material</p> <p>b. The boundary for the material topic</p> <p>c. Any specific limitation regarding the topic boundary</p>	Sustainability Report	85
103 -2	<p>a. An explanation of how the organisation manages the topic</p> <p>b. A statement of the purpose of the management approach</p> <p>c. A description of the following, if the management approach includes that component</p> <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Grievance mechanisms</li> <li>vi. Specific actions, such as processes and initiatives</li> </ul>	Chairman's Statement, Management Discussion and Analysis and Sustainability Report	4-6 12-15 85-87
103 -3	An explanation of how the organization evaluates the management approach	Chairman's Statement and Management Discussion and Analysis	4-6 12-15



Disclosure No.	Requirements	Location	Page No.
201 -1	<p>a. Direct economic value generated and distributed (EVG&amp;D) on an accruals basis, including the basic components for the organisation's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <ul style="list-style-type: none"> <li>i. Direct economic value generated: revenues</li> <li>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments</li> <li>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'</li> </ul> <p>b. Where significant, report EVG&amp;D separately at country, regional, or market levels, and the criteria used for defining significance</p>	Notes to the Financial Statements	41-76
201 -2	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure	Sustainability Report	87-89
201 -3	<p>a. If the plan's liabilities are met by the organisation's general resources, the estimated value of those liabilities</p> <p>b. If a separate fund exists to pay the plan's pension liabilities</p> <ul style="list-style-type: none"> <li>i. The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them</li> <li>ii. The basis on which that estimate has been arrived at</li> <li>iii. When that estimate was made</li> </ul> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any adopted by the employer to work towards full coverage, and the time scale, if any, by which the employer hopes to achieve full coverage</p> <p>d. Percentage of salary contributed by employee or employer</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact</p>	Notes to the Financial Statements and Sustainability Report	41-76 84-90
201 -4	<p>a. Total monetary value of financial assistance received by the organisation from any government during the reporting period</p> <p>b. The information in 201-4-a by country</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure</p>	Sustainability Report, Shareholding Structure in the Notes to the Financial Statements	84-90 41-76



Disclosure No.	Requirements	Location	Page No.
<b>Employment and Training</b>			
103 -1	a. An explanation of why the topic is material b. The boundary for the material topic c. Any specific limitation regarding the topic boundary	Sustainability Report	85
103 -2	a. An explanation of how the organisation manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Grievance mechanisms vi. Specific actions, such as processes and initiatives	Chairman’s Statement, Management Discussion and Analysis Sustainability Report	4-6 12-15 85-87
103 -3	An explanation of how the organisation evaluates the management approach	Chairman’s Statement, Management Discussion and Analysis Sustainability Report	4-6 12-15 85-87
401 -1 <sup>2</sup>	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region b. Total number and rate of employee turnover during the reporting period, by age group, gender and region	Sustainability Report	89-90
401 -2	Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. Life insurance ii. Health care iii. Disability and invalidity coverage iv. Parental leave v. Retirement provision vi. Stock ownership vii. Others	Notes to the Financial Statements	41-76
401 -3	a. Total number of employees that were entitled to parental leave, by gender b. Total number of employees that took parental leave, by gender c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender e. Return to work and retention rates of employees that took parental leave, by gender	Sustainability Report	90
404 -1	Average hours of training that the organisation’s employees have undertaken during the reporting period, by: i. Gender ii. Employee category	Sustainability Report	90

<sup>2</sup> Turnover values may be calculated from the employment figures at the start and end of the reporting period



<b>Disclosure No.</b>	<b>Requirements</b>	<b>Location</b>	<b>Page No.</b>
404 -2	a. Type and scope of programs implemented and assistance provided to upgrade employee skills b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment	Sustainability Report	90
404 -3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period	Sustainability Report	90



## **Stakeholders' Segment**



## BOARD OF DIRECTORS

### Chairman

Imran Ahmed

### Nominated by

: Lawrie Group Plc of the U.K.

### Directors

Susan Ann Walker

: Lawrie Group Plc of the U.K.

