ANNUAL REPORT 2017

AMAZING POSSIBILITIES

CELEBRATION
23
Years of
DEDICATED SERVICE

UTTARA FINANCE
AND INVESTMENTS LIMITED



AMAZING POSSIBILITIES

Uttara Finance and Investments Limited started its journey in 1995 as a non banking financial institution with licence from Bangladesh Bank. Since inception the Company has been providing different kinds of financial services to various individuals and corporate bodies. The Company as one of the leading financial institutions is committed to all its Stakeholders for improving their future with the highest standards of business integrity, ethics and professionalism in all of its activities.

During the period of its journey the Company provided financial services to thousands of individual clients and hundreds of corporate clients where good number of direct employment opportunities exists. Human Resource is the core asset and backbone of the Company. Through direct employment of a good number of qualified talented people, the Company has been playing a vital role in the economic development of the country. As a secured place for deposit with good return, the Company has been encouraging the savings habit among the people. Besides, a large number of Shareholders through their investment in shares of the Company have been enjoying good return each and every year. Through merchant banking service the Company has been helping the investors of the capital market of the country. Uttara Finance and Investments Limited has been paying very good amount of income tax, VAT and withholding tax directly to the government exchequer in each and every year and our Clients, Employees, Shareholders, Depositors have been also contributing to the national economy for improving the future of the nation.

Together with our investment professionals, we are uniquely positioned to shape a trustworthy financial industry. Our goal is to provide tools to motivate and empower the country of finance to become an environment where investors interests come first, markets function at their best, and economies grow.

We are here to help business specialized in providing innovative and amazing financing solutions for our customers. More than just a finance company, Uttara Finance offers you the most competitive and flexible financing to benefit from it's activities. Our financing solutions support your business goals and needs, both now and in amazing years to come.

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SMARTSTOCK

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AMAR STOCK

LETTER OF TRANSMITTAL

To

Shareholders
Auditors
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited
Registrar of Joint Stock Companies and Firms

Respected Sir(s)

Annual Report for the year ended December 31, 2017

The undersigned on behalf of the Board of Directors and Management of Uttara Finance and Investments Limited is pleased to present herewith the Annual Report for the year ended December 31, 2017 alongwith the audited Financial Statements (Balance Sheet, Profit & Loss Account, Profit & Loss Account of Merchant Banking Operation, Statement of Cash Flows, Statement of Changes in Equity and Notes) for the above mentioned period of the Company.

'Notice of AGM-2018', 'Proxy Form' and 'Attendance Slip' also enclosed here with for doing needful and kind necessary action.

Thanking You.

Sincerely Yours,

Md. Jakir Hossain, FCA
DMD & Company Secretary

Dhaka, Monday, April 30, 2018

LETTER OF INVITATION FROM THE CHAIRMAN

Dear Shareholders,

I extend a warm invitation to you to attend the 23rd Annual General Meeting of Uttara Finance and Investments Limited to be held on Thursday, May 24, 2018 at 10:30 am in Spectra Convention Centre, House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh to transact the business as per notice given herewith served by the Company Secretary of the Company.

The agenda as set out in the notice will be placed before you in the 23rd Annual General Meeting for your approval to ensure exact reflection of your views. I would like to remind your right to raise questions in the Annual General Meeting. Since it is not always possible to answer instantly every question raised in the Annual General Meeting and therefore, to ensure all matters of your particular interest, you are requested to raise questions in advance on or before Monday, May 21, 2018 addressing the Company Secretary, Uttara Finance and Investments Limited, Uttara Centre (11th Floor), 102 Shahid Tajuddin Ahmed Sarani, Tejgaon, Dhaka-1208, Bangladesh.

From your discussion in the Annual General Meeting, relevant questions and important topics will be assessed, we will try our level best to address in the Annual General Meeting. This is for your kind note that advance notice of relevant questions will, of course, not prevent any Shareholder from raising question(s) at the appropriate time during the meeting.

We are looking forward to your large attendance in the meeting.

Sincerely,

Rashidul Hasan
Chairman
Dhaka, Monday, April 30, 2018

NOTICE OF THE 23rd ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd (twenty-third) Annual General Meeting of Uttara Finance and Investments Limited will be held on Thursday, May 24, 2018 at 10:30 am in Spectra Convention Centre, House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh to transact the following business:

AGM 2018	23-01	Adoption of Directors' Report, Auditors' Report and audited Financial Statements for the year ended 31 December 2017;
AGM 2018	23-02	Declaration of dividend for the year 2017;
AGM 2018	23-03	Re-appointment of Directors;
AGM 2018	23-04	Appointment of external Auditors and fixation of remuneration;

By order of the Board

Md. Jakir Hossain, FCA
DMD & Company Secretary
Dhaka, Monday, April 30, 2018

Notes:

01. The Record Date was Thursday, April 26, 2018

02. Shareholders whose names appeared in the Depository Register of Central Depository Bangladesh Limited (CDBL) and/or Share Register of the Company on the Record Date will be eligible to attend the 23rd Annual General Meeting.

03. A member may appoint a proxy to attend and vote on his behalf by filling the attached proxy form as per Article 46 of Articles of Association of the Company. The proxy form duly completed, signed and stamped must be deposited at the share department of the Company 72 hours before the time of holding the meeting.

04. Pursuant to the Article 47 of the Articles of Association of the Company, a corporate Member of the Company may, by resolution of the Board of Directors, authorize such person as it thinks fit, to act as representative at the meeting.

05. Admission to the meeting hall to be allowed only after verified the attendance slip of Member(s) or proxy-holder(s)

06. Shareholders attendance counter will open at 9:00 am and continue till 11:00 am. The check in counters will be closed at 11:00 am.

