Annual Report 2016

AMAR STOCK

CONTENTS

	PAGE
Notice of the Meeting	**3**
Reports	**4 - 19**
Chairman's Statement	4 - 6
Board of Directors' Report	7 - 8
Board meetings and attendance	9
Shareholding pattern	9
Key operating & financial data	10
Brief resume of Directors	11
Report on the activities of Audit Committee	12
Certificate on compliance	13
Status on compliance of Corporate Governance	14 - 16
Sustainability & Efficiency Statement	17 - 19
Financial Statements	**20 - 60**
Auditors' Report to the Shareholders	21 - 22
Balance Sheet	23 - 24
Profit and Loss Account	25
Cash Flow Statement	26
Statement of Changes in Equity	27
Liquidity Statement	28
Notes to the Financial Statements	29 - 59
Annexure A	60
Stakeholders' Segment	**61 - 66**
Company Information	62
Milestones	63
Performance Indicators	64 - 66
Proxy Form	67
Attendance Slip	67

AMARSTOCK

NOTICE OF THE TWENTY EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Eighth Annual General Meeting of the shareholders of United Finance Limited will be held at the Dhaka Ladies Club, 36, Eskaton Garden Road, Ramna, Dhaka on April 27, 2017 at 10:00 a.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2016.
2. To declare Dividend for 2016.
3. To elect Directors as per Articles of Association of the Company.
4. To consider the appointment of Auditors for 2017 and fix their remuneration.

By order of the Board

Sharmi Noor Nahar
Company Secretary

Dated: Dhaka
23 February, 2017

Notes :

1. A Shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his/her stead. The proxy form must be affixed with a revenue stamp of Tk 20.00 and submitted to the Registered Office of the Company no later than 48 hours before the day of the Annual General Meeting.
2. March 16, 2017 is the Record Date.
3. Members are requested to update their respective BO Accounts with 12 digits Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) latest by March 16, 2017, failing which Income Tax at source will be deducted from payable Dividend @ 15% (fifteen percent) instead of @ 10% (ten percent) as per amended IT Ordinance-1984 under section 54.
4. Shareholders are requested to submit their queries on the Directors' Report and Audited Accounts, if any, at the Registered Office of the Company by Tuesday, April 25, 2017.
5. Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.

N.B: In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the 28th AGM.

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board of Directors I welcome you to the 28th 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 performance of your Company during 2016.

Economy

The Bangladesh economy grew by 7.11% in the fiscal year 2015-16, propelled by a more stable political climate, increasing industrial sector growth and the investment friendly fiscal and monetary stance of the government. The industrial sector consisting of small, medium and large manufacturing units recorded a growth of 11.09% during the year. This growth was accompanied by a decreased inflation rate of 5.92% which was the result of the prudent monetary policies adopted by the central bank.

The investment to GDP ratio (29.65%) resulted in increased export growth at a robust 9.77%. In terms of balance of payments this has contributed to a surplus balance in both the current and capital accounts of the country.

With an ADP implementation rate of 92% during the year, the infrastructural development activities continued full swing across the country and this is expected to provide a boost for further economic growth in the coming years.

Financial Services Sector

With its prudent monetary policy, Bangladesh Bank has kept price levels stable, reduced interest rates and stabilised the dollar exchange rate throughout the year. With a foreign exchange reserve of more than USD 32 billion and consistent sterilisation efforts, the domestic economy was kept shielded from unstable global monetary effects.

The money supply grew in tandem with GDP growth and inflation was kept in check. The stock market volatility was closely monitored by regulators to prevent excessive speculation.

Though 2016 saw a slowing down of the remittance inflow, this did not contribute to any deficit in the current account balance and the year ended with a surplus in the balance of payments. This gave the central bank the flexibility to efficiently manage the financial sector as a whole.

Company Performance

I am pleased to inform you that your Company registered a 2.34% growth in operating revenue in 2016. Though the operating revenue grew slightly, the operating profit declined over the previous year due to reduction of margin across the lending portfolio and higher operating costs.

Earnings Per Share (EPS) on the basis of current number of shares, decreased by 8.80% (from Tk. 2.02 in 2015 to Tk. 1.84 in 2016). Net Asset Value (NAV), on the basis of current number of shares, decreased by 1.14% (from Tk. 17.49 in 2015 to Tk. 17.29 in 2016).

Business

Deposit Products

In 2016, our public deposit portfolio grew by 27.31% to Tk. 8.68 billion. The broad array of deposit product offerings of your Company appeals to a wide range of customers and new deposits were booked at relatively lower cost from the previous year.

Asset Products

United Finance continued to deliver financial services in all 64 districts of the country through its 19 offices. The Company's asset portfolio grew by 15.62% to Tk. 13.80 billion from Tk. 11.94 billion in the previous year. This portfolio consists of both short term revolving working capital solutions and long term asset financing options.

Long Term Financing

Your Company offers a number of long term financing options which help to meet the financing requirements of a broad spectrum of clients. The long term portfolio constitutes 75% of the asset portfolio of the Company consisting primarily of lease and term financing facilities to businesses and home loans aimed at the lower to middle income group to improve their standard of living by fulfilling their aspiration of home ownership. During the year this portfolio grew by 18%, reaching the Tk. 10.35 billion mark.

Working Capital Solutions

The working capital solutions offered by the Company were well received by clients in 2016. This allowed your Company to further diversify its credit risk by penetrating multiple sectors and client bases. The unique service elements built into these products have been very successful as they help clients to transfer some of their operational activities to the Company. Working capital finance stands at Tk. 3.06 billion or around 22% of the total asset portfolio.

Distributor finance, with a growth rate of 31%, was one of the main contributors to the increase in the short term portfolio. This product has gained popularity in smaller cities and towns by providing working capital to distributors for procurement of goods from suppliers.

Through our agri-financing activities in remote rural areas during 2016, your Company was able to improve the livelihood of an additional 2,306 farmers, thereby helping to generate employment for 522,484 seasonal agricultural workers and growth opportunities for 21 agricultural input businesses. The rural business portfolio ended the year 2016 at Tk. 389.2 million in loans to farmers.

Cost Administration

Due to excess liquidity in the market, deposits were collected at comparatively lower rates. In 2016 although the deposit portfolio grew by 27.31%, the financial cost of your Company in 2016 grew by 3.84% only.

Salaries and allowance increased by 20.59% due to incremental human resource deployment to better manage the portfolio. Rental expenses increased by 11.95% due to the upward revision of rental terms for some branches. Other costs also increased in tandem with growing business volumes and the impact of inflation. In all, total operating costs increased by 16.32%.

Risk Management

The Company addressed its three key risk management components during 2016 as follows:

Pre-emptive Risk Management

Business and operational processes were further strengthened through rigorous review and re-engineering. These activities are creating a solid operational foundation which will enable your Company to achieve robust growth in its areas of focus in the future.

Enhancing the capacity of its human resources was a key component of the strategy in 2016. During the year the Company provided in-house, local and foreign training to 335 employees equivalent to 9,308 man-days.

Contemporaneous Risk Management

The collections, follow up and recovery activities of the Company were strengthened by deployment of service and collection personnel at the branch level.

Post-facto Risk Management

Your Company's Research and Advisory services team conducted a continuous stream of customer satisfaction surveys, both industry and company-specific analyses to equip management with reliable inputs to better align all activities with market realities. Risk grading models were updated to reflect more accurate credit risk profiles of borrowers.

Management information systems continued to be fine-tuned for better reporting capabilities, thereby facilitating more focused decision making by management.

Both Compliance and Internal Audit activities were augmented through adoption of more rigorous audit methodologies which have allowed the Board Audit Committee of your Company to provide high level oversight over management activities.

Sustainability Initiatives

Your Company places great importance on environmental sustainability. This is reflected in both its financing and internal activities and a separate sustainability report has been prepared and included in this Annual Report.

Post Balance Sheet Date Events

Subsequent to the balance sheet date, the Directors recommended 1 (One) share for every 20 (Twenty) shares held and cash dividend of Tk. 1 (One) per share. There were no circumstances in the Company in which non-disclosure affected the ability of the users of the financial statements to make proper evaluation and decisions.

Outlook

As we approach 2017, we expect that the Bangladesh economy will be able to maintain the current trend of relatively high GDP growth coupled with a low to moderate inflation rate through pursuance of the existing monetary and fiscal policies. Private investment growth is most likely to remain at present levels and infrastructure development initiatives are expected to be the major drivers of GDP growth in 2017. The government is forging ahead with its infrastructural development projects with investment from both the public and private sectors. The balance of payments is expected to register a surplus due to improvements in the trade balance. Any downside risks that may have an impact on the GDP growth are expected to be carefully managed by the government and its agencies.

Bangladesh Bank is expected to continue steering and facilitating the financial sector towards higher private investment whilst keeping the inflation rate in check. The central bank is also likely to continue to rigorously monitor lending activities to ensure that non-performing loans are kept under control.

The key challenge that your Company is expected to face in 2017 is the shrinking interest rate margins due to intense competition as well as the existing monetary stance of the central bank. Therefore, achieving sustainable balance sheet growth whilst building a healthy and profitable investment portfolio in the sectors it operates in, will be the primary focus of your Company in the coming year. Your Company aims to tackle these challenges in 2017 by strengthening its internal capacity to deliver services more efficiently and through achieving better economies of scale in its operational activities.

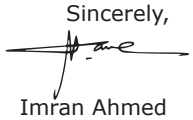
Acknowledgement

We wish to thank our valued customers, shareholders, regulators and other stakeholders for their continuous support and cooperation.

I take the privilege of thanking my colleagues on the Board of Directors of the Company for their contribution towards the sustainable growth of the Company and the support rendered to me during the year in conducting the meetings of the Board of Directors.

Lastly, I express my sincere gratitude to all employees of the Company for their dedication and professionalism in the discharge of their responsibilities during the year.

Sincerely,



Imran Ahmed
Chairman of the Board

AMARSTOCK

BOARD OF DIRECTORS' REPORT

Dear Shareholders:

We are pleased to submit herewith the 28th annual report of the Company together with the audited financial statements for the year ended December 31, 2016 and the auditors' report thereon.

Principal activities

The principal activities of the Company are:

- Mid to long term financing in the form of lease, home loan and term loan.
- Working capital finance in the form of credit-sale financing, distributor financing, short term revolving loan, work-order and agriculture financing.
- Investment products in the form of insured and uninsured build-up deposit schemes, earners deposit schemes and term deposits.

There was no significant change in the nature of these activities during the year 2016.

Financial results

The Company's before and after tax profit for the year 2016 were Tk. 468 million and Tk. 313 million compared to Tk. 523 million and Tk. 343 million respectively in the previous year.

The financial results are summarised below:

	2016 Taka	2015 Taka
Operating Income	974,897,628	952,621,047
Operating expenses and provision	(507,023,884)	(429,444,869)
Profit before tax	467,873,744	523,176,178
Provision for taxation	(154,833,298)	(179,925,074)
Profit after tax	313,040,446	343,251,105
Retained earning brought forward	5,444,520	2,627,695
Profit available for appropriation	318,484,966	345,878,800
Appropriation:		
Profit transferred to Statutory Reserve	62,700,000	69,000,000
Profit transferred to General Reserve	-	40,000,000
Proposed cash dividend	169,718,472	77,144,760
Proposed bonus share	84,859,236	154,289,520
Un-appropriated profit carried forward	1,207,258	5,444,520
	318,484,966	**345,878,800**

Dividend

The Board of Directors of the Company is pleased to recommend the distribution of one bonus share for every twenty shares held on record date March 16, 2017 amounting to Tk. 84.86 million.

The Board also recommended cash dividend of Tk. 1 per ordinary share amounting to Tk. 169.72 million for 169.72 million ordinary shares held on record date March 16, 2017 for the year ended December 31, 2016.

Directors

As per Articles 154, 155 and 156 the Articles of Association of the Company, Ms. Shama Rukh Alam and Mr. Md. Mustafizur Rahman representing Surmah Valley Tea Company Limited will retire by rotation from the office and are eligible for re-election.

Managing Director

The Board appointed the existing Managing Director for a further period of three years with effect from January 1, 2017 to December 31, 2019 with Bangladesh Bank approval in accordance with FID circular no. 2 dated March 25, 2015 issued by Bangladesh Bank.

Auditors

M/S. M. J. Abedin & Co. Chartered Accountants who have served as Auditors of the Company for three consecutive years retire and are ineligible for re-appointment as per the rules issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission. A new auditor, therefore, is required to be appointed by the shareholders for the year 2017 in the 28th Annual General Meeting.

The Board of Directors recommended the appointment of A. Qasem & Co. Chartered Accountants for 2017 and Bangladesh Bank has accorded its consent in this regard. 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 and Securities and Exchange Rules, 1987. 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/BAS/BFRS, 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 no significant deviation from the operating result of the last year.

Board Meeting and Attendance

During the year, five (5) Board Meetings were held. The attendance of the Directors is shown in annexure-1.

Shareholding Pattern

The shareholding pattern as per clause 1.5 (xxi) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 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 SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure -4.

Brief résumé of the directors who will seek re appointment in the AGM

Brief résumé of the directors as per clause 1.5 (xxii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure- 5.

Report on the Activities of Audit Committee

Pursuant to the clause 3.5 of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012 we attach the Company's compliance status as annexure - 6

Certification on Compliance of Corporate Governance

Certificate from auditor on compliance with the conditions as per clause 7(i) of Corporate Governance guidelines is shown in annexure -7.

Corporate Governance Compliance Report

Pursuant to the clause 7(ii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012 we attach the Company's compliance status as annexure - 8.

Sustainability & Efficiency Statement

Pursuant to the Bangladesh Bank Circular no. GBCSRD 4 dated August 11, 2013 is shown in annexure-9.

For and on behalf of the Board of Directors.