A. Rouf

: United Insurance Company Limited

L. H. Khan

: United Insurance Company Limited

A. F. M. Misfaqus Samad Choudhury

: United Insurance Company Limited

A. F. Nesaruddin

: Surmah Valley Tea Company Limited

Ormaan Rafay Nizam

: National Brokers Limited

### Independent Directors

M. M. Alam

Mahbub Mustafizur Rahman

### Managing Director (Acting)

Mohammed Abul Ahsan

### Head of Financial Reporting

Annab Kumar Das

### Company Secretary

Sharmi Noor Nahar



## MILESTONES

Incorporation and commenced operation	1989
Public issue and trading of shares on Dhaka Stock Exchange	1994
Commenced credit-sale financing operation	2005
Commenced public deposit mobilisation	2005
Commenced home loan operation	2007
Increased authorised capital	2011
Changed name from United Leasing Company Limited to United Finance Limited	2014
Issuance of first Non-Convertible Zero Coupon Bond (ZCB)	2020
Implementation of Core Banking Software	2020

## Offices Opened

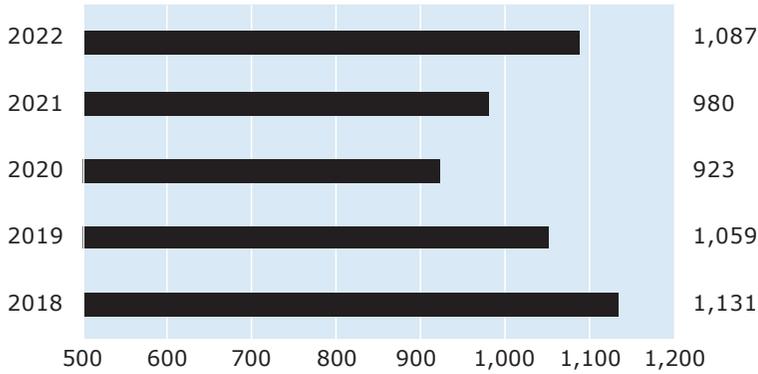
Chattogram, Agrabad	1994
Jashore, R.N. Road	2005
Gazipur, College Gate, Tongi	2006
Bogura, Borogola	2006
Sylhet, East Dargah Gate	2009
Belkuchi, Makundagati Bazar, Sirajgonj	2010
Rangpur, Station Road	2010
Chuadanga, Barabazar	2010
Bongshal, Siddique Bazar, North South Road	2011
Begumganj, Feni Road, Noakhali	2011
Barishal, Sadar Road	2011
Tejgaon, Gulshan-Tejgaon Link Road	2011
Rangamati, Banarupa	2012
Rajshahi, Saheb Bazar	2012
Khulna, Gagan Babu Road	2012
Mymensingh, Chotto Bazar	2013
Cox's Bazar, Main Road	2014
Dinajpur, South Munshipara	2014
Cumilla, Satipotti	2017
Pabna, Shalgaria	2017
Jinjira, Keranigonj	2018
Shyamoli, Mirpur Road	2018
Narsingdi, Pachdona	2018