07. Annual Report for the year 2017 alongwith Attendance Slip and Proxy Form will be sent to all Members by courier service/post/hand to hand. The Members may also can collect the Attendance Slip and Proxy Form from Share Department or from website of the Company **www.uttarafinance.biz.**

EXPLANATORY NOTES FOR AGENDA OF AGM

Agenda - AGM 2018 23-01

Adoption of Directors' Report, Auditors' Report and Audited Financial Statements for the year ended 31 December 2017

In terms of the Companies Act, 1994, the Directors are required to present to the Shareholders at the Annual General Meeting the Directors' Report and annual audited Financial Statements including Auditors Report therein. For the year ended 31 December 2017 the Directors' Report, the audited Financial Statements and the Auditors Report therein is given in the Annual Report 2017 from page no. 78 to 91 and page no. 163 to 202 respectively.

Agenda - AGM 2018 23-02

Declaration of dividend for the year 2017

The Board of Directors in its 134th meeting held on Thursday, April 05, 2018 recommended 30% (thirty percent) cash dividend i.e. Tk. 3.00 (Taka three) only for every share for the year 2017 subject to approval by the regulatory authorities and by the Shareholders in the Annual General Meeting. The dividend will be paid to the Shareholders whose names appeared in the Depository Register of Central Depository of Bangladesh Limited (CDBL) and/or Share Register of the Company at the close of business on Thursday, April 26, 2018 being the Record Date.

Agenda - AGM 2018 23-03

Re-appointment of Directors

As per Article 62 of the Company's Articles of Association one-third of the total number of Directors are to retire by rotation every year. Accordingly, three Directors namely Mr. Matiur Rahman, Mr. Mehdadur Rahman and Mr. Kazi Imdad Hossain retired from their office and being eligible offered themselves for re-appointment.

Agenda - AGM 2018 23-04

Appointment of external Auditors' and fixation of remuneration

The Financial Institutions Act, 1993 stipulated that an Auditor of a Financial Institution cannot be appointed for more than three consecutive years. M/S K. M. Hasan & Co., Chartered Accountants has carried out the audit for consecutive third year of the Company for the year 2017. The Board of Directors considering the willingness and proposal of Board Audit Committee recommended for appointment of M/S S. F. Ahmed & Co., Chartered Accountants and an audit firm of repute to be the Auditor for the year 2018 to hold office from the conclusion of the 23rd Annual General Meeting until the conclusion of the next 24th Annual General Meeting of Uttara Finance and Investments Limited.

As per Section 210(10) of the Companies Act, 1994, remuneration of the Auditors' required to be approved by the Shareholders in the Annual General Meeting of the Company. As approved by the Shareholders in 22nd Annual General Meeting held in 2017 the auditors' remuneration for audit services paid to the auditors for the year ended 31 December 2017 amounting to Tk. 150,000/- plus VAT. As proposed by the Audit Committee, the Board in its 134th meeting held on Thursday, April 05, 2018 recommended for appointment of M/S S. F. Ahmed & Co., Chartered Accountants to audit of Financial Statements for the year ended 31 December 2018 at a remuneration of Tk. 150,000/- plus VAT.

SHARE DEPARTMENT ADDRESS
Uttara Centre (11th Floor), 102 Shahid Tajuddin Ahmed Sarani, Tejgaon, Dhaka-1208
Phone.: 880-2-8170281-5, Fax: 880-2-8170277

Special note:

As per notification of BSEC-no benefit in cash or kind (food box/gift/gift coupon etc.) will be given on occassion of AGM.



Background

Nature

Ultimate goal

Corporate attitude

ATMARSTOCK

Uttara Finance and Investments Limited, a joint venture leasing and financing company, registered as a non-banking financial institution under the Financial Institutions Act 1993 and the Companies Act 1994 with licence from Bangladesh Bank to operate and transact all kinds of business as provided under the relevant laws.

Uttara Finance and Investments Limited upholds its commitment towards the development of financial service sector by offering high quality services to the local entrepreneurs. The Company always focuses to the ever changing and challenging business environment and thus it endeavours to diversify into other financial services which have long-term prospects. With its continuous drive to improve, Uttara Finance and Investments Limited is well on track to be considered as one of the leading leasing companies of the country.

There are three branches of Uttara Finance and Investments Limited located in Chittagong, Gulshan (Dhaka) & Bogra. The corporate branch of the Company and its registered office is located in Dilkusha, Dhaka & extended head office is located in its own premises at Uttara Centre, in the Tejgaon area.

Uttara Finance and Investments Limited extends lease finance for all types of machinery, equipment, vehicle and household durable for the purpose of industrial, commercial and personal use in Bangladesh and allows temporary finance to its clients within purview of the law as well as all kind of Merchant Banking services.

The Company also maintains Term Deposit of general public on attractive terms.

- To maximize the stakeholders' value in the long run
- To develop long term strong relationship with clients
- To be a pioneer for providing financial services
- To create employment opportunity by investment in labour intensive projects

To provide dedicated service to our clients with the highest integrity.

AMARSTOCK

Vision

To serve the nation through participation in the development of the economy as a leading company of Bangladesh.

Mission

- To be an outstanding company of motivated people with excellent team work spirit
- To provide quality services and ensure steady growth of the company
- To bring about a qualitative improvement in the life style of our people
- To provide lease finance to professional and technicians on attractive terms
- To encourage continuous technological development and creation of employment opportunities
- To ensure human resource development to meet the challenges of the time

Objective

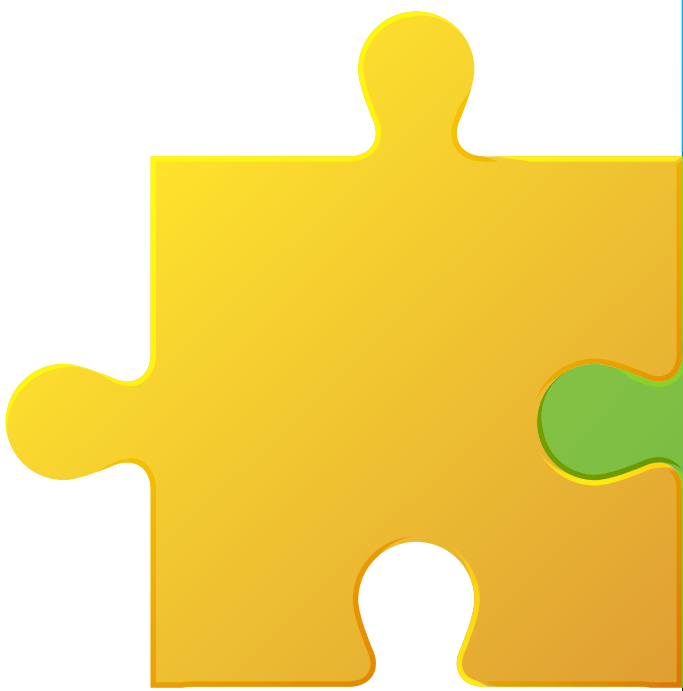
The objective of Uttara Finance and Investments Limited is to ensure sustainable operational growth to maximize the benefits for the valued shareholders. To achieve the desired targets through the skilled, trained, experienced and motivated management working hard with responsibility in financially disciplined environment to ensure satisfactory customer service.