Imran Ahmed
Chairman of the Board

February 23, 2017

Annexure-1

Board meeting and attendance

Name of Directors	Meetings attended
Mr. Imran Ahmed	5
Mrs. Susan Ann Walker	3
Mr. A. Rouf	4
Mr. M. A. Wahed	5
Mr. Daud Khan Panni	5
Mr. L. H. Khan	5
Mrs. Shama Rukh Alam	5
Mr. Md. Mustafizur Rahman	2
Mr. A.F.M.M Samad Choudhury	5
Mr. Syed Ehsan Quadir	5

Leave of absence was granted in all cases of non-attendance. Mr. Md. Mustafizur Rahman was appointed on July 21, 2016

Annexure-2

Shareholding pattern as at December 31, 2016

Shareholdings of Parent/Subsidiary/Associated companies and other related parties

Sl. No	Name of shareholders	Number of shares	% of holdings
1	United Insurance Co. Ltd.	35,026,602	20.64
2	Lawrie Group Plc, U.K.	33,943,694	20.00
3	Surmah Valley Tea Co. Ltd.	14,041,943	8.27
4	Macalms Bangladesh Trust	1,736,295	1.02
5	Duncan Brothers (BD) Ltd.	1,697,184	1.00
6	Octavius Steel & Co. of BD Ltd.	1,212,255	0.71
7	The Lunqla (Sylhet) Tea Co. Ltd.	984,421	0.58
8	Camellia Duncan Foundation	339,073	0.20
9	The Chandpore Tea Co. Ltd.	118,672	0.07
10	Amo Tea Co. Ltd.	104,144	0.06
11	Chittaqonq Warehouses Ltd.	101,057	0.06
12	The Allynugger Tea Co. Ltd.	100,930	0.06
13	The Mazdehee Tea Co. Ltd.	100,855	0.06
14	Duncan Products Ltd.	100,800	0.06

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

Name	Status	Number of shares	% of holdings
Mr. A. Rouf	Director	12,100	0.007
Mrs. Shama Rukh Alam	Director	17,664	0.010
Mrs. Khurshid Ara Rouf	Wife of Mr. A. Rouf, Director	24,208	0.014
Mrs. Mahine Khan	Wife of Mr. L. H. Khan, Director	29,483	0.017
Mr. Syed Ehsan Quadir	Chief Executive Officer	8,030	0.004
Mr. Zafar Ullah Khan	Chief Financial Officer	-	-
Ms. Sharmi Noor Nahar	Company Secretary	-	-
Mr. Selim Reza	Head of Internal Audit	-	-

Shareholdings of top five executives other than directors

Name	Status	Number of shares	% of holdings
Mr. M. A. Azim	Deputy Managing Director	62,264	0.03
Mr. Kaiser Tamiz Amin	Deputy Managing Director	-	-
Mr. Jamal Mahmud Choudhury	General Manager	-	-
Mr. Quazi Nizam Ahmed	General Manager	-	-
Mr. Fahad Rahman	Assistant General Manager	-	-

10% and above shareholdings of the Company

Name	Status	Number of shares	% of holdings
United Insurance Co. Ltd.	Sponsor	35,026,602	20.64
Lawrie Group Plc, U.K.	Sponsor	33,943,694	20.00

Annexure - 3

Key Operating and Financial Data

		2016	2015	2014	2013	2012
Operating Result						
Net Operating Income	MBDT	975	953	944	836	646
Profit before tax	MBDT	468	523	538	449	349
Provision for tax	MBDT	155	180	214	183	120
Profit after tax	MBDT	313	343	324	266	229
Balance Sheet						
Total investment portfolio	MBDT	13,803	11,939	10,727	9,841	9,014
Total assets	MBDT	20,675	19,375	15,847	13,929	11,817
Financial liabilities	MBDT	15,273	14,119	11,107	9,658	7,935
Total Liabilities	MBDT	17,741	16,676	13,421	11,764	9,862
Shareholders' equity	MBDT	2,934	2,699	2,425	2,165	1,954
Shares outstanding	MNos	169.72	154.29	140.26	127.51	110.88
Financial ratios						
Debt-equity ratio [1]	Times	6.0	6.2	5.5	5.4	5.0
Return on equity [2]	%	11.1	13.4	14.1	12.9	12.2
Financial expenses coverage [3]	Times	1.43	1.50	1.53	1.44	1.41
Provision on doubtful assets to total lease, loan and advances	%	3.0	3.9	4.7	4.8	5.2
Net asset value per share(NAV)	BDT	17.29	17.49	17.29	16.98	17.63
Earning per share (EPS)	BDT	1.84	2.22	2.31	2.09	2.07
Cash dividend (per share)	%	10.0	5.0	5.0	5.0	5.0
Stock dividend (bonus share)		20:1	10:1	10:1	10:1	20:3
Number of offices	**Nos.**	**19**	**19**	**19**	**17**	**16**
Number of employees	**Nos.**	**430**	**385**	**315**	**281**	**209**
Restatements [4] :						
EPS	**BDT**	**1.84**	**2.02**	**1.91**	**1.57**	**1.35**
NAV	**BDT**	**17.29**	**15.90**	**14.29**	**12.76**	**11.52**

MBDT= Bangladeshi Taka in Million, BDT= Bangladeshi Taka, Mnos= 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 2016 and accordingly restated for the previous years.

Annexure-4

Income segments

Segments	2016	2015	Growth
Net Interest income from Long term activities	585,262,524	605,619,091	-3%
Net interest income from Short term activities	357,414,806	315,108,661	13%
Investment income	32,220,298	31,893,295	1%

Annexure-5

Brief résumé of the Directors who are going to retire and seek re-appointment at the Annual General Meeting

Shama Rukh Alam

Mrs. Shama Rukh Alam is a Chartered Accountant and fellow member of Institute of Chartered Accountants of Bangladesh. In 2006, she joined Duncan Brothers group of companies and has been working as a Group Finance Director. In her early professional life she worked in Canada. In Bangladesh she has worked in a pharmaceutical company and multinational tobacco company in senior position before joining Duncan. She represents Surmah Vellay Tea Company Limited on the Board of Directors of United Finance Limited. She had been associated with voluntary organisation working to promote awareness against drug abuse.

Md. Mustafizur Rahman

Mr. Md. Mustafizur Rahman graduated in Electrical & Electronics Engineering from BUET in 1994. Later he also obtained MBA from Institute of Business Administration, University of Dhaka and Masters in Engineering Management from University of Alberta, Canada. He joined the Group in 2010 with diversified work experience in Banking & Finance, Strategy Formulation & Implementation, Technical Project Management, Supply Chain Management and Engineering Operations both at home and abroad. Prior to joining the Group Mr. Rahman worked in various foreign banks in Bangladesh and also worked various organizations in Canada. He represents Surmah Valley Tea Company Limited on the Board of Directors of United Finance Limited. He is an Executive Committee Member of Bangladesh Tea Association and is actively associated with various voluntary organisations.

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Annexure-6

Report on the Activities of Audit Committee

During 2016, the Audit Committee discharged the following responsibilities:

- Reviewed the Company's draft financial statements for the year ended on December 31, 2015 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 2015.
- Advised the Board on appointment of new external auditors for the year 2016 and their audit fee.
- Advised the Board on appointment of professional for certification on compliance of Corporate Governance for the year 2015.
- Reviewed the quarterly reports on Internal 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 and revised the Compliance Calendar-2016.
- Reviewed and approved the Audit Calendar for 2017.

The Audit Committee comprised of:

Sl.	Name	Status in the Company	Status with Committee	Educational qualification
1	M. Abdul Wahed	Independent Director	Chairman	B.Sc. (Pharm.)
2	Daud Khan Panni	Independent Director	Member	Graduate
3	L. H. Khan	Director	Member	B.A.
4	Shama Rukh Alam	Director	Member	Chartered Accountant
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 2016. On invitation, Managing Director of the Company, Deputy Managing Director, Chief Financial Officer (CFO) and Head of Compliance and Internal Audit attended the meeting to meet the queries of the Audit Committee and take directives for improvement.

M. Abdul Wahed
Chairman
Audit Committee

ANNEXURE-7

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF UNITED FINANCE LIMITED.

[Issued under Condition No.7 (i) of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 issued under Section 2CC of the Securities and Exchange Ordinance 1969 and as amended by the BSEC Notification and published in the gazette on July 21, 2013 and August 20, 2013 respectively.]

We have reviewed the accompanying Status of Compliance with conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by United Finance Limited (the Company) for the year ended December 31, 2016. Such compliance are the responsibilities of the Company as stipulated in the above-mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

We have conducted our review in a manner that has provided us a reasonable basis for expressing our opinion on compliance conditions. The review has been limited to the measures so far adopted by the Company to ensure such compliances and this has not encompassed any opinion on the financial statements of the Company.

According to the information and explanations provided by the Company, we hereby certify that in our opinion, the management of the Company has complied with the necessary conditions of Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC).

Place: Dhaka
Dated: March 15, 2017

Chowdhury Hossain Rashid & Co.
Chartered Accountants

ANNEXURE-8

Status on compliance of Corporate Governance

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.1	Board's Size	Yes		
1.2	**Independent Director:**			
1.2 (i)	One fifth (1/5) of the total number of directors	Yes		
1.2 (ii) a)	Does not hold any share or holds less than 1% share of the total paid-up shares.	Yes		
1.2 (ii) b)	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.	Yes		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	Yes		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	Yes		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	Yes		
1.2 (ii) f)	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.	Yes		
1.2 (ii) g)	Not be an independent director in more than 3(three) listed companies;	Yes		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI	Yes		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	Yes		
1.2 (iii)	Nominated by board of directors and approved by the shareholders in the AGM	Yes		
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	Yes		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Yes		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Yes		
1.3	**Qualification of Independent Director (ID):**			
1.3 (i)	Knowledge of Independent Directors	Yes		
1.3 (ii)	Background of Independent Directors	Yes		
1.3 (iii)	Special cases for qualifications			N/A
1.4	**Individual Chairman of the Board & CEO**	Yes		
1.5	**The Directors' Report to Shareholders:**			
1.5 (i)	Industry outlook and possible future developments in the industry	Yes		
1.5 (ii)	Segment-wise or product-wise performance	Yes		
1.5 (iii)	Risks and concerns	Yes		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	Yes		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	Yes		
1.5 (vi)	Basis for related party transactions	Yes		
1.5 (vii)	Utilization 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	Yes		
1.5 (xi)	Fairness of Financial Statements	Yes		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5 (xii)	**Proper books of accounts maintained**	Yes		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	Yes		
1.5 (xiv)	Followed IAS/BAS/IFRS and BFRS in preparation financial statements	Yes		
1.5 (xv)	The system of internal control sound in design & effectively implemented & monitored	Yes		
1.5 (xvi)	No significant doubt upon its ability to continue as a going concern	Yes		
1.5 (xvii)	Reporting of significant deviations from the last year's in operating results	Yes		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years	Yes		
1.5 (xix)	Dividend declared	Yes		
1.5 (xx)	Number of board meeting held & attendance reporting	Yes		
1.5 (xxi)	Pattern of shareholding:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties			
1.5 (xxi) b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children	Yes		
1.5 (xxi) c)	Executives	Yes		
1.5 (xxi) d)	10% or more voting interest	Yes		
1.5 (xxii)	Appointment/re-appointment of director:			
1.5 (xxii) a)	Resume of the director	Yes		
1.5 (xxii) b)	Expertise in specific functional areas	Yes		
1.5 (xxii) c)	Holding of directorship and membership of committees of the board other than this company.	Yes		
2.1	**Appointment of CFO, HIA & CS:**			
2.2	Attendance of CFO and CS at the meeting of the Board of Directors	Yes		
3	**Audit Committee:**			
3 (i)	Constitution of Audit Committee	Yes		
3 (ii)	Assistance of the Audit Committee to Board of Directors	Yes		
3 (iii)	Responsibility of the Audit Committee	Yes		
3.1	**Composition of Audit Committee:**			
3.1 (i)	At least 3 (three) members	Yes		
3.1 (ii)	Appointment of members of the Audit Committee	Yes		
3.1 (iii)	Qualification of Audit Committee members	Yes		
3.1 (iv)	Term of service of Audit Committee members	Yes		
3.1 (v)	Secretary of the Audit Committee	Yes		
3.1 (vi)	Quorum of the Audit Committee	Yes		
3.2	**Chairman of Audit Committee:**			
3.2 (i)	Board of Directors shall select the Chairman	Yes		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the AGM.	Yes		
3.3	**Role of the Audit Committee:**			
3.3 (i)	Oversee the financial reporting process	Yes		
3.3 (ii)	Monitor choice of accounting policies and principles	Yes		
3.3 (iii)	Monitor Internal Control Risk management process	Yes		
3.3 (iv)	Oversee hiring and performance of external auditors	Yes		
3.3 (v)	Review the annual financial statements before submission to the Board for approval	Yes		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the Board for approval	Yes		
3.3 (vii)	Review the adequacy of internal audit function	Yes		
3.3 (viii)	Review statement of significant related party transactions	Yes		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	Yes		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue			N/A
3.4	**Reporting of the Audit Committee:**			
3.4.1	Reporting to the Board of Directors:	Yes		
3.4.1 (i)	Activities of Audit Committee	Yes		
3.4.1 (ii) a)	Conflicts of interest	N/A		No such event found
3.4.1 (ii) b)	Material defect in the internal control system	N/A		
3.4.1 (ii) c)	Infringement of laws, rules and regulations	N/A		
3.4.1 (ii) d)	Any other matter	N/A		
3.4.2	Reporting to the Authorities	Yes		
3.5	Reporting to the Shareholders & General Investors	Yes		
4	**Engagement of External/Statutory Auditors:**			
4 (i)	Appraisal or valuation services or fairness opinions	Yes		
4 (ii)	Financial information systems design and implementation	Yes		
4 (iii)	Book-keeping	Yes		
4 (iv)	Broker-dealer services	Yes		
4 (v)	Actuarial services	Yes		
4 (vi)	Internal audit services	Yes		
4 (vii)	Services that the Audit Committee determines	Yes		
4 (viii)	Audit firms shall not hold any share of the company they audit.	Yes		
4 (ix)	Audit firm shall not certify on compliance of corporate governance	Yes		
5	**Subsidiary Company:**			
5 (i)	Composition of the Board of Directors			N/A
5 (ii)	At least 1 (one) independent director to the subsidiary company			N/A
5 (iii)	Submission of Minutes to the holding company			N/A
5 (iv)	Review of Minutes by the holding company			N/A
5 (v)	Review of Financial Statement by the holding company			N/A
6	**Duties of Chief Executive Officer and Chief Financial Officer:**			
6 (i) a)	Reviewed the truthfullness of the financial statement and certified to the Board	Yes		
6 (i) b)	Reviewed compliance of the accounting standard	Yes		
6 (ii)	Reviewed the absence of fraudulent or illegal transactions or violation of the company's code of conduct	Yes		
7	**Reporting and Compliance of Corporate Governance:**			
7 (i)	Obtain certificate regarding compliance of conditions of Corporate Governance Guidelines	Yes		
7 (ii)	Annexure attached, in the directors' report	Yes		

ANNEXURE-9

Sustainability & Efficiency Statement

As part of the business strategy of United Finance Limited, the Company strives to respond to national development needs by establishing sustainable business practices for itself and its stakeholders.

The sustainability report of United Finance publishes economic, environmental and social impacts caused by its everyday activities. It also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy. United Finance strives to achieve sustainability for both its internal and external stakeholders. Within the organization it encourages employees to follow sustainable financing practices and operational processes.