## PERFORMANCE INDICATORS

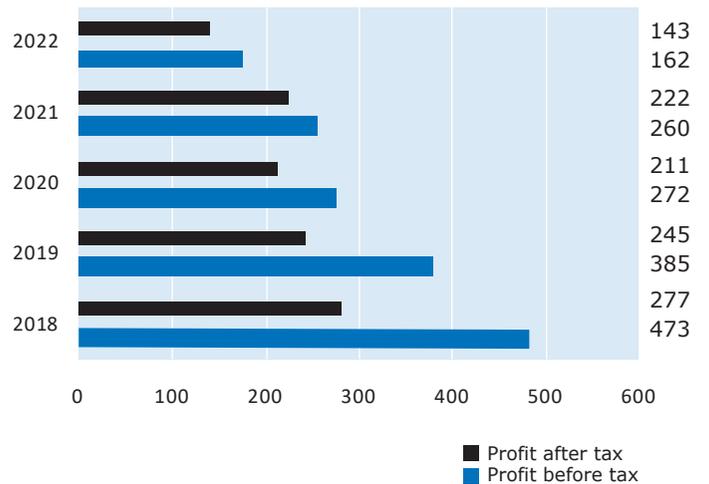
### Operating income

BDT in million



### Profit before & after tax

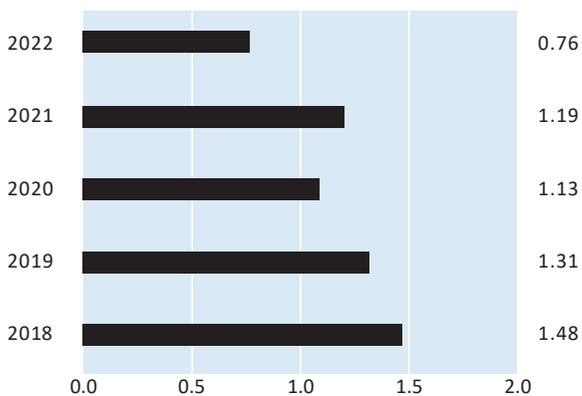
BDT in million



Profit after tax  
 Profit before tax

### Earnings per share (EPS)

Amount in BDT

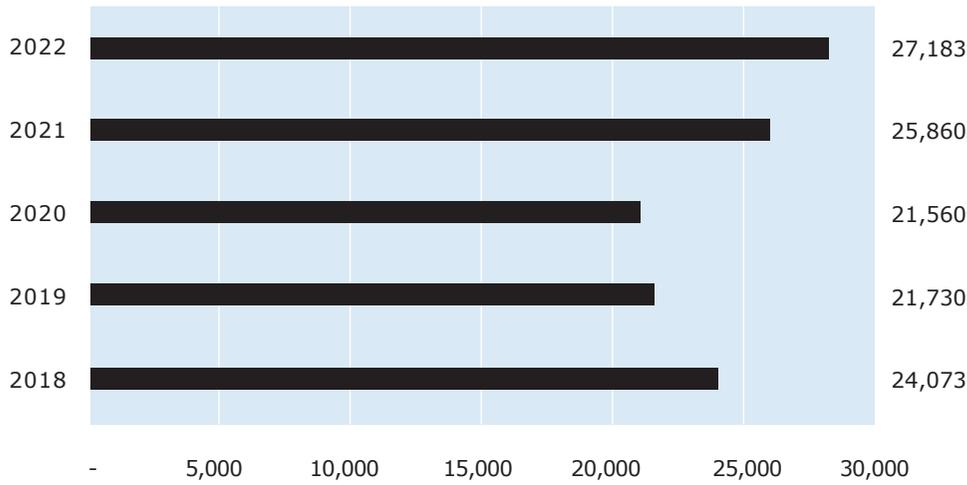




## PERFORMANCE INDICATORS

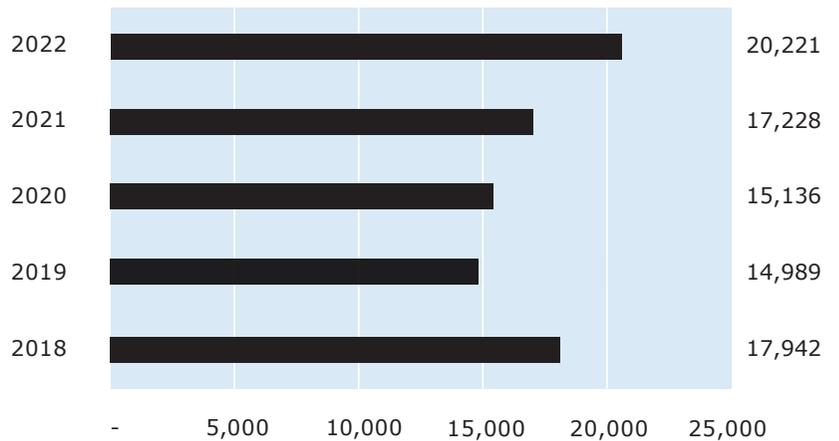
### Total assets

BDT in million



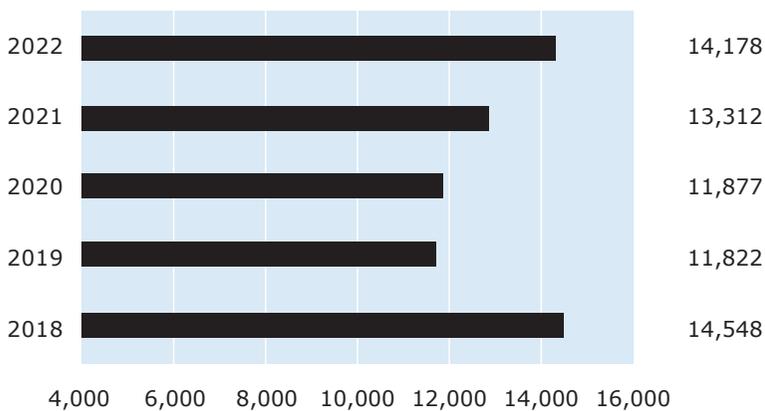
### Lease, loans and advances

BDT in million



### Term deposit

BDT in million

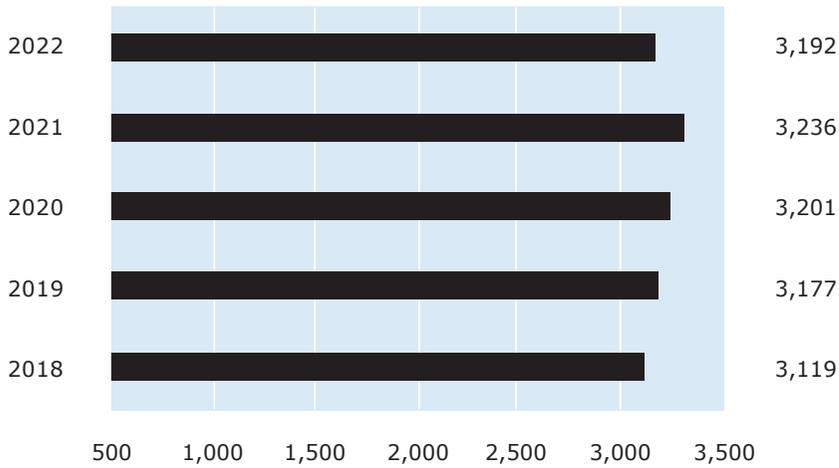




## PERFORMANCE INDICATORS

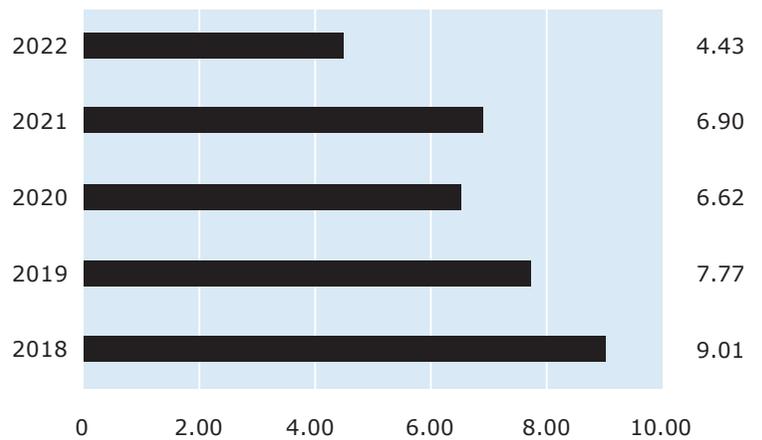
### Shareholder's equity

BDT in million



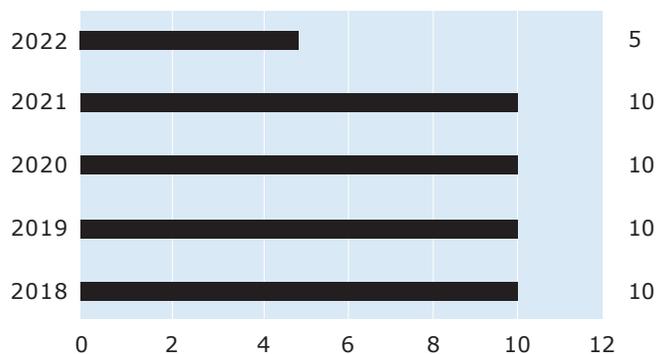
### Return on equity

In percentage



### Cash dividend

In percentage







## UNITED FINANCE LIMITED

Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka-1000

### PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of United Finance Limited do hereby appoint

Mr. /Ms. of \_\_\_\_\_

or (failing him/her) Mr. / Ms. \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-Fourth Annual General Meeting of the Company through a digital platform to be held on Thursday, May 25, 2023 at 11:30 a.m and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023



Signature of Shareholder \_\_\_\_\_

Folio/BO ID No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

\_\_\_\_\_  
Signature of Proxy

#### **N.B: IMPORTANT**

- (1) This Form of Proxy, duly completed, must be scanned and sent through email at least 48 hours before the meeting at investor.relations@unitedfinance.com.bd. Proxy is invalid if not signed and stamped as explained above.
- (2) Signature of the shareholder should agree with the specimen signature registered with the Company and depository register.







Registered Office: Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka-1000, Bangladesh  
Tel: 16354, +88-09613-852852, +88-02-223360039, Fax: +88-02-223362596  
E-mail: [q&a@unitedfinance.com.bd](mailto:q&a@unitedfinance.com.bd), Website: [www.unitedfinance.com.bd](http://www.unitedfinance.com.bd)