Principles

- Service first to our clients
- Teamwork for quick service
- Quick decision for saving time
- Find-out and maximum utilization of opportunity
- Hard working to achieve goal
- Investment to create employment opportunity
- Maintaining of long term relationship
- Change welcome mentality and support
- Fair competition with ethical behaviour
- Develop and ensure corporate culture
- Maintaining of sustainable growth
- Efficient risk assessment and management for making decision
- Build client business for benefit of the clients
- Financial discipline
- Rewarding talents

Values we carry

- Recognition by customer
- Effort together to have the best
- Social and economic development attitude
- Service for People empowerment
- Friendly office environment and team work
- High moral and ethical standards
- Accountable to all stakeholders
- Highest level of trust and transparency
- Positive to accept Challenge



AMAR STOCK



Strengths

- Clients
- Working forces (menpower)
- Familiar and friendly working environment
- Excellent team work
- Integrity
- Transparency
- Prudent policy
- Financial and administrative discipline
- Positive to accept Challenge
- Professional excellence
- Strong risk management
- Commitment to the stakeholders
- Strong guidance of Board of Directors and its Committees
- Attractive leadership
- Excellent working environment
- Efficient and effective decision taking ability

Strategy

The Board and Management of Uttara Finance and Investments Limited appreciate very well that clientele is the heart of the organization. For giving financial services we always knock on our clients door to provide our assistance not only when the clients are in good position but also when they are in crisis.

Code of conduct and ethics

Uttara Finance and Investments Limited has been running its business in accordance with the approved Code of Conduct. Employees of the Company deliver professional services as per policies and relevant technical and professional standards with integrity, competence, dignity and in an ethical manner. To ensure professional behaviour, all the employees exercise independent professional judgment and take reasonable care. Employees of the Company perform their professional obligations with knowledge about all applicable **laws, rules, regulations** and relevant standards and maintain the **confidentiality** and **privacy**.

COMPANY CHRONICLES

07 May 1995
Date of incorporation

08 August 1995
Date of commencement

21 November 1995
Signing of first lease agreement

04 December 1995
Execution of first lease agreement

25 March 1998
Registration as Merchant Bank

02 May 2002
Opening of Branch at Chittagong

11 February 2009
Approval of Zero Coupon Bond by BSEC

AMARSTOCK

07 September 1995
Licence from Bangladesh Bank

01 November 1995
Date of commercial operation

31 August 1997
Listing with Chittagong Stock Exchange Ltd.

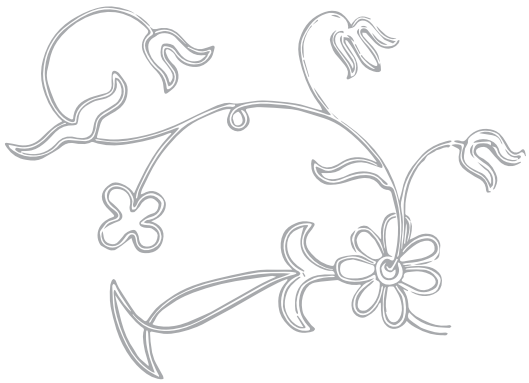
07 September 1997
Listing with Dhaka Stock Exchange Ltd.

08 August 2004
Opening of Investors' Accounts

08 September 2008
Approval of Zero Coupon Bond by Bangladesh Bank

29 April 2010
Opening of Branch at Gulshan, Dhaka

14 July 2011
Opening of Branch at Bogra



AMAR STOCK

COMPANY INFORMATION

www.uttarafinance.biz

Registered name
Uttara Finance and Investments Limited

Legal form
A public limited company incorporated in Bangladesh on May 07, 1995 under the Companies Act 1994, listed in Dhaka Stock Exchange on September 07, 1997 and Chittagong Stock Exchange on August 31, 1997 and licensed as Financial Institution on September 07, 1995 under Financial Institutions Act 1993

Registration No. C - 28368(2214)/95
Bangladesh Bank Licence no. Avt ct (A-e¨vsKs) we fvM/XvKv/7/95

Registered Office
JBC Tower (6th Floor), 10 Dilkusha C/A
Dhaka-1000, Bangladesh.
Phone: +880-2-9568207 (Hunting),
Fax: +880-2-9552461
www.uttarafinance.biz

Head Office (Ext.)
Uttara Centre (11th Floor) 102, Shahid
Tajuddin Ahmed Sarani Tejgaon
Dhaka-1208, Bangladesh.
Phone: +880-2-8170281-5,
Fax: +880-2-8170277

Branch Office
Chittagong Branch
Uttara Center, F/2 Sk. Mujib Road,
Pathantuli, Chittagong, Bangladesh.
Phone: +880-31-724786,
+880-31-2511760-1, Fax: +880-31-2521970

Gulshan Branch
Casablanca, Level-5, 114 Gulshan Avenue
Gulshan-02, Dhaka-1212, Bangladesh.
Phone: +880-2-9898441, 9891963, 9897675
Fax: +880-2-9898221

Bogra Branch
Jamil Shopping Centre (3rd Floor)
Rangpur Road, Baragola, Bogra, Bangladesh.
Phone : +880-51-69047, +880-51-67763,
+880-51-67765, Fax : +880-51-69048