The following report contains standard disclosures based on the GRI Sustainability Reporting Guidelines which United Finance has adopted in recent years.

Company's own activities:

1. Paperless recruitment and approval systems have been implemented.
2. Video conferencing is used for both internal meetings and recruitment interviews.
3. Hard copy printing access has been restricted and desks without printing access have been declared as 'green desks'.
4. Internal documents are scanned and transmitted electronically to other locations.
5. Conventional lighting systems are being replaced by energy efficient LED lighting.
6. All old furniture and fixtures are refurbished and repaired for reuse.
7. A grievance handling mechanism has been introduced that allows any stakeholder (customer, employee or job applicant) to raise complaints and expect quick resolution.

Company's financing activities:

The global awareness relating to the impact on environment from business activities provides an increasing number of new opportunities for financial institutions to finance business with "green" firms, projects and products.

In 2016, United Finance has approved and disbursed BDT 11.75 million to 28 (twenty eight) new projects in various areas of Bangladesh. The funds have been utilised to set up biogas plants with a total capacity of 129.4 cubic meters. These financing activities will reduce hydro-carbon fuel consumption by house holds and at the same time it will provide protection against various diseases by creating a more hygienic environment.

In 2016, your company has financed Tk. 100 million in the green industry sector in accordance with the central bank's sustainable refinancing criteria. This disbursed amount has been utilised to remodel factory facilities to use natural light, LED lights and solar panels which will reduce energy consumption by 70%. We have also financed Tk. 20 million for procuring fire-fighting equipment which will help our clients to ensure a safer working environment for their workers.

Impact of Initiatives:

The following data have been captured to reflect the impact of our initiatives on ourselves and on our financing activities for the period from January 01, 2016 to December 31, 2016. The activities have been divided into three broad categories: Economic, Environmental and Social.

a. Economic:

Impact from Company's Financing Initiatives	**2016**	**2015**
Access to Finance		
Financial Inclusion- First Time Institutional Borrowers (no. of enterprises)[1]	620	601
Geographical Access (no. of districts)[2]	64	64
Inclusion in Formal Banking System (no. of accounts)[3]	2,981	4,955
Enterprise Development (no. of enterprises)[4]	21	335
Financial Assistance Received from Government (BDT in millions)[5]	272	132.77
Employment Generation		
Regular Employment Generation (in person)[6]	2,571	1,840
Seasonal Employment Generation (in person)[7]	522,484	44,333
Work Efficiency		
Increased Productivity/Month (BDT in millions)[8]	2,025.42	1,516
Reduced Outsourcing Cost (BDT in millions)[9]	71.14	82.70

1. Measured as how many enterprises/concerns are financed by United Finance who never took any loan/lease from any Non-banking Financial Institution or Bank prior to our financing.
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 from BB, ADB, Women, Green Finance and JICA's refinance scheme.
6. Measured as how many employments are created from the financing activities.
7. Measured as how many temporary employments are created from the agricultural financing activities.
8. Increased productivity is calculated when the 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.

b. Environmental:

Impact from Company's Own Initiatives	2016	2015
Energy Consumption within the Organization (BDT in millions)[10]	9.10	18.73
CO_2 Emission Saved from Office Vehicles (in gmCO_2e/km)[11]	7,138,588	3,223,161
Reduced Cost for Using Electronic Process (BDT in millions)[12]	3.45	3.06

10. Measured as the amount of bill paid for electricity, water, gas and fuel consumption to run the day to day business operations within the Company.
11. Calculated when the office pool vehicle is CNG converted, which reduces CO2 emission by 16.50% than a regular combustion engine. (Source: Environmental Protection Agency Report – 2011, USA).
12. Calculated as the amount of paper and operation cost that have been reduced by implementing green desk, SMS disbursement, electronic approval, online interview, paperless recruitment process within the Company.

Impact from Company's Financing Initiatives	2016	2015
Noise Reduction (Decibels)[13]	-	-
CO_2 Emission Saved (in gmCO_2e/km)[14]	5,316.30	13,415
Electricity Load Reduction (in KW)[15]	-	-

13. Calculated when financed asset use noise reduction or noise cancellation methods. In general canopy or mufflers are used to reduce noise generated from generators which reduce noise by 14% and 6% respectively.
14. Calculated when the financed vehicle is CNG converted, which reduces CO2 emission by 16.50% than a regular combustion engine. (Source: Environmental Protection Agency Report – 2011, USA).
15. Calculated as financed equipment replaced the old equipment which will save the electricity load.

c. Social:

Impact from Company's Own Initiatives[16]	2016	2015
Employee Ratio (Male : Female)	3.97:1	4.25:1
Total no. of Employment Generation (no. of employee)	140	91
Total no. of Employees Trained for Skill Management (no. of employee trained)	335	299
Percentage of Women Employee Retention after Maternal Leave (in percentage)	100%	100%
No. of Grievance Handled from Stakeholders (no. of complaint addressed)	4	13

16. Social aspects in terms of equality, fair play and development have been identified in this segment of report.

Impact from Company's Financing Initiatives	2016	2015
Customer Feedback		
No. of Survey Conducted to Measure Customer Feedback (no. of survey)[17]	12	17
Literacy		
Financial Capacity Building (in person)[18]	10,565	4,990
Awareness Creation- Responsible Borrowing & Technical Booklet for Construction (No. of Booklet Circulated)[19]	1,123	251
Awareness Creation- Reduction of Child Labor in Business Enterprises (no. of undertakings)[20]	1	-
Awareness Creation- Improvement of Hygiene in Food Industry in Business Enterprises (no. of undertakings)[21]	1	-
Empowerment	-	
Breakout from Traditional Financing (%)[22]	80%	80%
Women Entrepreneurship Financed (in person)[23]	421	47
Women Farmers Financed in Agricultural Financing (in person)[24]	1,237	478
Landless Farmers Financed in Agricultural Financing (in person)[25]	1,069	1,108

17. Surveys have been conducted on market identification and customer satisfaction on specific products and region.
18. Measured as number of person trained to keep record of their own business and financial transactions.
19. Measured as number of booklet circulated to create awareness of responsible borrowers of affordable home loans and technical know-how of construction.
20. Awareness calculated as no. of business entities identified and addressed by issuing undertakings as having significant child labour or unhygienic environment in business operations.
21. Awareness calculated as number of business entities identified and addressed by issuing undertakings as having unhygienic environment in food industry in business operations.
22. Measured as number of person transferred from traditional financing (Mohajon) to formal financing (Bank/FI).
23. Measured as number of enterprise financed which are controlled/owned by women.
24. Measured as number of women entrepreneurs financed under agricultural financing.
25. Measured as number of landless farmers financed under agricultural financing.

Financial Statements

AMAR STOCK

AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED FINANCE LIMITED

We have audited the accompanying Financial Statements of United Finance Limited, which comprises the Balance Sheet as at 31 December 2016 and the Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements of the Company (United Finance Limited) that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1 and for such internal control as management determines is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.1.

Report on Other Legal and Regulatory Requirements

In accordance with the Company's Act 1994, Securities and Exchange Rules 1987, Financial Institutions Act 1993 and 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 accounts as required by law have been kept by United Finance Limited so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

iii) United Finance Limited's Balance Sheet and Profit Loss Account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

iv) the financial statements have been prepared in accordance with generally accepted accounting principles in Bangladesh;

v) the expenditure incurred and payment made were for the purpose of the United Finance Limited's business;

vi) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by the Bangladesh Bank;

vii) adequate provisions have been made for lease, advances and other assets which are, in our opinion, doubtful of recovery;

viii) United Finance Limited has followed the instructions issued by Bangladesh Bank in matters of loan/ advance classification, provisioning and suspension of interest;

ix) the information and explanations required by us have been received and found satisfactory; and

x) United Finance Limited has complied with the relevant laws pertaining to maintenance of capital adequacy, reserves and maintenance of liquid assets.

xi) We have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,475 person hours for the audit of the financial statements of the Company.

Dated: 23 February, 2017
Dhaka

M. J. Abedin & Co.
Chartered Accountants

AMARSTOCK

BALANCE SHEET as at 31 December, 2016

	Notes	2016 Taka	2015 Taka
PROPERTY AND ASSETS			
Cash	3		
In hand		380,000	380,000
Balance with Bangladesh Bank and its agent bank(s)		226,508,496	205,084,670
		226,888,496	**205,464,670**
Balance with banks and other financial institutions	4		
In Bangladesh		4,172,621,484	5,069,906,058
Outside Bangladesh		-	-
		4,172,621,484	**5,069,906,058**
Money at call and short notice	5	-	-
Investments	6		
Government		-	-
Others		938,000,000	814,000,000
		938,000,000	**814,000,000**
Lease, loans and advances	7		
Lease receivable		6,985,459,900	6,082,995,656
Loans, cash credits, overdrafts, etc.		6,817,751,735	5,855,928,200
		13,803,211,635	**11,938,923,856**
Fixed assets including furniture and fixtures	8	56,278,709	61,756,815
Other assets	9	1,478,419,027	1,284,841,276
Non - financial institutional assets		-	-
Total assets		**20,675,419,351**	**19,374,892,675**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	10	2,216,450,655	2,187,724,276
Deposits and other accounts	11		
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		12,570,107,338	11,467,868,130
Bearer certificates of deposit		-	-
Other deposits		486,073,049	463,341,535
		13,056,180,387	**11,931,209,665**
Other liabilities	12	2,468,368,623	2,557,434,734
Total liabilities		**17,740,999,665**	**16,676,368,675**
Capital / Shareholders' equity			
Paid-up capital	13	1,697,184,720	1,542,895,200
Statutory reserve	14	722,700,000	660,000,000
Share premium	15	3,750,000	3,750,000
General reserve	16	255,000,000	255,000,000
Retained earnings	17	255,784,966	236,878,800
Total Shareholders' equity		**2,934,419,686**	**2,698,524,000**
Total liabilities and Shareholders' equity		**20,675,419,351**	**19,374,892,675**
Net asset value per share (NAV)	18	**17.29**	**17.49**

AMARSTOCK

BALANCE SHEET as at 31 December, 2016

	Notes	2016 Taka	2015 Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	19		
Acceptances and endorsements		-	-
Letters of guarantee		58,384,184	166,224,738
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		58,384,184	**166,224,738**
Other commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		**58,384,184**	**166,224,738**

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Ehsan Quadir	**A. Rouf**	**L. H. Khan**	**Shama Rukh Alam**
Managing Director	Director	Director	Director

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

Dhaka, 23 February, 2017

M. J. Abedin & Co.
Chartered Accountants

PROFIT AND LOSS ACCOUNT for the year ended 31 December, 2016

	Notes	2016 Taka	2015 Taka
OPERATING INCOME			
Interest income	21	1,858,803,438	1,821,707,023
Interest paid on deposits, borrowings, etc.	22	(1,087,442,195)	(1,047,179,519)
Net interest income		**771,361,243**	**774,527,504**
Investment income	23	88,832,233	81,090,810
Commission, exchange and brokerage		-	-
Other operating income	24	114,704,152	97,002,733
Total operating income (A)		**974,897,628**	**952,621,047**
OPERATING EXPENSES			
Salaries and allowances	25	289,137,260	239,765,283
Rent, taxes, insurance, electricity, etc.	26	53,547,999	47,834,109
Legal expenses	27	11,386,247	11,085,154
Postage, stamp, telecommunication, etc.	28	8,746,745	9,578,924
Stationery, printing, advertisements, etc.	29	4,888,644	4,984,512
Managing Director's salary and benefits	30	8,668,116	8,256,570
Directors' fees	31	319,444	338,500
Auditors' fees	32	345,000	143,750
Charges on loan losses		-	-
Depreciation and repair of assets	33	40,449,939	36,174,680
Other expenses	34	47,304,378	41,423,388
Total operating expenses (B)		**464,793,771**	**399,584,869**
Profit before provision C=(A-B)		**510,103,857**	**553,036,178**
Provision for lease, loans and advances	35	42,230,113	29,860,000
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision (D)		42,230,113	29,860,000
Operating profit before taxes E=(C-D)		**467,873,744**	**523,176,178**
PROVISION FOR TAXATION			
Current Tax	36	154,981,238	184,165,358
Deferred Tax	36	(147,941)	(4,240,284)
Total provision for taxation (F)		154,833,298	179,925,074
Net profit after taxation (E-F)		**313,040,446**	**343,251,105**
Appropriations			
Statutory reserve	14	62,700,000	69,000,000
General reserve	16	-	40,000,000
Dividends, etc.		-	-
		62,700,000	109,000,000
Retained surplus		**250,340,446**	**234,251,105**
Earnings per share (EPS)	37	**1.84**	**2.02**

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Ehsan Quadir	**A. Rouf**	**L. H. Khan**	**Shama Rukh Alam**
Managing Director	Director	Director	Director

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

Dhaka, 23 February, 2017

M. J. Abedin & Co.
Chartered Accountants

CASH FLOW STATEMENT for the year ended 31 December, 2016

	Notes	2016 Taka	2015 Taka
A) Cash flows from operating activities			
Interest receipts		1,940,063,672	1,866,316,727
Interest payments		(1,130,132,154)	(1,009,522,806)
Dividend receipts		13,561,112	17,096,427
Amount realised from written off clients		7,769,887	140,000
Payments to employees		(298,174,490)	(250,288,130)
Payments to suppliers		(48,266,075)	(55,976,683)
Income taxes paid		(178,025,529)	(191,446,876)
Receipts from other operating activities	38	114,016,356	96,381,464
Payments for other operating activities	39	(99,212,096)	(77,202,679)
Cash generated from operating activities before changes in operating assets and liabilities		**321,600,684**	**395,497,445**
Increase / (decrease) in operating assets and liabilities			
Lease, loans and advances to customers		(1,846,277,907)	(1,219,729,615)
Other assets		(39,318,703)	(28,161,328)
Term and other deposits		1,124,970,722	3,390,735,844
Accrued expenses and payables		(155,036,693)	79,055,501
Interest suspense		13,953,405	(3,103,090)
Deferred liability-employees gratuity		(1,959,985)	1,194,559
Other liabilities		96,781,864	203,830,486
		(806,887,297)	2,423,822,358
Net cash from operating activities		**(485,286,613)**	**2,819,319,803**
B) Cash flows from investing activities			
Investment in shares		(124,000,000)	16,690,980
Investment in Commercial Bond		-	(530,000,000)
Purchase of fixed assets		(15,697,261)	(19,821,148)
Proceeds from sale of fixed assets		1,612,331	2,038,671
Net cash from investing activities		**(138,084,930)**	**(531,091,497)**
C) Cash flows from financing activities			
Receipts of long term loan		271,792,651	137,074,807
Repayment of long term loan		(270,990,122)	(308,332,198)
Net draw down/(payment) of short term loan		(176,944,707)	(485,826,640)
Dividend paid		(76,347,026)	(69,190,832)
Net Cash from financing activities		**(252,489,204)**	**(726,274,863)**
D) Net increase in cash and cash equivalents (A+B+C)		(875,860,748)	1,561,953,442
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		5,275,370,728	3,713,417,286
G) Cash and cash equivalents at end of the year (D+E+F)		**4,399,509,980**	**5,275,370,728**
Cash and cash equivalents at end of the year			
Cash in hand		380,000	380,000
Balance with Bangladesh Bank and its agent bank(s)		226,508,496	205,084,670
Balance with banks and other financial institutions	4	4,172,621,484	5,069,906,058
Money at call and short notice		-	-
		4,399,509,980	**5,275,370,728**
Net operating cash flow per share		**(2.86)**	**18.27**