Chairman
Rashidul Hasan

Managing Director
S. M. Shamsul Arefin, M.Com., MBA

Company Secretary
Md. Jakir Hossain, FCA

Legal Adviser
Md. Waliur Reza Chowdhury
L.L.B., Advocate

Auditor
K. M. Hasan & Co.
Chartered Accountants

AMAR STOCK

MEMBERSHIP

Bangladesh Leasing & Finance Companies Association (BLFCA)
Asian Leasing & Finance Companies Association (ALFCA)
Bangladesh Merchant Bankers Association (BMBA)
Bangladesh Association of Public Listed Companies (BAPLC)
International Chamber of Commerce - Bangladesh (ICC)
Foreign Investors Chamber of Commerce and Industry (FICCI)
Metropolitan Chamber of Commerce & Industry (MCCI)
Dhaka Chamber of Commerce & Industry (DCCI)

BANKERS

Sonali Bank Ltd.
One Bank Ltd.
Southeast Bank Ltd.
Standard Bank Ltd.
Bank Asia Ltd.
Dutch-Bangla Bank Ltd.
Mutual Trust Bank Ltd.
Uttara Bank Ltd.
Pubali Bank Ltd.
Rupali Bank Ltd.
Agrani Bank Ltd.
Trust Bank Ltd.
BRAC Bank Ltd.
Bank Alfalah Ltd.
IFIC Bank Ltd.
Standard Chartered Bank
Eastern Bank Ltd.
Prime Bank Ltd.
NCC Bank Ltd.
Bangladesh Commerce Bank Ltd.
Exim Bank Ltd.
Social Islami Bank Ltd.
National Bank Ltd.
Commercial Bank of Cylon PLC
Mercantile Bank Ltd.
Jamuna Bank Ltd.
The City Bank Ltd.
Islami Bank Bangladesh Ltd.
Dhaka Bank Ltd.
Shahjalal Islami Bank Ltd.
Premier Bank Ltd.
State Bank of India
United Commercial Bank Ltd.
NRB Commercial Bank Ltd.
Union Bank Ltd.
Farmers Bank Ltd.
Modhumoti Bank Ltd.
Midland Bank Ltd.
NRB Global Bank Ltd.
South Bangla Agriculture and Commerce Bank Ltd.

PRODUCTS AND SERVICES

Leasing

Major areas of operation are related to leasing with the objective to provide the benefits of asset based lease facilities in the name of:

- Operating lease
- Financing lease
- Sale and lease back

Term Financing

Finances are provided for a fixed term in different modes:

- Term finance
- Working capital finance
- Bridge finance
- SME finance
- Syndicated finance

Merchant Banking

Merchant banking unit provides the following services:

- Underwriting
- Portfolio management
- Issue management
- Margin loan
- Corporate advisory services
- Investments in capital market through investors' accounts

Documentary Credit

To import the lease asset(s) from foreign suppliers through establishment of letters of credit.

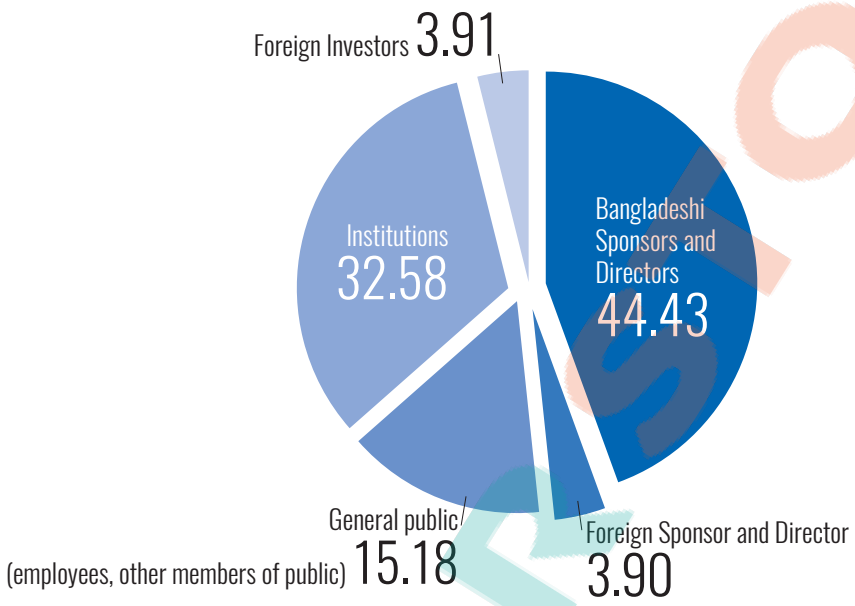
Term Deposits

Uttara Finance encourages saving behaviour of the general public by offering attractive interest rate on term deposit of following features:

- Semi Annual Profit Scheme
- Annual Profit Scheme
- Cumulative Profit Return Scheme
- Monthly Profit Return Scheme
- Quarterly Profit Return Scheme
- Half Yearly Profit Return Scheme
- Earn Ahead Profit Return Scheme
- Double Money Scheme
- Triple Money Scheme

AMARSTOCK

CAPITAL AND SHAREHOLDING STRUCTURES



As on 31 December 2017 the Authorized Capital of the Company is Tk. 5,000,000,000 (Taka five hundred crore) only and Paid-up capital is Tk. 1,252,204,800 (Taka one hundred twenty five crore twenty two lac four thousand eight hundred) only. The face value per share is Tk. 10 (Taka ten) only. The Paid-up capital of the Company consists only ordinary shares. Details of capital and shareholding structures are given below:

Capital	%	Taka
Authorized		
500,000,000 ordinary shares of Tk. 10 each		5,000,000,000
Issued, subscribed and paid up		
125,220,480 ordinary shares of Tk. 10 each		1,252,204,800
Shareholding Structure		
Bangladeshi Sponsors and Directors	44.43	556,348,610
Foreign Sponsor and Director	3.90	48,914,250
General public (employees, other members of public)	15.18	190,054,800
Institutions	32.58	407,963,590
Foreign Investors	3.91	48,923,550

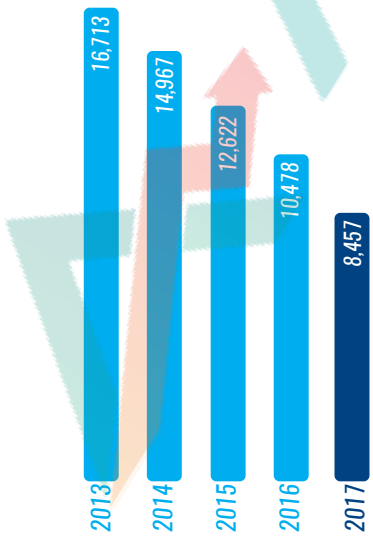
PATTERN OF SHAREHOLDING AND NUMBER OF SHAREHOLDERS

Uttara Finance and Investments Limited has been running with strong capital base. As on December 31, 2017 paid up capital of the Company was Tk. 1,252,204,800 against its authorized capital Tk. 500,000,000 and as on that date total number of Shareholders was 8,457 which was 10,478 as on December 31, 2016. The number of Shareholders decreased by 2,021 due to small investors mainly holder of 5,000 shares or below have sold their shares in the year 2017. There are no other major changes in either percentage of holdings or no. of shares of all other pattern. The shareholding pattern of the Company considering the number of Shareholders and their shareholding are given below:

Pattern of shareholding and no. of shareholders statement
as on 31 December of 2017 & 2016

Holding	Number of holders		% of total holding		No. of shares		Value of share (@Tk.10 each)	
	2017	2016	2017	2016	2017	2016	2017 (Tk.)	2016 (Tk.)
Upto 500 shares	4,827	5,945	0.64	0.77	797,962	968,384	7,979,620	9,683,840
501-5,000 shares	2,925	3,643	3.98	4.86	4,982,784	6,083,258	49,827,840	60,832,580
5,001-10,000 shares	329	408	1.88	2.27	2,359,107	2,847,606	23,591,070	28,476,060
10,001-20,000 shares	160	225	1.77	2.49	2,219,554	3,112,086	22,195,540	31,120,860
20,001-30,000 shares	59	57	1.17	1.11	1,470,923	1,388,141	14,709,230	13,881,410
30,001-40,000 shares	27	34	0.76	0.96	947,985	1,199,813	9,479,850	11,998,130
40,001-50,000 shares	23	30	0.83	1.10	1,043,531	1,373,058	10,435,310	13,730,580
50,001-100,000 shares	27	44	1.52	2.45	1,898,568	3,073,153	18,985,680	30,731,530
100,001-1,000,000 shares	80	92	87.45	83.99	109,500,066	105,174,981	1,095,000,660	1,051,749,810
1,000,001 and above	-	-	-	-	-	-	-	-
Total	**8,457**	**10,478**	**100.00**	**100.00**	**125,220,480**	**125,220,480**	**1,252,204,800**	**1,252,204,800**

NO. OF SHAREHOLDERS



NAME OF DIRECTORS, SPONSORS & TOP 10 SHAREHOLDERS AND THEIR SHAREHOLDINGS

The paid up capital of Uttara Finance and Investments Limited as on December 31, 2017 & 2016 was Tk. 1,252,204,800. Out of the total paid up capital the Directors and/or Sponsors including Nominee Directors and Independent Directors shareholding at the end of 2017 was 53.40% as against 53.40% of 2016. As per record of the Company's share register the top 10 Shareholders holding as on December 31, 2017 was 67.29% which was 62.31% at the end of 2016. Details of Directors and/or Sponsors shareholding and top 10 Shareholders shareholding are as given below:

Shareholding position of Sponsors and Directors

as on December 31 of 2017 & 2016

Name	Position	2017		2016	
		Total no. of shares	Total value (Tk.)	Total no. of shares	Total value (Tk.)
Rashidul Hasan	Chairman	233,873	2,338,730	233,873	4,338,730
Matiur Rahman	Nominee Director	809,031	8,090,310	809,031	8,090,310
Mujibur Rahman	Nominee Director	2,603	26,030	2,603	26,030
NG Chin Keong	Sponsor Director	4,891,425	48,914,250	4,891,425	48,914,250
Uttara Automobiles Ltd.	Sponsor Director	9,786,799	97,867,990	9,786,799	97,867,990
Uttara Apparels Ltd.	Sponsor Director	10,956,792	109,567,920	10,956,792	109,567,920
Uttara Motors Ltd.	Sponsor Director	6,392,667	63,926,670	6,392,667	63,926,670
Mehdadur Rahman	Sponsor Director	2,507,115	25,071,150	2,507,115	25,071,150
Zakia Rahman	Sponsor Director	2,507,115	25,071,150	2,507,115	25,071,150
Tahmina Rahman (Tina)	Sponsor Director	2,507,115	25,071,150	2,507,115	25,071,150
Md. Showkat Hossain, FCA	Independent Director	-	-	-	-
A. T. K. M. Ismail	Independent Director	1,595	15,950	1,595	15,950
Uttara Automobiles Manufac. Ltd.	Director	14,709,135	147,091,350	14,709,135	147,091,350
Kazi Imdad Hossain	Nominee Director	5,082	50,820	5,082	50,820
Nayeemur Rahman	Director	375,659	3,756,590	375,659	3,756,590
Uttara Motor Corporation Ltd.	Director	6,268,123	62,681,230	6,268,123	62,681,230
Total		**61,954,129**	**619,541,290**	**61,954,129**	**619,541,290**