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Ehsan Quadir
Managing Director

A. Rouf
Director

L. H. Khan
Director

Shama Rukh Alam
Director

Dhaka, 23 February, 2017

M. J. Abedin & Co.
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December, 2016

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Retained earnings	Total
Balance as at 01 January, 2015	**1,402,632,000**	**591,000,000**	**3,750,000**	**215,000,000**	**213,022,495**	**2,425,404,495**
Cash dividend paid for the year 2014	-	-	-	-	(70,131,600)	(70,131,600)
Issuance of bonus share for the year 2014	140,263,200	-	-	-	(140,263,200)	-
Net profit after tax for the year 2015	-	-	-	-	343,251,105	343,251,105
Movement of general reserve	-	-	-	40,000,000	(40,000,000)	-
Appropriation made during the year	-	69,000,000	-	-	(69,000,000)	-
Balance as at 31 December, 2015	**1,542,895,200**	**660,000,000**	**3,750,000**	**255,000,000**	**236,878,800**	**2,698,524,000**
Surplus / deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus / deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognised in the income statement	-	-	-	-	-	-
Issuance of bonus share for the year 2015	154,289,520	-	-	-	(154,289,520)	-
Cash dividend for the year 2015	-	-	-	-	(77,144,760)	(77,144,760)
Net profit after taxation for the year	-	-	-	-	313,040,446	313,040,446
Movement of general reserve	-	-	-	-	-	-
Appropriation made during the year	-	62,700,000	-	-	(62,700,000)	-
Balance as at 31 December, 2016	**1,697,184,720**	**722,700,000**	**3,750,000**	**255,000,000**	**255,784,966**	**2,934,419,686**

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Ehsan Quadir
Managing Director

A. Rouf
Director

L. H. Khan
Director

Shama Rukh Alam
Director

Dhaka, 23 February, 2017

M. J. Abedin & Co.
Chartered Accountants

FINANCIALSTOCK

LIQUIDITY STATEMENT as at 31 December, 2016

(Analysis of maturity of assets and liabilities)

(Amount in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	380,000	-	-	-	-	380,000
Balance with Bangladesh Bank and its agent(s)	226,508,496	-	-	-	-	226,508,496
Balance with banks and other financial institutions	1,483,913,984	1,825,000,000	863,707,500	-	-	4,172,621,484
Money at call and short notice	-	-	-	-	-	-
Investments	26,000,000	-	81,750,000	735,250,000	95,000,000	938,000,000
Leases, loans and advances	1,583,915,484	1,222,968,887	4,635,303,557	5,849,220,509	511,803,198	13,803,211,635
Fixed assets including furniture and fixtures	-	-	-	41,353,790	14,924,919	56,278,709
Other assets	-	-	267,785,384	25,336,205	1,185,297,438	1,478,419,027
Total assets (A):	**3,320,717,964**	**3,047,968,887**	**5,848,546,441**	**6,651,160,504**	**1,807,025,555**	**20,675,419,351**
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,648,100,754	51,266,253	127,125,567	312,400,713	77,557,368	2,216,450,655
Term deposits	1,341,854,588	2,664,667,410	5,225,669,083	3,296,011,937	41,904,320	12,570,107,338
Other deposits	57,583,425	44,461,171	168,516,979	203,161,025	12,350,449	486,073,049
Other liabilities	53,533,254	123,712,630	181,681,767	1,661,265,210	448,175,762	2,468,368,623
Total liabilities (B):	**3,101,072,021**	**2,884,107,464**	**5,702,993,396**	**5,472,838,885**	**579,987,899**	**17,740,999,665**
Net liquidity gap (A - B):	**219,645,943**	**163,861,423**	**145,553,045**	**1,178,321,619**	**1,227,037,656**	**2,934,419,686**

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Ehsan Quadir
Managing Director

A. Rouf
Director

L. H. Khan
Director

Shama Rukh Alam
Director

Dhaka, 23 February, 2017

M. J. Abedin & Co.
Chartered Accountants

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December, 2016

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 shares of the Company are quoted on the Dhaka Stock Exchange Limited since 1994 and are transacted in dematerialised 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 statements of the Financial Institution are prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994. In case of any requirement of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank differ with those of BFRSs, the requirements of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank shall prevail. The differences are as follows:

i) Investment in shares and securities

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

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

ii) Provision for lease, loans and advances

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

Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002 and FID circular No. 3 dated 3 May 2006 a general provision at 1% 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.

iii) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002, once a loan is classified, 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.

iv) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income (OCI) to be presented in 'Statement of Profit or Loss and Other Comprehensive Income' or to be included separately in 'Other Comprehensive Income Statement' by following 'Statement of Profit or Loss'.

Bangladesh Bank: As per Template provided by Bangladesh Bank, Elements of Other Comprehensive Income (OCI) has shown in the 'Statement of Changes in Equity'.

v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognise, measure and present financial instruments differently from those prescribed in BAS 39. In all those cases, disclosure and presentation have been made as per Bangladesh Bank's requirements.

vi) Cash flow statement

BFRS: 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.

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

"BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.
Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

2.2 Basis of preparation of the financial statements

The financial statements and notes thereon have been prepared in accordance with Bangladesh Bank DFIM circular no. 11 dated 23 December 2009 on a going concern concept under historical cost convention and basically on accrual basis of accounting in accordance with generally accepted accounting principles and after due compliance with International Accounting Standards/International Financial Reporting Standards so far adopted in Bangladesh as Bangladesh Accounting Standards/ Bangladesh Financial Reporting Standards by the Institute of Chartered Accountants of Bangladesh, the Financial Institution Act 1993, the Companies Act 1994, the Securities and Exchange Commission Rules 1987, the regulations and guidelines from Bangladesh Bank and the Listing Regulations of Dhaka Stock Exchange.

2.3 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, the actual results could differ from estimates.

2.4 Reporting currency and level of exactitude

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

2.5 Comparative information

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

2.6 Authorisation for Issue of the Financial Statements

The Board of Directors of the Company has authorised these financial statements for issue on 23 February 2017.

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 is prepared in accordance with BAS - 7 "Cash Flow Statement" and Bangladesh Bank DFIM Circular No - 11 dated 23 December 2009 under the direct method for the period, classified by operating, investing and financing activities in cash and cash equivalents during the financial year.

2.9 Statement of changes in equity

Statement of changes in equity is prepared in accordance with BFRS - 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 Bangladesh Accounting Standards (BAS) 17 "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 comprise of 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

Investments are carried at the lower of cost or market value on an individual basis in accordance with the instruction of Bangladesh Bank.

2.11.5 Fixed assets and depreciation

Recognition

All Furniture & Fixture, Office Equipment, Electrical Equipment, Motor Vehicle are initially stated at cost and depreciated over their expected useful lives. The cost of acquisition of an asset is comprised of its 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.

Fixed asset acquired under finance lease is accounted for at the lower of present value of minimum lease payments under the lease agreements and the fair value of the asset. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

Subsequent cost related to Furniture & Fixture, Office Equipment, Electrical Equipment, Motor Vehicle is capitalised only when it increases the future economic benefit from the asset. All other expenditures are recognised as expenses as and when they are incurred.

Depreciation

Items of Furniture & Fixture, Office Equipment, Electrical Equipment and Motor Vehicle are depreciated based on straight-line method throughout the estimated span of useful lives ranging from five to eight years. For addition to fixed assets, depreciation is charged from the month of purchase. In case of disposal, depreciation is charged up to immediately preceding the month of disposal. Depreciation is calculated on the cost of fixed asset in order to write off such amount over the estimated useful lives of such assets. The rates of depreciation used are as follows:

Furniture & Fixture	12.50%
Office Equipment	15.00%
Electrical Equipment	20.00%
Motor Vehicle	20.00%

Derecognition

An item of Furniture & Fixture, Office Equipment, Electrical Equipment and Motor Vehicle 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.

2.11.6 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 the basis of year end review by the management as per policy of the Company and guidelines contained in Bangladesh Bank's FID circulars. Specific provisions are made where the repayment of identified leases / loans are in doubt and reflect an estimate of the amount of loss anticipated and the general provision is made for the inherent risk of losses. Provisions are applied to write off leases / loans, in part or in whole, when they are considered wholly or partly irrecoverable.
An appropriate general and specific provision for un-classified and classified leases, loans and advances at varying rates depending on the degree of risk associated with the certainty of collection has been provided as per Company policy in excess of regulatory requirement.

2.12.2 Income taxes

Current tax

Current tax expense is provided on estimated taxable profit for the year at the tax rate applicable for the year.

Deferred tax

Deferred taxation is provided in full for all temporary differences arising between tax bases of assets and carrying amount of assets 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 prevailing at the Balance Sheet date 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

Provident fund

A contributory Provident Fund is operated by the Company on equal participation from both parties, the Company and the employee. The Fund is recognised by the National Board of Revenue and is administered by a Board of Trustees.

Gratuity fund

A separate funded gratuity scheme is maintained by the Company to motivate it's employees for long term retention. Gratuity scheme is applicable for all its permanent employees who have completed their length of service at least for five years without any break. Provision for gratuity is made annually considering all its eligible employees available at the end of the year.

Other long term benefits

The Company operates a group life insurance scheme for all of its permanent employees. It maintains a health insurance scheme for all of its permanent employees, their spouse and children.

2.12.5 Contingent liabilities and contingent assets

The contingent liability and contingent asset 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

Interest income comprises of interest income from lease, loans and advances and interest on placement of fund with banks and other financial institutions. Interest due is recognised on accrual basis using the effective interest method. Interest due over ninety days is not recognised as revenue rather it is recognised as interest suspense. Suspended interest is recognised as income on cash basis when it is received.

2.13.2 Lease income

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.

2.13.3 Income from long term and short term finance

Income from long and short term finance is recognised as revenue when the interest is due. Interest due over ninety days is not recognised as revenue rather it is recognised as interest suspense. Suspended interest is recognised as income on cash basis when it is received.

2.13.4 Income from dividend

Dividend income from investment in equity shares is recognised when the right to receive the payment is established. Dividend income from preference shares is recognised on accrual basis considering the establishment of right to receive the same.

2.13.5 Income from deposits (maintaining with Bank and NBFI)

Interests from short term deposits and fixed deposits are recognised on accrual basis taking into account the principal outstanding and the effective interest rate.

2.13.6 Fee based income

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

2.13.7 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 recognised as they accrue.

2.13.8 Impairment of assets

The carrying amounts of the Furniture & Fixture, Office Equipment, Electrical Equipment, Motor Vehicle and Intangible Assets are reviewed at each balance sheet 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 arm length basis at commercial rate with its related parties. Parties are considered to be 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 41. 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 Earning per share

Earning per share has been calculated in accordance with BAS-33 "Earning Per Share" and shown on the face of Profit and Loss Account and computation shown in note - 37.

2.16 Events after the reporting period

The financial statements were authorised for issue on 23 February 2017 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 statements 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 Tk. 1 per share cash dividend, 5% stock dividend in its Board meeting held on 23 February 2017. The dividend proposal is subject to shareholders' approval at the forthcoming AGM. Except the fact as stated above, no circumstances have arisen since the statement of financial position 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's policy to optimise return to shareholders while maintaining a strong capital base and credit rating to support business growth and meet regulatory capital requirements at all times.

The main financial risks facing the Company and its management are as follows:

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 obligations.

The Company has segregated duties for the officers involved in credit related activities. Credit evaluation, credit administration and credit monitoring and recovery functions are segregated and delegated to credit evaluation department, operations department, collection and special assets management department respectively.

Risk Review department is entrusted with the task of managing the internal risk rating model. This Internal Rating Based (IRB) approach, recommended by the Basel-II committee and also by the Bangladesh Bank in its Supervisory Review Process, coupled with the data integrity management process of monthly credit audit, helps manage asset quality and establishing a prudent credit culture within the Company that is efficient and transparent.

2.17.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. The Company's liquidity policy is designed to ensure that it can at all times meet its obligations as they fall due. Liquidity management focuses on overall balance sheet structure and the control, within prudent limits, of risk arising from exposure to the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. The management of liquidity risk is carried out by Treasury department under approved policy guidelines. Compliance is monitored and coordinated by Treasury both in respect of internal policy and the regulatory requirements. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A contingency plan is in place for managing extreme situation. The risk of short term mismatch can be met by the undrawn commitment and expected renewal of deposits.

2.17.3 Market risk

Market risk is defined as the risk of loss resulting from adverse changes in risk factors such as interest rates, and equity prices together with related factors such as market volatilities. The Company is exposed to market risk because of positions held in its trading portfolios and its non-trading businesses.

Interest rate risk arises from the Company's treasury activities and lending businesses due to mismatches between the future yield and funding cost is managed daily by the Treasury department and monthly reviewed by Asset Liability Committee to monitor the interest rate movement and devise a number of alternative options to mitigate possible interest rate risks.

Equity positions can result in changes in the Company's non-trading income and reserves arising from changes in equity prices/income. Such exposure may take the form of listed and unlisted equity. The type, nature and amount of equity exposure held by the Company is not significant. The market value of the equity assets held by the Company at the balance sheet date is much higher than cost price.

2.17.4 Operational risk

"Operational risk arises from inadequate process, misuse of process, from human or system error or from external factors.

The Operation Risk Management Committee is responsible for identifying operational risks and take steps to mitigate such risks. The Committee Comprises of the Head of Development, Head of Human Resources and the Head of Information, Communication and Services. The Committee reviews operational processes and evaluates the process in terms of efficiency and adequacy of the process to ensure adequate control. Processes are re-engineered to improve efficiency without diluting the control/risk. The re-engineered process is documented and imparted among the stakeholders of the process to ensure the process delivers as expected. To prevent misuse, 'maker and checker' concept is implemented in every step of operational processes. Also appropriate trainings are arranged regularly to reduce human errors. New products are also designed with internal risk mitigating features.

2.17.5 Prevention of Money Laundering & Anti Terrorism

Money Laundering & Terrorist Financing risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in Prevention of Money Laundering & Anti Terrorism Act. In order to manage the risk, the Company has set up an effective Program in line with Prevention of Money Laundering & Anti Terrorism Act and Bangladesh Bank guidelines. The Company has assigned Chief Anti-money Laundering Compliance Officer - CAMLCO at Head Office and Branch Anti-money Laundering Compliance Officers- BAMLCO at branches who independently review the transactions of the accounts to verify suspicious transactions. The Company developed Guidelines for Prevention of Money Laundering & Anti Terrorism Act to comply the requirements of the Acts. Continuous training is being imparted to all categories of Officers and Executives to enhance expertise for identifying suspicious activities and transactions.

	2016 Taka	2015 Taka
3 Cash		
Cash in hand (note-3.1)	380,000	380,000
Balance with Bangladesh Bank and its agent bank(s) (note-3.2)	226,508,496	205,084,670
	226,888,496	**205,464,670**
3.1 Cash in hand		
In local currency	380,000	380,000
In foreign currency	-	-
	380,000	**380,000**
3.2 Balance with Bangladesh Bank and its agent bank(s)		
In local currency (with Bangladesh Bank)	226,508,496	205,084,670
Sonali Bank as agent of Bangladesh Bank (local currency)	-	-
	226,508,496	**205,084,670**

3.3 Statutory deposits

Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 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.

The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 2.5% 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 banks and the Company's call money deposit. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:

a) Cash Reserve Requirement (CRR)		
Required reserve (2.5% on deposit)	222,978,000	191,671,050
Actual reserve maintained (note-3.2)	226,508,496	205,084,670
Surplus	**3,530,496**	**13,413,620**

Surplus reserve is maintained for Bangladesh Bank refinance installment payment.

b) Statutory Liquidity Reserve (SLR)		
Required reserve (5% on average total liabilities)	550,867,450	483,506,350
Actual reserve maintained including CRR (note-3.4)	4,399,509,980	5,275,370,728
Surplus	**3,848,642,530**	**4,791,864,378**

The surplus for SLR mostly comprises of interest earnings deposits are maintained as FDR (Lien) Tk. 1,620 million against Secured Overdraft & Short Term Credit Facility, Tk. 2,229 million as short term placement are maintained with different banks and financial institutions.

3.4 Actual reserve maintained (including CRR)

Cash in hand	380,000	380,000
Balance with Bangladesh Bank and its agent bank(s)	226,508,496	205,084,670
Balance with banks and other financial institutions (note-4)	4,172,621,484	5,069,906,058
	4,399,509,980	**5,275,370,728**
4 Balance with banks and other financial institutions		
In Bangladesh (note-4.1)	4,172,621,484	5,069,906,058
Outside Bangladesh	-	-
	4,172,621,484	**5,069,906,058**

	2016 Taka	2015 Taka
4.1 In Bangladesh		
Current deposits		
Nationalised Commercial Bank	55,531,236	9,047,397
Private Commercial Bank	74,111,873	179,944,703
Foreign Commercial Bank	2,360,407	1,897,790
	132,003,516	**190,889,890**
Short-term deposit (STD)		
Private Commercial Bank	156,064,111	104,538,121
Foreign Commercial Bank	846,357	770,547
	156,910,468	**105,308,668**
Fixed deposits		
Nationalised Commercial Bank	-	350,000,000
Private Commercial Bank	2,080,000,000	2,670,000,000
Foreign Commercial Bank	300,000,000	100,000,000
Financial Institutions	1,503,707,500	1,653,707,500
	3,883,707,500	**4,773,707,500**
	4,172,621,484	**5,069,906,058**
4.2 Maturity grouping of balance with banks and other financial institutions		
On demand	132,003,516	190,889,890
Up to 1 month	1,351,910,468	990,308,668
Over 1 month but not more than 3 months	1,825,000,000	2,955,000,000
Over 3 months but not more than 6 months	863,707,500	933,707,500
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	4,172,621,484	**5,069,906,058**
5 Money at call and short notice	-	-
	-	-
6 Investments		
Investment classified as per nature		
a) Government securities:		
National investment bonds	-	-
Bangladesh Bank bills	-	-
Government bonds	-	-
Prize bonds	-	-
	-	-
b) Other investment:		
Investment in ordinary shares (Notes 6.1)	15,000,000	15,000,000
Investment in preference shares (Notes 6.2)	214,000,000	90,000,000
Investment in bonds (Notes 6.3)	709,000,000	709,000,000
	938,000,000	814,000,000
	938,000,000	**814,000,000**
6.1 Investment in ordinary shares		
United Insurance Company Limited	15,000,000	15,000,000
	15,000,000	**15,000,000**

United Insurance Company Limited

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

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

	No. of shares
Original purchased 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
	4,200,000

As on December 31, 2016 the market value @ Tk.26 (closing market price) of the above 4,200,000 shares was Tk.109,200,000 against cost price of 600,000 shares (@ Tk. 25) at Tk.15,000,000.

	2016 Taka	2015 Taka
6.2 Investment in preference shares		
Preference share in Summit Purbanchol Power Co. Ltd.	-	5,000,000
Preference share in Summit Uttaranchol Power Co. Ltd.	-	5,000,000
Preference share of Regent Energy and Power Ltd.	64,000,000	80,000,000
Redeemable Cumulative Preference Share: Star Ceramics Limited	150,000,000	-
	214,000,000	**90,000,000**
6.3 Investment in bonds		
Sub-ordinated Bond-Mercantile Bank Ltd.	100,000,000	100,000,000
Sub-ordinated Bond-The City Bank Ltd.	79,000,000	79,000,000
Mudaraba Sub-ordinated Bond- SIBL	130,000,000	130,000,000
Second Sub-ordinated Bond-UCBL	100,000,000	100,000,000
Mudaraba Sub-ordinated Bond- Al-Arafah Islami Bank	200,000,000	200,000,000
Sub-ordinated Bond-Mutual Trust Bank Ltd.	100,000,000	100,000,000
	709,000,000	**709,000,000**
6.4 Maturity grouping of investments		
On demand	-	-
Up to 1 month	26,000,000	-
Over 1 month but not more than 3 months	-	-
Over 3 months but not more than 6 months	36,000,000	16,000,000
Over 6 months but not more than 1 year	45,750,000	36,000,000
Over 1 year but not more than 5 years	735,250,000	567,000,000
Over 5 years	95,000,000	195,000,000
	938,000,000	**814,000,000**
7 Lease, loans and advances		
7.1 Broad category-wise break up		
Inside Bangladesh		
Lease receivable (note-7.2)	6,985,459,900	6,082,995,656
Loans (note-7.3)	6,817,751,735	5,855,928,200
	13,803,211,635	**11,938,923,856**
Outside Bangladesh	-	-
	13,803,211,635	**11,938,923,856**

	2016 Taka	2015 Taka
7.2 Lease receivable		
Net lease receivable (note-7.2.1)	6,948,422,541	5,999,470,356
Advance for leases (note-7.2.3)	28,200,000	54,361,425
Interest receivable	8,837,359	29,163,875
	6,985,459,900	**6,082,995,656**
7.2.1 Net lease receivable		
Gross lease receivable	8,119,230,853	7,080,520,736
Less: Unearned finance income	1,170,808,312	1,081,050,380
	6,948,422,541	**5,999,470,356**
7.2.2 Movement of net lease receivables		
Balance at January 01	5,999,470,356	5,880,233,621
Addition during the year	4,420,570,992	3,292,421,887
Realisation during the year	(3,471,618,807)	(3,173,185,152)
	6,948,422,541	**5,999,470,356**

7.2.3 Advance for leases

This represent disbursements made to clients for procuring assets under lease and quarterly capitalised interest on disbursements. On execution, advances are transferred to lease finance.

7.3 Loans		
Term loan	2,602,167,088	2,164,744,778
Home loan	738,995,198	518,771,818
Short term loan and CSF advances	3,378,655,522	3,112,814,064
Interest receivable	97,933,927	59,597,540
	6,817,751,735	**5,855,928,200**
7.4 Maturity grouping of lease, loans and advances		
On demand	-	-
Up to 1 month	1,583,915,484	731,209,446
Over 1 month but not more than 3 months	1,222,968,887	999,668,345
Over 3 months but not more than 1 year	4,635,303,557	5,208,631,656
Over 1 year but not more than 5 years	5,849,220,509	4,581,620,902
Over 5 years	511,803,198	417,793,507
	13,803,211,635	**11,938,923,856**
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	2,904,043	-
b) Lease, loans and advances to Chief Executive and other Senior Executives	-	-

	2016 Taka	2015 Taka
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	2,934,419,686	2,698,524,000
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	1,042,175,464	437,605,185
2. Industrial sector:		-
a) Service industry	1,792,845,621	1,036,138,189
b) Food production/processing industry	1,425,029,396	1,341,233,229
c) Chemical & Pharmaceutical	1,116,633,081	727,347,413
d) Plastic industry	803,030,704	933,247,009
e) Garments	637,345,759	358,545,910
f) Textile	237,290,346	320,524,037
g) Paper, Printing and packaging industry	888,919,382	917,519,925
h) Iron, Steel & Engineering industry	686,721,234	796,602,497
i) Leather & leather products	79,057,759	40,850,390
j) Electronics and electrical industry	159,902,599	9,525,221
k) Telecommunication/information Technology	37,115,382	134,442,056
l) Jute and jute products	251,008,763	273,928,246
m) Cement/Concrete and allied industry	169,102,621	268,926,753
n) Glass and ceramic industry	61,022,965	69,976,529
o) Ship Manufacturing Industry	-	20,647,182
3. Power, Gas, Water and sanitary service	160,691,935	328,045,075
4. Transport & Communication	939,836,934	621,455,906
5. Real Estate & Housing	829,940,937	547,147,053
6. Trade and Commerce	2,379,857,231	2,653,200,850
7. Others	105,683,524	102,015,201
	13,803,211,635	**11,938,923,856**
e) Geographical location-wise lease, loans and advances		
Inside Bangladesh		
Urban		
Dhaka Division	7,852,729,928	6,872,578,970
Chittagong Division	2,432,273,355	2,440,684,439
Khulna Division	928,198,199	765,238,609
Rajshahi Division	907,694,808	594,283,164
Rangpur Division	769,767,083	585,914,050
Barisal Division	160,340,085	143,901,594
Mymensingh Division	259,822,527	133,349,818
Sylhet Division	103,098,040	104,464,050
	13,413,924,025	11,640,414,694
Rural		
Barisal Division	21,339,184	19,625,170
Rajshahi Division	13,225,399	13,338,086
Chittagong Division	325,409,532	239,533,585
Rangpur Division	29,313,495	26,012,321
	389,287,610	298,509,162
	13,803,211,635	11,938,923,856
Outside Bangladesh	-	-
	13,803,211,635	**11,938,923,856**

	2016 Taka	2015 Taka
7.6 Sector-wise lease, loans and advances		
Public sector	-	-
Co-operative sector	-	-
Private sector	13,803,211,635	11,938,923,856
	13,803,211,635	**11,938,923,856**
7.7 Particulars of lease, loans and advances		
i) Leases, loans and advances considered good in respect of which the Company is fully secured	1,163,398,649	952,890,984
ii) Leases, loans and advances considered good in respect of which the Company is partially secured	5,343,730,626	5,627,439,503
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	7,296,082,359	5,358,593,369
v) Classified Leases, loans and advances against which no provision has been made	-	-
	13,803,211,635	**11,938,923,856**
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.	2,904,043	-
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	-	4,408,357
xi) Classified lease, loans and advances		
a) Classified lease, loans and advances on which interest has not been charged	607,304	638,932
b) Increase/(decrease) of specific provision against classified lease/loan	(7,802,876)	(31,357,034)
c) Amount of loan written off	121,281,712	89,086,477
d) Amount realised against loan previously written off	7,769,887	140,000
e) Provision kept against loans classified as bad/loss on the date of preparing the balance sheet (note-7.8)	183,217,677	191,977,586
f) Interest credited to Interest Suspense account (note-12.2)	65,230,392	51,276,987

	2016 Taka	2015 Taka
xii) Written off lease, loans and advances		
Opening Balance	441,656,547	352,570,070
During the year	121,281,712	89,086,477
Cumulative to-date	562,938,259	441,656,547
The amount of written-off leases, loans and advances for which law suits have been filed.	562,938,259	441,656,547

7.8 Classification of lease, loans and advances

Unclassified		
Standard	13,106,694,588	11,117,845,889
Special mention account (SMA)	172,947,709	218,029,549
	13,279,642,297	11,335,875,438
Classified		
Sub-standard	283,496,379	354,046,500
Doubtful	56,855,282	57,024,332
Bad/Loss	183,217,677	191,977,586
	523,569,338	603,048,418
	13,803,211,635	**11,938,923,856**

8 Fixed assets including furniture and fixtures

Cost		
Furniture and fixtures	94,715,562	94,677,380
Office equipment	451,939	472,864
Electrical equipment	71,253,532	71,739,978
Vehicles	49,899,673	49,151,950
	216,320,706	**216,042,172**
Less: Accummulated depreciation	160,041,997	154,285,357
Net book value at the end of the year (Annexure - A)	**56,278,709**	**61,756,815**

9 Other assets

Inside Bangladesh		
Income generating:		
Income receivable (note-9.1)	88,979,742	112,746,223
Non-income generating:		
Deferred tax assets (note-9.2)	19,584,969	19,437,028
Advance, deposit and prepaid expenses	35,704,937	18,267,464
Advance for Office Space	143,100,704	120,570,000
Other receivables	5,751,236	6,548,651
Advance corporate tax (note-9.3)	1,185,297,439	1,007,271,910
	1,478,419,027	**1,284,841,276**
Outside Bangladesh	-	-
	1,478,419,027	**1,284,841,276**

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

9.2 Deferred tax asset

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 " Income Taxes" 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	56,278,709	101,173,746	44,895,037
Liability to employees gratuity	4,067,385	-	4,067,385
	60,346,094	101,173,746	48,962,422

	2016 Taka	2015 Taka
Applicable tax rate		40.0%
Deferred tax asset as on 31 December, 2016		19,584,969
Deferred tax asset as on 31 December, 2015		19,437,028
Deferred tax asset during the year 2016 - Note 36		**147,941**

9.3 Advance corporate tax

Balance at January 01	1,007,271,910	815,825,034
Paid during the year	178,025,529	191,446,876
	1,185,297,439	**1,007,271,910**