Top 10 (ten) Shareholders on the basis of shareholdings

as on December 31 of 2017 & 2016

Name of the shareholders	2017		2016	
	No. of shares held	% of holdings	No. of shares held	% of holdings
ICB	15,290,370	12.21	9,280,361	7.41
Uttara Automobiles Manufac. Ltd.	14,709,135	11.75	14,709,135	11.75
Uttara Apparels Limited	10,956,792	8.75	10,956,792	8.75
Uttara Automobiles Limited	9,786,799	7.82	9,786,799	7.82
ICB Unit Fund	6,542,747	5.22	6,306,307	5.29
Uttara Motors Limited	6,392,667	5.11	6,392,667	5.11
Uttara Motors Corporation Ltd.	6,268,123	5.01	6,268,123	3.39
NG Chin Keong	4,891,425	3.91	4,891,425	3.91
Mrs. Chin Keong	4,891,425	3.91	4,891,425	3.91
Bangladesh Fund	4,512,799	3.60	4,512,799	3.60
Total	**84,242,282**	**67.29**	**77,995,833**	**62.31**

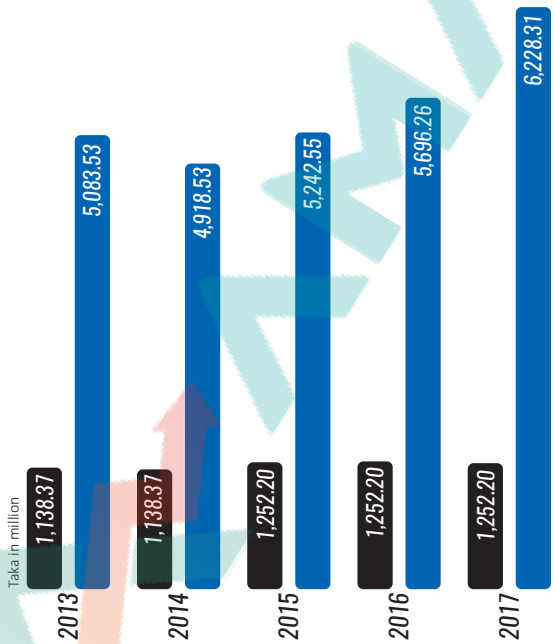
CAPITAL AND EQUITY STATISTICS

As on December 31, 2017 paid up capital of the Company was Tk. 1,252,204,800. The Bangladesh Bank vide its DFIM Circular no. 5, dated July 24, 2011 directed that minimum paid up capital of NBFI's would be Tk. 1,000,000,000 by June 30, 2013. The paid up capital of Uttara Finance and Investments Limited as on June 30, 2013 was Tk. 1,034,880,000. The Company has been maintaining strong equity which as on 31 December 2017 stands at Tk. 6,228,307,142 and the equity is 4.97 times of its paid-up capital whereas the market value per share is 7.27 times higher of face value of share.

Equity statistics of Uttara Finance and Investments Limited
as on December 31 of 2017, 2016, 2015, 2014 & 2013

Particulars	2017	2016	2015	2014	2013
Authorized capital (Taka)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Paid up capital (Taka)	1,252,204,800	1,252,204,800	1,252,204,800	1,138,368,000	1,138,368,000
No. of outstanding shares of Tk. 10	125,220,480	125,220,480	125,220,480	113,836,800	113,836,800
Shareholders' equity (Taka)	6,228,307,142	5,696,256,718	5,242,550,336	4,918,534,932	5,083,530,640
Market capitalization (million Taka)	9,103.53	7,676.02	7,625.93	8,492.23	9,414.30

PAID-UP CAPITAL | SHAREHOLDERS' EQUITY

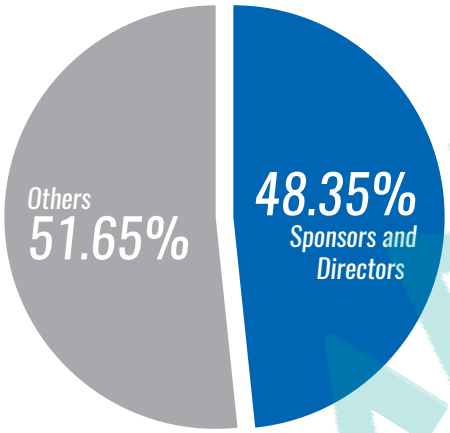


COMPLIANCE OF BANGLADESH SECURITIES AND EXCHANGE COMMISSION NOTIFICATION REGARDING SHAREHOLDING PERCENTAGE OF DIRECTORS

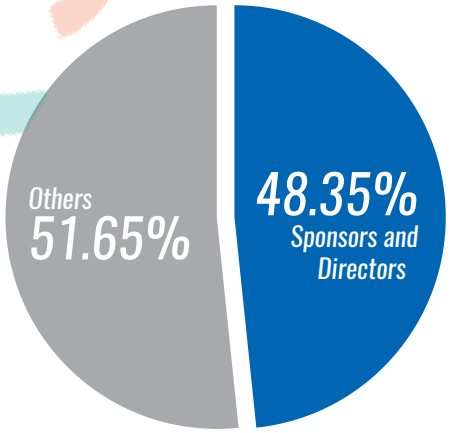
As per Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/ 2009-193/119/Admin/---dated November 22, 2011 'All Sponsors/Promoters and Directors of a Company listed with any Stock Exchanges shall all time jointly hold minimum 30% (thirty percent) shares of the paid-up capital of the Company. The Sponsors/Promoters and Directors holding less than 30% (thirty percent) shares shall acquire the rest amount within 6 (six) months of issuance of this Notification;'

The Sponsors and Directors of Uttara Finance and Investments Limited from the inception of the Company never sold/transferred any shares of the Company. During the last few years the Sponsors and Directors of the Company purchased a good number of shares from the secondary market. In the year 2017 the Sponsors or Directors nither bought and nor sold any shares of the Company. The percentage of holding of Sponsors and Dircetors is 48.35%. As on December 31, 2016 the shareholding of present Sponsors and Directors as a whole other than Nominee Directors was also 48.35%. Detailed shareholding position of Sponsors and Directors including Nominee Directors is given in page number 18.