10 Borrowing from banks, other financial institutions and agents

In Bangladesh (note-10.1)	2,216,450,655	2,187,724,276
Outside Bangladesh	-	-
	2,216,450,655	**2,187,724,276**

10.1 In Bangladesh

Bank overdraft		
Nationalised Commercial Bank	153,335,832	124,502,347
Private Commercial Bank	523,417,408	634,828,028
Foreign Commercial Bank	164,302,208	164,438,816
	841,055,448	**923,769,191**
Short term loan		
Foreign Commercial Bank	485,000,000	465,000,000
	485,000,000	**465,000,000**
Call borrowing		
Nationalised Commercial Bank	200,000,000	-
Private Commercial Bank	100,000,000	200,000,000
	300,000,000	**200,000,000**
Long term loan		
Bangladesh Bank (Refinance)	510,354,974	509,552,446
Kreditanstalt Für Wiederaufbau (KfW)	80,040,233	89,402,639
	590,395,207	**598,955,085**
	2,216,450,655	**2,187,724,276**

10.2 Analysis by security against borrowing from banks, other financial institutions and agents

Secured (FDR pledged as security)	1,620,000,000	1,620,000,000
Secured (Corporate guarantee)	-	-
Unsecured	596,450,655	567,724,276
	2,216,450,655	**2,187,724,276**

10.3 Maturity grouping of borrowing from banks, other financial institutions and agents

On demand	300,000,000	200,000,000
Up to 1 month	1,348,100,754	751,906,549
Over 1 month but within 3 months	51,266,253	407,024,088
Over 3 months but within 1 year	127,125,567	468,231,147
Over 1 year but within 5 years	312,400,713	212,411,163
Over 5 years	77,557,368	148,151,329
	2,216,450,655	**2,187,724,276**

AMARSTOCK

		2016 Taka	2015 Taka
11	**Deposits and other accounts**		
	Current deposits	-	-
	Bills payable	-	-
	Savings bank deposits	-	-
	Term deposits (note -11.1)	12,570,107,338	11,467,868,130
	Bearer certificates of deposit	-	-
	Other deposits (note-11.2)	486,073,049	463,341,535
		13,056,180,387	**11,931,209,665**
11.1	Term deposits		
	Deposits from banks and financial institutions	3,890,000,000	4,650,000,000
	Deposits from other than banks and financial institutions	8,680,107,338	6,817,868,130
		12,570,107,338	**11,467,868,130**

These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than three months.

11.1.1	Sector-wise break-up of term deposits		
	Government	-	-
	Banks and financial institutions	3,890,000,000	4,650,000,000
	Other public	-	-
	Foreign currency	-	-
	Private	8,680,107,338	6,817,868,130
		12,570,107,338	**11,467,868,130**
11.1.2	Maturity analysis of term deposits		
	a) Maturity analysis of deposits from banks & financial institutions		
	Payable on demand	-	-
	Up to 1 month	950,000,000	1,100,000,000
	Over 1 month but within 3 months	2,540,000,000	2,700,000,000
	Over 3 months but within 1 year	400,000,000	850,000,000
	Over 1 year but within 5 years	-	-
	Over 5 years but within 10 years	-	-
	Over 10 years	-	-
		3,890,000,000	**4,650,000,000**
	b) Maturity analysis of deposits from other than banks & financial institutions		
	Payable on demand	-	-
	Up to 1 month	391,854,588	328,070,781
	Over 1 month but within 3 months	124,667,410	670,461,131
	Over 3 months but within 1 year	4,825,669,083	4,026,326,091
	Over 1 year but within 5 years	3,296,011,937	1,742,041,910
	Over 5 years but within 10 years	41,904,320	50,968,217
	Over 10 years	-	-
		8,680,107,338	**6,817,868,130**
		12,570,107,338	**11,467,868,130**

	2016 Taka	2015 Taka

11.2 Other deposits

This represents deposits against financing which is advance rental and security deposits received from clients at the inception of allowing any lease/loan facility to the clients adjustable or refundable at the expiry of the facility.

Non-interest bearing deposit	424,098,357	405,312,250
Interest bearing deposit	61,974,692	58,029,285
	486,073,049	**463,341,535**

11.2.1 Maturity analysis of other deposits

Payable on demand	-	-
Up to 1 month	57,583,425	26,036,582
Over 1 month but within 3 months	44,461,171	79,972,163
Over 3 months but within 1 year	168,516,979	188,237,566
Over 1 year but within 5 years	203,161,025	160,934,340
Over 5 years but within 10 years	12,350,449	8,160,884
Over 10 years	-	-
	486,073,049	**463,341,535**

12 Other liabilities

Provision for gratuity	4,067,385	6,027,370
Unclaimed dividend	10,501,994	9,704,260
KfW interest differential fund (note-12.1)	22,090,296	35,530,716
Interest suspense account (note-12.2)	65,230,392	51,276,987
Accrued expenses and payables (note-12.3)	469,744,556	666,996,447
Provision for lease, loans and advances (note-12.4)	413,840,066	459,986,258
Provision for income tax (note-12.5)	1,482,893,934	1,327,912,696
	2,468,368,623	**2,557,434,734**

12.1 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 at January 01	35,530,716	45,098,689
Addition during the year	3,812,465	4,223,742
	39,343,181	49,322,431
Adjusted during the year	(17,252,885)	(13,791,715)
	22,090,296	**35,530,716**

12.2 Interest suspense account

This represents interest receivable on lease, term finance and short term finance due over ninety days as per Bangladesh Bank guidelines.

Balance at January 01	51,276,987	54,380,077
Add:Amount transferred to "interest suspense" account during the year	163,277,144	139,514,163
Less:Amount recovered from "interest suspense" account during the year	(124,188,220)	(122,371,456)
Less: Written off during the year	(25,135,520)	(20,245,797)
	65,230,392	**51,276,987**

	2016 Taka	2015 Taka
12.3 Accrued expenses and payables		
Liabilities for expenses	438,705,188	487,233,077
Liabilities other than expenses	31,039,368	179,763,370
	469,744,556	**666,996,447**

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 deducted at source from depositors, suppliers, employees, VAT payables, collection against leases/loans in advance etc.

12.4 Provision for lease, loans and advances		
General provision on lease, loans and advances		
Balance at January 01	111,252,508	96,208,710
Provision made for the year (note-35)	17,941,393	15,043,798
	129,193,901	**111,252,508**
Specific Provision on unclassified lease, loans and advances		
Balance at January 01	94,986,566	117,514,010
Provision made for the year (note-35)	(56,284,709)	(22,527,444)
	38,701,857	**94,986,566**
Specific provision on classified lease, loans and advances		
Balance at January 01	253,747,183	285,104,217
Fully provided debts written off during the year	(96,146,192)	(68,840,679)
Amount realised from written off clients	7,769,887	140,000
Provision made for the year (note-35)	80,573,429	37,343,645
	245,944,307	**253,747,183**
	413,840,066	**459,986,258**

Provision surplus/(shortage):

	2016		2015	
	Required	Maintained	Required	Maintained
General provision on lease, loans and advances	90,611,058	129,193,901	74,095,225	111,252,508
Specific Provision on unclassified lease, loans and advances	8,145,811	38,701,857	10,441,488	94,986,566
Specific provision on classified lease, loans and advances	228,401,118	245,944,307	227,188,798	253,747,183
	327,157,987	413,840,066	311,725,511	459,986,258
Total surplus		**86,682,079**		**148,260,747**

12.5 Provision for income tax		
Balance at January 01	1,327,912,696	1,143,747,338
Add: Corporate tax for the year (note-36)	154,981,238	184,165,358
	1,482,893,934	**1,327,912,696**

		2016 Taka	2015 Taka
13	**Paid-up capital**		
13.1	Authorised capital		
	300,000,000 ordinary shares of Taka 10 each	**3,000,000,000**	**3,000,000,000**
13.2	Issued, subscribed and fully paid-up capital		
	7,000,000 ordinary shares of Taka 10 each issued for cash	70,000,000	70,000,000
	162,718,472 ordinary shares of Taka 10 each issued as bonus shares	1,627,184,720	1,472,895,200
		1,697,184,720	**1,542,895,200**
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 Institution should calculated capital adequacy ratio based on solo basis as well as consolidated basis.

A	Eligible Capital :		
	Tier-1 Capital	2,934,419,686	2,698,524,000
	Tier-2 Capital	168,479,600	175,103,662
	Total Eligible Capital (1+2) :	3,102,899,286	2,873,627,662
B	Total Risk Weighted Assets (RWA):	16,403,678,661	15,371,845,544
C	Capital Adequacy Ratio (CAR) (A_3 / B)*100	18.92%	18.69%
D	Core Capital to RWA (A_1 / B)*100	17.89%	17.55%
E	Supplementary Capital to RWA (A_2 / B)*100	1.03%	1.14%
F	Minimum Capital Requirement (MCR)	1,640,367,866	1,537,184,554
Surplus		**1,462,531,420**	**1,336,443,107**
Core capital (Tier-I)			
Paid up capital (note-13.2)		1,697,184,720	1,542,895,200
Statutory reserve (note-14)		722,700,000	660,000,000
Share premium (note-15)		3,750,000	3,750,000
General reserve (note-16)		255,000,000	255,000,000
Retained earnings (note-17)		255,784,966	236,878,800
		2,934,419,686	2,698,524,000
Eligible supplementary capital (Tier-II)			
General provision maintained against unclassified loan		168,479,600	175,103,662
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)		-	-
		168,479,600	**175,103,662**
General provision (Unclassified+SMA+Off balance sheet exposure)		168,479,600	207,901,322
Limit up to 1.25% of RWA for Credit Risk would be eligible as Tier-II capital		187,099,813	175,103,662
Risk Weighted Assets (RWA)			
A	Credit Risk	14,967,985,065	14,008,292,968
	On- Balance sheet	14,904,600,881	13,800,512,046
	Off-Balance sheet	63,384,184	207,780,923
B.	Market Risk	-	-
C.	Operational Risk	1,435,693,596	1,363,552,576
	Total: RWA (A+B+C)	**16,403,678,661**	**15,371,845,544**

		No. of Shares		Percentage	
		2016	2015	2016	2015
13.4	Percentage of shareholding at the closing date				
(i) Sponsors -	Foreign	33,943,694	30,857,904	20.00	20.00
	Domestic	41,087,917	37,352,653	24.21	24.21
		75,031,611	68,210,557	44.21	44.21
(ii) Financial Institutions and Companies					
	Foreign	15,450,965	14,046,335	9.10	9.10
	Domestic	41,125,859	35,710,333	24.23	23.15
		56,576,824	49,756,668	33.34	32.25
(iii) General public – Domestic		38,110,037	36,322,295	22.45	23.54
		169,718,472	**154,289,520**	**100.00**	**100.00**

13.5 Shareholding range on the basis of shareholding as at 31 December 2016

	No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
1	Less then 500	3,199	513,159	0.30
2	500 to 5,000	4,055	7,717,648	4.55
3	5,001 to 10,000	643	4,649,523	2.74
4	10,001 to 20,000	345	4,881,606	2.88
5	20,001 to 30,000	118	2,975,062	1.75
6	30,001 to 40,000	81	2,760,624	1.63
7	40,001 to 50,000	41	1,895,439	1.12
8	50,001 to 100,000	75	5,448,343	3.21
9	100,001 to 1,000,000	83	21,465,482	12.65
10	Above 1,000,000	14	117,411,586	69.18
		8,654	**169,718,472**	**100.00**

	2016 Taka	2015 Taka
14 Statutory reserve		
Balance at January 01	660,000,000	591,000,000
Addition during the year	62,700,000	69,000,000
	722,700,000	**660,000,000**

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of it current year profit to the fund untill such reserve fund equal to it paid up share capital and share premium (if any). Accordingly during the year the Company has transferred Tk. 62,700,000 to the statutory reserve fund.

15 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 Tk. 3,750,000.

16 General reserve

Balance at January 01	255,000,000	215,000,000
Appropriation from current year's profit	-	40,000,000
	255,000,000	**255,000,000**

		2016 Taka	2015 Taka
17	**Retained earnings**		
	Balance at January 01	236,878,800	213,022,495
	Cash dividend for last year	(77,144,760)	(70,131,600)
	Issue of bonus shares for last year	(154,289,520)	(140,263,200)
		(231,434,280)	(210,394,800)
		5,444,520	2,627,695
	Addition during the year		
	Net profit after taxation	313,040,446	343,251,105
	Transfer to statutory reserve	(62,700,000)	(69,000,000)
	Transfer to general reserve	-	(40,000,000)
		250,340,446	234,251,105
	Transfer from general reserve	-	-
		255,784,966	**236,878,800**
18	**Net asset value per share (NAV)**		
	Total asset	20,675,419,351	19,374,892,675
	Total liabilities	17,740,999,665	16,676,368,675
	Net asset	2,934,419,686	2,698,524,000
	Number of share outstanding (current year's)	169,718,472	154,289,520
	Net asset value per share	**17.29**	**17.49**
	Restated NAV:		
	Net asset	2,934,419,686	2,698,524,000
	Number of ordinary shares as on 31 December 2016 is 169,718,472		
	Restated NAV	**17.29**	**15.90**
19	**Contingent liabilities**		
19.1	Letters of guarantee		
	Letters of guarantee (Local)	58,384,184	166,224,738
	Letters of guarantee (Foreign)	-	-
	Foreign counter guarantees	-	-
		58,384,184	**166,224,738**

Guarantees

The Company gives 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.