SHAREHOLDING POSITION 2017



SHAREHOLDING POSITION 2016



Shareholding position of present Sponsors and shareholding Directors
as on December 31 of 2017 & 2016

Name of Sponsors/ shareholding Directors	Position	2017		2016	
		Total no. of shares	Percentage (%)	Total no. of shares	Percentage (%)
NG Chin Keong	Sponsor Director	4,891,425	3.91	4,891,425	3.91
Uttara Automobiles Ltd.	Sponsor Director	9,786,799	7.82	9,786,799	7.82
Uttara Apparels Ltd.	Sponsor Director	10,956,792	8.75	10,956,792	8.75
Uttara Motors Ltd.	Sponsor Director	6,392,667	5.11	6,392,667	5.11
Mehdadur Rahman	Sponsor Director	2,507,115	2.00	2,507,115	2.00
Zakia Rahman	Sponsor Director	2,507,115	2.00	2,507,115	2.00
Tahmina Rahman (Tina)	Sponsor Director	2,507,115	2.00	2,507,115	2.00
Uttara Automobiles Manufac. Ltd.	Director	14,709,135	11.75	14,709,135	11.75
Uttara Motor Corporation Ltd.	Director	6,268,123	5.01	6,268,123	5.01
Total		**60,526,286**	**48.35**	**60,526,286**	**48.35**

SHAREHOLDERS INFORMATION

in the 22nd Annual General Meeting-2017

As per provision of Companies Act Uttara Finance and Investments Limited from its inception has been holding Annual General Meeting in each and every calender year without fail. In the year 2017 the 22nd Annual General Meeting of Uttara Finance and Investments Limited was held on Monday, May 22, 2017 at Spectra Convention Centre (Kings Hall), House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh at 10.30 am. Due notice having been given and a quorum being present the meeting was duly convened and constituted. The meeting was called to order by Mr. Rashidul Hasan, Chairman of the Board of Directors of the Company. The Company is taking the opportunity to convey heartiest thanks to 123 nos. Shareholders for their kind presence in the meeting.



Shareholders in the 22nd AGM



RETURN FROM INVESTMENT IN SHARES OF UTTARA FINANCE AND INVESTMENTS LIMITED

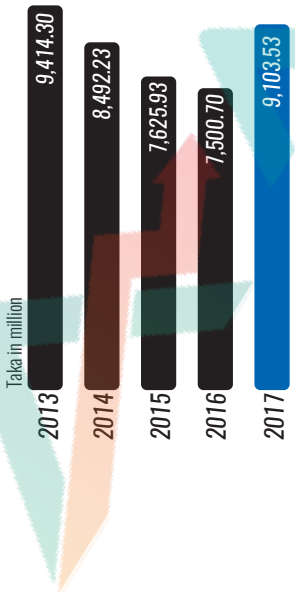
Uttara Finance and Investments Limited was incorporated in the year 1995 and from 1997 the Company consistently has been paying dividend to its Shareholders. Beside payment of cash dividend in most of the years of last 22 years the Company credited stock dividend to the Shareholders in the year 2004, 2006, 2009, 2010, 2011, 2012 & 2015. In the year 2006 and 2010 the Company also issued rights share to increase the capital to fulfill the minimum capital requirement as per Bangladesh Bank circular. After IPO in 1997 the paid up capital of the Company was 120.00 million and at the end of 2017 the paid up capital was Tk. 1,252.2048 million and at present the face value per share of the Company is Tk. 10.00 which was Tk. 100.00 at the time of incorporation. The Board of Directors and Management of the Company have been giving their best effort to maximize the return to its Shareholders. The rate of average return of last 22 years against investment in shares of the Company is 52.71 percent.

An analytical statement of return of Shareholder (IPO investor) of Uttara Finance and Investments Limited is as given below.

Particulars	No. of shares of Tk. 10	Amount in Taka
Investment		
Initial investment in IPO		
(assume 1 lot of 500 shares of Tk. 10 each)	500	5,000
10% stock dividend in 2004	50	-
	550	5,000
1R:1 @ Tk. 30 including premium of Tk. 20	550	16.500
	1,100	21.500
20% stock dividend in 2006	220	-
	1,320	21,500
25% stock dividend in 2009	330	-
	1,650	21,500
1R:3 @ Tk. 30 including premium of Tk. 20	550	16,500
	2,200	38,000
40% stock dividend in 2010	880	-
	3,080	38,000
40% stock dividend in 2011	1,232	-
	4,312	38,000
10% stock dividend in 2012	431	-
	4,743	38,000
10% stock dividend in 2014	474	-
Total shares and cost thereof before dividend of 2016	**5,217**	**38,000**

Return		
A	**Ex-dividend value of 5,217 shares**	**323,454**
	(Ex-dividend value after record date i.e. April 26, 2018 Tk. 62.00)	
B	**Cash dividend per share for share of Tk. 10**	
	1997 @ Tk. 1.00 for 500 shares	500
	1998 @ Tk. 1.50 for 500 shares	750
	1999 @ Tk. 1.50 for 500 shares	750
	2000 @ Tk. 2.00 for 500 shares	1,000
	2001 @ Tk. 2.50 for 500 shares	1,250
	2002 @ Tk. 2.50 for 500 shares	1,250
	2003 @ Tk. 2.50 for 500 shares	1,250
	2004 @ Tk. 1.50 for 500 shares	750
	2005 @ Tk. 2.50 for 550 shares	1,375
	2006 @ Tk. 1.00 for 1,100 shares	1,100
	2007 @ Tk. 3.00 for 1,320 shares	3,960
	2008 @ Tk. 3.00 for 1,320 shares	3,960
	2012 @ Tk. 2.00 for 4,312 shares	8,624
	2013 @ Tk. 3.00 for 4,743 shares	14,229
	2014 @ Tk. 2.00 for 4,743 shares	9,486
	2015 @ Tk. 3.00 for 5,217 shares	15,651
	2016 @ Tk. 3.00 for 5,217 shares	15,651
	2017 @ Tk. 3.00 for 5,217 shares	15,651
		97,187
A+B	**Total return since IPO in 1997**	**420,640**
	Percentage (%) of total return since IPO in 1997	**1,106.95%**
	Per year average return percentage (%) (Average yearly growth)	**52.71%**