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		2016 Taka	2015 Taka
20	**Profit and loss account**		
	Income:		
	Interest, discount and similar income (note-20.1)	1,931,043,911	1,886,044,196
	Dividend income	16,591,760	16,753,637
	Other operating income	114,704,152	97,002,733
		2,062,339,823	1,999,800,566
	Expenses:		
	Interest, fee and commission etc.	1,087,442,195	1,047,179,519
	Administrative expenses (note-20.2)	397,435,805	334,097,408
	Other operating expenses	47,304,378	41,423,388
	Depreciation on Company's fixed assets	20,053,588	24,064,073
		1,552,235,966	1,446,764,388
		510,103,857	**553,036,178**
20.1	Interest, discount and similar income		
	Interest on loan, advances and leases	1,858,803,438	1,821,707,023
	Interest on bonds	72,240,473	64,337,173
	Discount income	-	-
	Interest on debentures	-	-
		1,931,043,911	**1,886,044,196**
20.2	Administrative expenses		
	Salaries and allowances	289,137,260	239,765,283
	Rent, taxes, insurance, electricity etc.	53,547,999	47,834,109
	Legal expenses	11,386,247	11,085,154
	Postage, stamp, telecommunication etc.	8,746,745	9,578,924
	Stationery, printing, advertisement etc.	4,888,644	4,984,512
	Managing Director's salary and benefits	8,668,116	8,256,570
	Directors' fees	319,444	338,500
	Auditors' fees	345,000	143,750
	Repairs and maintenance of the Company's assets	20,396,351	12,110,607
		397,435,805	**334,097,408**
21	**Interest income**		
	Lease	781,544,343	837,265,155
	Term loan and home loan	324,420,896	325,848,887
	Short term financing	424,588,924	340,850,718
	Total interest income	**1,530,554,163**	**1,503,964,760**
	Interest on deposit/balance with banks and other financial institutions	231,188,781	208,933,608
	Interest on deposits under lien for credit line facilities	97,060,494	108,808,655
		1,858,803,438	**1,821,707,023**

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		2016 Taka	2015 Taka
22	**Interest paid on deposits, borrowing etc.**		
	a) Interest paid on deposits		
	Deposits from other than banks and financial institutions	655,347,565	707,547,469
	Deposits from banks and financial institutions	288,394,028	183,659,861
	Direct deposit expenses	28,807,632	33,386,551
	Interest bearing security deposits	4,046,271	5,820,025
		976,595,496	**930,413,906**
	b) Interest paid for borrowing		
	Bank loans	35,125,431	18,633,155
	Bangladesh Bank refinance	31,141,288	40,440,625
	Call loan	28,774,832	43,867,221
	Overdraft	15,805,148	13,824,612
		110,846,699	116,765,613
		1,087,442,195	**1,047,179,519**
23	**Investment income**		
	Interest on bonds	72,240,473	64,337,173
	Dividend on shares	16,591,760	16,753,637
		88,832,233	**81,090,810**
24	**Other operating income**		
	Reimbursement - invoice processing and collection costs	16,532,537	17,829,461
	Early repayment premium	11,126,049	8,933,508
	Reimbursement-documentation costs	50,300,150	40,575,407
	Late Payment Charges	24,263,133	23,101,741
	Profit on sale of fixed assets	490,552	616,403
	Miscellaneous earnings	11,991,731	5,946,213
		114,704,152	**97,002,733**
25	**Salaries and allowances**		
	Basic salary, provident fund contribution and all other allowances	256,832,989	209,644,142
	Festival and incentive bonus	32,304,271	30,121,141
		289,137,260	**239,765,283**
26	**Rent, taxes, insurance, electricity etc.**		
	Rent, rate and taxes	37,150,015	32,373,695
	Insurance	9,595,291	7,981,262
	Electricity, gas and water	6,802,693	7,479,152
		53,547,999	**47,834,109**

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		2016 Taka	2015 Taka
27	**Legal expenses**		
	Legal expenses	11,386,247	11,085,154
		11,386,247	**11,085,154**
28	**Postage, stamp, telecommunication, etc.**		
	Postage, stamp and Internet	6,092,529	4,957,762
	Telephone - Mobile and T & T	2,654,216	4,621,162
		8,746,745	**9,578,924**
29	**Stationery, printing, advertisements, etc.**		
	Printing and stationery	2,731,574	2,109,634
	Publicity and advertisement	2,157,070	2,874,878
		4,888,644	**4,984,512**
30	**Managing Director's salary and benefits**		
	Remuneration	5,070,000	4,776,000
	Other benefits	3,598,116	3,480,570
		8,668,116	**8,256,570**
31	**Directors' fees**		
	Directors' fees	319,444	338,500
		319,444	**338,500**

Directors' fees include fees for attending the meeting by the non-executive Directors. Each Director was paid @Tk. 5,000 per meeting as attendance fees after deduction of tax.

32	**Auditors' fees**		
	Statutory audit fees (including VAT)	345,000	143,750
		345,000	**143,750**
33	**Depreciation and repair of assets**		
	Depreciation - (Annexure-A)		
	Furniture and fixture	8,706,496	10,119,368
	Office equipment	43,124	48,084
	Electrical equipment	6,109,281	7,462,439
	Motor vehicle	5,194,687	6,434,182
		20,053,588	**24,064,073**
	Repairs		
	Electrical & office equipment	-	413,086
	Maintenance of other assets	13,257,709	9,049,026
	Motor vehicle	7,138,641	2,648,496
		20,396,351	**12,110,607**
		40,449,939	**36,174,680**

		2016 Taka	2015 Taka
34	**Other expenses**		
	Training expenses	1,630,891	959,353
	Books, magazines and newspapers, etc.	78,873	155,415
	Staffs' uniforms	447,900	454,068
	Medical expenses	537,434	258,982
	Fees and subscription	2,558,168	1,184,949
	Bank charges	3,926,999	2,464,648
	Excise duty expenses	1,612,500	1,177,550
	CNG, petrol, oil and lubricant	10,373,970	11,249,776
	Entertainment	2,080,898	2,346,527
	Office expenses	3,101,340	2,247,333
	Security services	6,588,514	6,074,597
	Business promotion expenses	4,289,938	4,885,261
	Annual General Meeting/Shareholder expenses	2,300,119	2,251,800
	Travelling and conveyance expenses	7,776,834	5,277,460
	Re branding expenses	-	435,668
		47,304,378	**41,423,388**
35	**Provision for lease, loans and advances**		
	General provision on lease, loans and advances (note-12.4)	17,941,393	15,043,798
	Specific Provision on unclassified lease, loans and advances (note-12.4)	(56,284,709)	(22,527,444)
	Specific provision on classified lease, loans and advances (note-12.4)	80,573,429	37,343,645
		42,230,113	**29,860,000**
36	**Provision for taxation**		
	Current tax		
	Corporate tax for the year on operating profit	154,981,238	184,165,358
	Less: Adjustment with previous years excess provision	-	-
		154,981,238	184,165,358
	Deferred tax		
	Deferred tax (note- 9.2)	(147,941)	(4,240,284)
		(147,941)	(4,240,284)
		154,833,298	**179,925,074**

37 Earnings per share (EPS)

	2016 Taka	2015 Taka
Net profit after tax	313,040,446	343,251,105
Number of ordinary shares outstanding	169,718,472	154,289,520
Earnings per share (EPS)	**1.84**	**2.22**
Restatements of EPS:		
Net profit after tax	313,040,446	343,251,105
Number of ordinary shares as on 31 December 2016 is 169,718,472		
	1.84	**2.02**

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2016 as per Bangladesh Accounting Standard (BAS) -33. According to BAS 33, EPS for 2015 has been restated for the issues of bonus share in 2016.

38 Receipts from other operating activities

Reimbursement - invoice processing and collection costs	16,532,537	17,829,461
Early repayment premium	11,126,049	8,933,508
Reimbursement-documentation costs	50,300,150	40,575,407
Late Payment Charges	24,263,133	23,101,741
Miscellaneous earnings	11,794,487	5,941,347
	114,016,356	**96,381,464**

39 Payments for other operating activities

Rent, taxes, insurance, electricity, etc.	46,508,304	40,354,957
Repairs and maintenance	20,220,069	12,110,607
Travelling and conveyance expenses	7,776,834	5,277,460
Annual General Meeting/Shareholder expenses	2,300,119	2,251,800
Entertainment	2,080,898	2,346,527
Bank charges	5,539,499	3,642,198
Fees and subscription	2,558,168	1,184,949
Medical expenses	537,434	258,982
Directors' fees	319,444	338,500
Books, magazines and newspapers, etc.	78,873	155,415
Training expenses	1,630,891	959,353
Office expenses	3,101,340	2,247,333
Security services	6,560,223	6,074,597
	99,212,096	**77,202,679**

40 Number of employees

Number of employees who received less than Tk. 3,000 per month	0	0
Number of employees who received an aggregate amount more than Tk. 36,000 for the whole year or part of the year	512	468
	512	**468**

41 Related Party Disclosures

41.1 Particulars of Directors of the Company as on 31 December, 2016

Sl 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 20.64%
4.	L. H. Khan	Director	
5.	A. F. M. M. Samad Choudhury	Director	
6.	Shama Rukh Alam	Director	Nominated by Surmah Valley Tea Co. Ltd. having share of 8.27%
7.	Md. Mustafizur Rahman	Director	
8.	M. Abdul Wahed	Independent Director	Not applicable; no shareholdings.
9.	Daud Khan Panni	Independent Director	Not applicable, no shareholdings.
10.	Syed Ehsan Quadir	Managing Director	Not applicable, Ex-officio capacity

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41.2 Name of Directors and their interest in different entities as on 31 December, 2016

Sl no.	Name of Directors	Status with United Finance Ltd.	Entities where they have interest
1.	Imran Ahmed	Chairman	**Director** 1. Eastland Camellia Ltd. 2. Duncan Properties Ltd. 3. Octavius Steel & Co. of BD Ltd. 4. Duncan Brothers (BD) Ltd. 5. Duncan Products Ltd. 6. Chittagong Warehouse Ltd. 7. Surmah Valley Tea Co. Ltd. 8. The Lungla (Sylhet) Tea Co. Ltd. 9. The Allynugger Tea Co. Ltd. 10. Amo Tea Co. Ltd. 11. The Chandpore Tea Co. Ltd. 12. The Mazdehee Tea Co. Ltd.
2.	A. Rouf	Director	**Director** 1. 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. Octavius Steel & Co. of BD Ltd. 7. Duncan Brothers (BD) Ltd. 8. Duncan Products Ltd. 9. Chittagong Warehouse Ltd. 10. Eastland Camellia Ltd. 11. Duncan Properties Ltd.
3.	Susan Ann Walker	Director	**Director** 1. The Lungla (Sylhet) Tea Co. Ltd. 2. The Allynugger Tea Co. Ltd. 3. Amo Tea Co. Ltd. 4. The Chandpore Tea Co. Ltd. 5. The Mazdehee Tea Co. Ltd. 6. Surmah Valley Tea Co. Ltd.
4.	L. H. Khan	Director	**Chairman** National Brokers Ltd.
5.	Shama Rukh Alam	Director	**Director** 1. Duncan Brothers (BD) Ltd. 2. Octavius Steel & Co. of BD Ltd. 3. Duncan Products Ltd. 4. Chittagong Warehouse Ltd. 5. Eastland Camellia Ltd. 6. Duncan Properties Ltd.

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

As on 31 December 2016 no such contract exists.

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

As on 31 December 2016 no such share issue exists.

41.5 Transactions with Directors and their related entities

Name of the Party	Name of Directors	Related by	Nature of transaction	Amount in Taka	Status of loan and advances
The Lungla (Sylhet) Tea Co. Ltd.	Imran Ahmed	Common Director			
	Susan Ann Walker	-Do-	Term Deposit	31,721,734	
	A. Rouf	-Do-			
Duncan Properties Ltd.	Imran Ahmed	-Do-	Term deposit	28,936,500	
	A. Rouf	-Do-	Office rent paid	120,960	
	Shama Rukh Alam	-Do-			
Macalms Bangladesh Trust	Imran Ahmed	-Do-	Term Deposit	22,805,525	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
	A.F.M.M. Samad Choudhury	-Do-			
National Brokers Limited	L. H. Khan	-Do-	Term Deposit	33,174,373	
Duncan Brothers (BD) Ltd.	Imran Ahmed	-Do-	Office rent paid	8,737,200	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
Eastland Camellia Ltd.	Imran Ahmed	-Do-	Term Deposit	89,022,754	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
United Insurance Co. Ltd.	A. Rouf	-Do-			
	L. H. Khan	-Do-	Insurance premium paid	9,835,670	
	A.F.M.M. Samad Choudhury	-Do-	Office rent paid	221,427	
Duncan Products Ltd.	A. Rouf	-Do-	Lease	2,904,043	Regular
	Imran Ahmed	-Do-	Drinking water bill	356,506	
	Shama Rukh Alam	-Do-			
Camellia Duncan Foundation	Imran Ahmed	-Do-	Term Deposit	8,942,500	
	A. Rouf	-Do-			

41.6 Lending policy to related parties

Related parties are allowed lease, loan and advance as per credit policy of the Company.

41.7 Investment in the Securities of Directors and their related concern

As on 31 December 2016 no such investment exists.

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42 Commitment

Capital expenditure

There was no capital expenditure contracted but not incurred or provided for at 31 December, 2016 (2015: nil). There was no material capital expenditure authorised by the Board but not contracted for at 31 December, 2016 (2015: nil).

Commitment to lend

Under a lease/loan commitment the Company agrees to make funds available to customers in the future. Lease/loan commitments, which are usually for a specified term may be unconditionally cancellable or may persist, provided all conditions in the lease/loan facility are satisfied or waived. At the end of the year 2016, the Company had Tk. 1,890,625,600 commitment with customers (2015:Tk. 1,322,251,768).

43 Claim against Company not acknowledged as debt

An unsettled tax claim of Tk. 33,509,825 (Assessment year 2012-2013) is pending with the Honourable Supreme Court (High Court division). However, required tax provisions are available to cover the said amount, if any liability arises in future.
Excepting above, there were no such claims against the Company which required to be acknowledged as debt at 31 December, 2016.

44 Proposal of dividend

The Board of Directors has recommended a cash dividend of Tk. 1 per ordinary share (2015: @ Tk. 0.50 per ordinary share) i.e. a total of Tk. 169.72 million for 169.72 million ordinary shares and 1 bonus share for every 20 shares (2015: 1 bonus share for every 10 shares) held on the record date 16 March 2017.

45 Dividend Remitted to non-resident shareholders

An amount of Tk. 13,836,303.60 equivalent to GBP 129,796.83 (2014:Tk 12,568,837.84 equivalent to GBP 101,215.24) was remitted to non-resident shareholder as dividend for the year 2015.

46 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.

47. Highlights on the overall activities

Sl no.	Particulars		2016	2015
1	Paid-up capital (note-13.2)	MBDT	1,697.18	1,542.90
2	Total eligible capital (note-13.3)	MBDT	3,102.90	2,873.63
3	Capital surplus (note-13.3)	MBDT	1,462.53	1,336.44
4	Total assets	MBDT	20,675.42	19,374.89
5	Total Term deposits (note-11.1)	MBDT	12,570.11	11,467.87
6	Total lease, loans and advances (note-7.1)	MBDT	13,803.21	11,938.92
7	Total contingent liabilities and commitments (note-19)	MBDT	58.38	166.22
8	Loan to deposit ratio (note-7.1/note-11.1)		1.10	1.04
9	Percentage of classified lease, loans and advances against total leases, loans and advances (note-7.8)	(%)	3.79	5.05
10	Profit after tax and provision	MBDT	313.04	343.25
11	Amount of loans classified during the year (note-7.8)	MBDT	523.57	603.05
12	Provisions kept against classified loans (note-12.4)	MBDT	245.94	253.75
13	Provision surplus (note-12.4)	MBDT	86.68	148.26
14	Cost of fund	(%)	8.13	9.62
15	Interest earning assets	MBDT	18,913.23	17,822.19
16	Non-interest earning assets	MBDT	1,762.19	1,552.70
17	Return on equity i	(%)	11.11	13.40
18	Net Return to total earning assets	(%)	1.66	1.93
19	Return on assets ii	(%)	1.56	1.95
20	Income from investment in shares and Bonds (note-23)	MBDT	88.83	81.09
21	Earnings per share iii	BDT	1.84	2.02
22	Net income per share iv	BDT	1.84	2.02
23	Price earning ratio v	Times	12.42	9.35

MBDT= Bangladeshi Taka in Million, BDT= Bangladeshi Taka

i. Return on equity is calculated based on average equity.
ii. Return on assets is calculated based on average assets.
iii. Restated EPS
iv. Since United Finance Limited does not have any minority interest, EPS and net income per share remain same.
v. Based on 31 December market price of the respective year (2016 Tk. 22.90 and 2015 Tk. 20.80).

Syed Ehsan Quadir
Managing Director

A. Rouf
Director

L. H. Khan
Director

Shama Rukh Alam
Director

Annexure - A
(From note - 8)

Fixed assets including furniture and fixture

	Furniture & Fixture	Office equipment	Electrical equipment	Motor Vehicle	Total
Cost					
Balance at 01 January, 2016	94,677,380	472,864	71,739,978	49,151,950	216,042,172
Addition during the year	1,092,848	1,575	2,661,365	11,941,473	15,697,261
Disposal/adjustment	(1,054,666)	(22,500)	(3,147,811)	(11,193,750)	(15,418,727)
Balance at 31 December, 2016	**94,715,562**	**451,939**	**71,253,532**	**49,899,673**	**216,320,706**
Accumulated depreciation					
Balance at 01 January, 2016	61,848,153	289,970	55,803,175	36,344,059	154,285,357
Charge for the year	8,706,496	43,124	6,109,281	5,194,687	20,053,588
Disposal /adjustment	(646,493)	(22,500)	(3,108,459)	(10,519,496)	(14,296,948)
Balance at 31 December, 2016	**69,908,156**	**310,594**	**58,803,997**	**31,019,250**	**160,041,997**
WDV at 31 December, 2016	**24,807,406**	**141,345**	**12,449,535**	**18,880,423**	**56,278,709**
WDV at 31 December, 2015	**32,829,227**	**182,894**	**15,936,803**	**12,807,891**	**61,756,815**

Stakeholders' Segment

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COMPANY INFORMATION

Board of Directors

Chairman		Nominated by
Imran Ahmed	:	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
Shama Rukh Alam	:	Surmah Valley Tea Company Limited
Md. Mustafizur Rahman	:	Surmah Valley Tea Company Limited
A. F. M. Misfaqus Samad Choudhury	:	United Insurance Company Limited

Independent Directors

M. Abdul Wahed
Daud Khan Panni

Ex- officio Director

Syed Ehsan Quadir, Managing Director

Chief Financial Officer

Zafar Ullah Khan

Company Secretary

Sharmi Noor Nahar

Registered Office:

Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka - 1000
Phone: 13354, (880-2) 9660039, Fax: (880-2) 9662596
Website: www.unitedfinance.com.bd, E-mail: webmail@unitedfinance.com.bd

AMARSTOCK

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

Offices opened

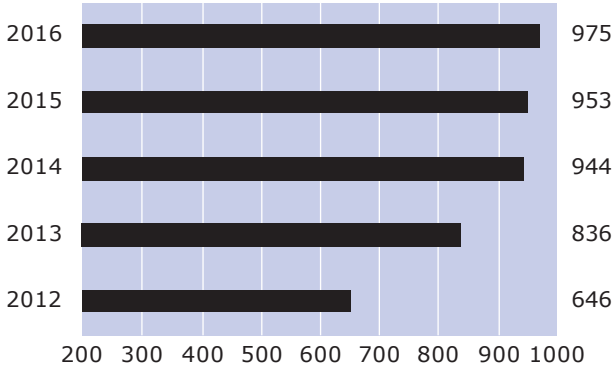
Chittagong, Agrabad	1994
Jessore, R.N. Road	2005
Gazipur, College Gate, Tongi	2006
Bogra, Jhawtola	2006
Sylhet, East Dargah Gate	2009
Belkuchi, Makundagati Bazar, Sirajgonj	2010
Rangpur, Station Road	2010
Chuadanga, Barabazar	2010
Bongshal, Shahid Syed Nazrul Islam Soroni	2011
Begumganj, Feni Road, Noakhali	2011
Barisal, 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

AMAR STOCK

PERFORMANCE INDICATORS

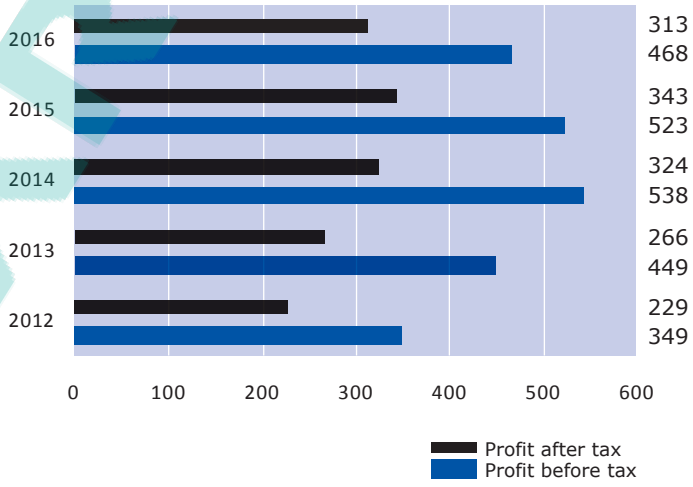
Operating income

Taka in million



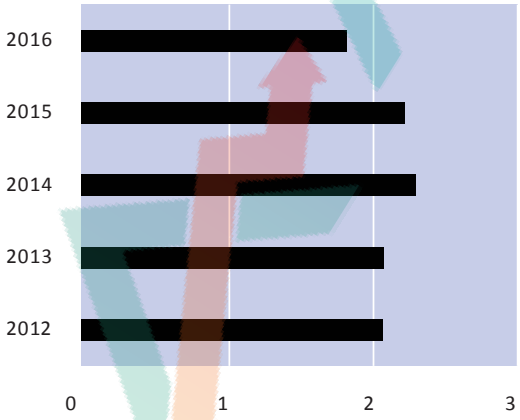
Profit before & after tax

Taka in million



Earning Per Share (EPS)

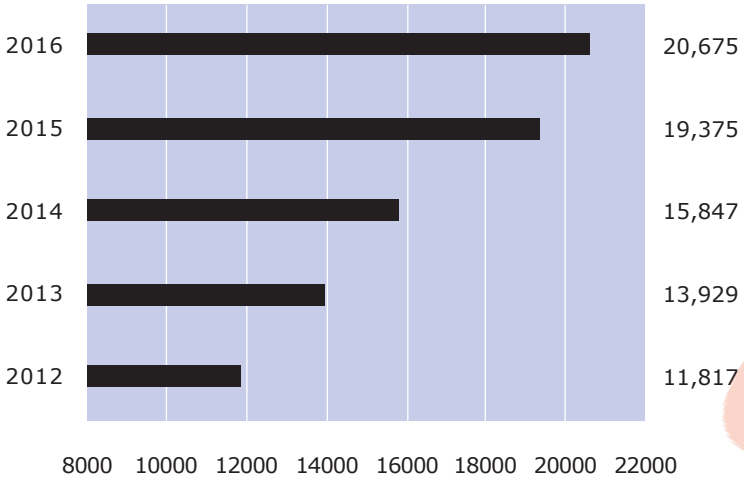
Amount in Taka



PERFORMANCE INDICATORS

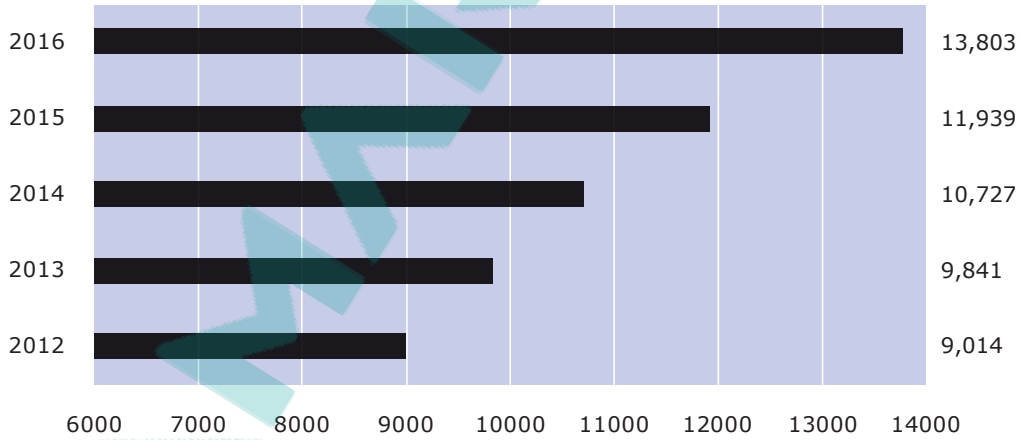
Total assets

Taka in million



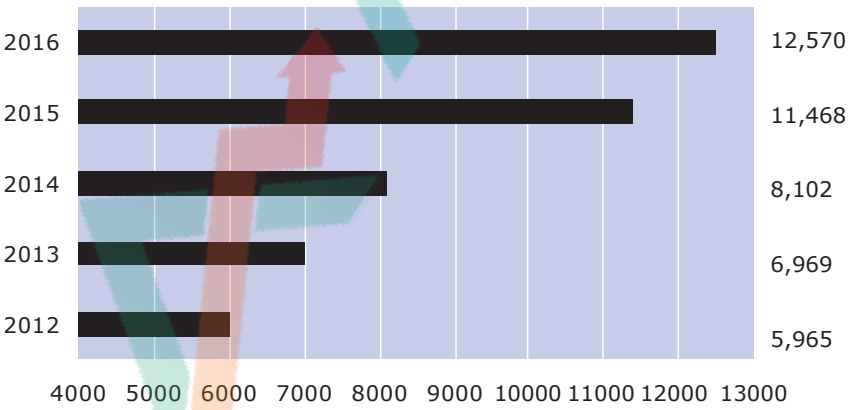
Lease, loans and advances

Taka in million



Term deposits

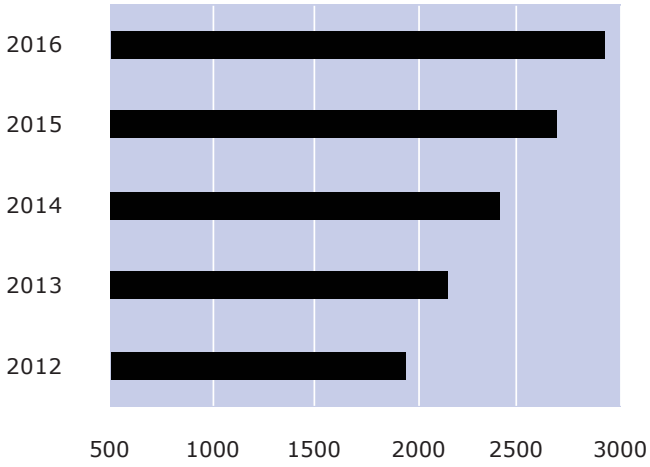
Taka in million



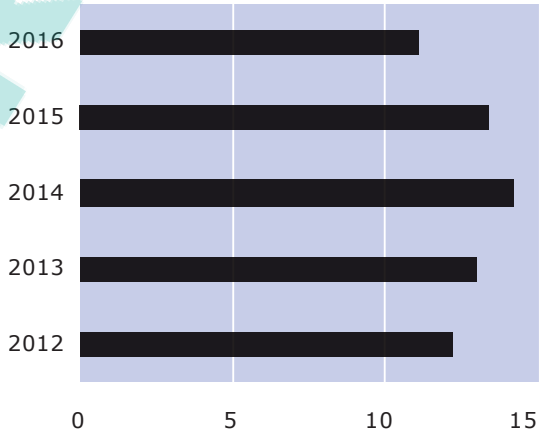
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PERFORMANCE INDICATORS

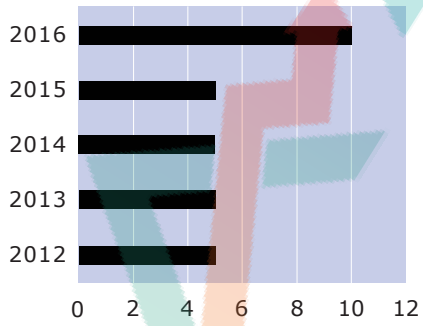
Shareholder's equity
Taka in million



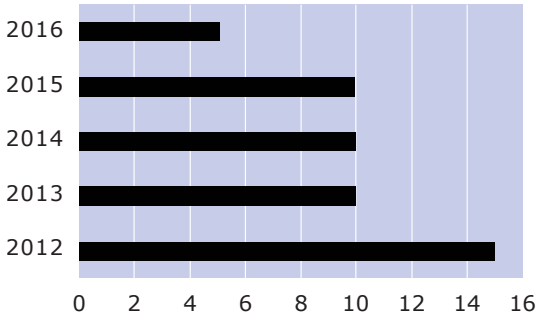
Return on equity
In percentage



Cash dividend
In percentage



Stock dividend
In percentage



AMAR STOCK

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 Twenty Eighth Annual General Meeting of the Company to be held on April 27, 2017 at 10:00 a.m. and at any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this _____day of_____ 2017

Revenue Stamp TK 20/-

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 deposited at least 48 hours before the meeting at the Company's registered Office. Proxy is invalid if not singed and stamped as explained above.

(2) Signature of the Shareholder should agree with the specimen Signature registered with the Company and depository register.

UNITED FINANCE LIMITED

Camellia House
22 Kazi Nazrul Islam Avenue, Dhaka-1000

ATTENDANCE SLIP

I hereby record my attendance at the Twenty Eighth Annual General Meeting of the Company being held on Thursday, April 27, 2017 at 10:00 a.m. at the Dhaka Ladies Club, 36, Eskaton Garden Road, Ramna, Dhaka.

Name of Member/Proxy_____ Signature _____

Folio/BO ID No._____ Date _____

N.B: i) Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.

ii) Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.

N.B: In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the 28th AGM .

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