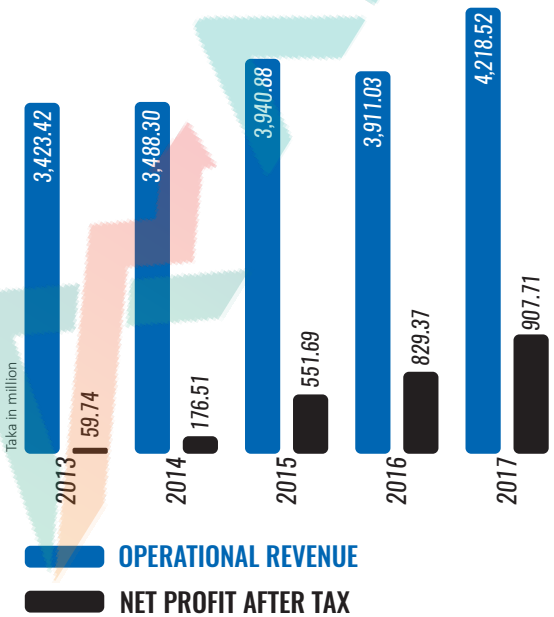
MARKET CAPITALISATION



FINANCIAL PERFORMANCES

In the last one decade the Company has been maintaining a steady growth. The revenue, profit, investment, shareholdoers' equity etc. have been increasing. Some financial performences of 2017 along with comparative data of 2016 are given hereunder:

Particulars	Unit	2017	2016
Operational revenues	Tk.	4,218,524,488	3,911,025,588
Operational expenses	Tk.	2,373,722,211	2,596,393,395
Profit before provision and tax	Tk.	1,876,765,796	1,356,050,303
Net profit after tax	Tk.	907,711,864	829,367,822
Fixed assets	Tk.	114,754,253	120,411,908
Investments in lease	Tk.	15,399,504,715	11,302,057,312
Investments in term finance	Tk.	15,099,470,722	12,364,657,867
Shareholders' equity	Tk.	6,228,307,142	5,696,256,718
Term loan	Tk.	10,637,295,617	4,134,618,496
Term deposit	Tk.	15,722,230,571	15,368,538,027
Debt equity ratio	times	3.75	3.44
Financial expenses coverage ratio	times	1.74	1.60
Net asset value per share of Tk. 10 each	Tk.	49.74	45.49
Earning per share of Tk. 10 each	Tk.	7.25	6.62
Dividend per share	%	30.00	30.00
Return on average equity	%	15.22	15.16

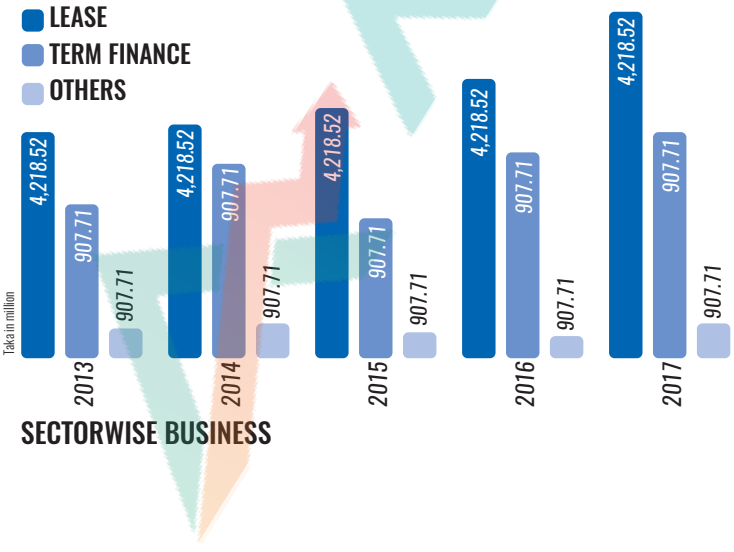


AMARSTOCK

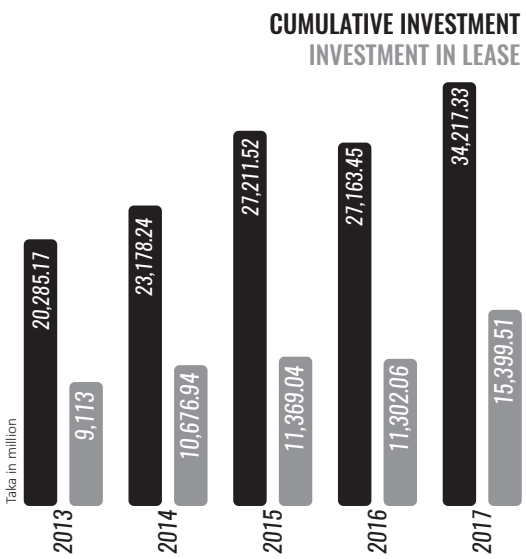
HISTORICAL DATABASE

Taka in million

Particulars	Unit	2013	2014	2015	2016	2017
Business						
Business performance		11,539.13	13,047.30	13,372.72	16,810.36	20,385.79
Contract processed		12,972.63	14,839.50	14,813.42	19,008.56	23,781.19
Cumulative investment		20,285.17	22,299.30	27,211.52	27,163.45	34,217.33
Financial performances						
Operational revenues		3,423.42	3,488.30	3,940.88	3,911.03	4,218.52
Operational expenses		2,562.76	2,573.92	2,487.89	2,596.39	2,373.72
Profit before provision and tax		869.58	1,028.21	1,502.78	1,356.05	1,876.77
Net profit after tax		59.74	176.51	551.69	829.37	907.71
Fixed assets		153.65	148.72	134.25	120.41	114.75
Investments in lease		9,112.59	10,676.94	11,369.04	11,302.06	15,399.50
Investments in term finance		8,949.53	10,248.07	11,612.82	12,364.66	15,099.47
Shareholders' equity		5,083.53	4,918.53	5,242.55	5,696.26	6,228.31
Financial ratios						
Debt equity ratio	times	3.23	4.00	3.86	3.45	3.75
Financial expenses coverage ratio	times	1.08	1.23	1.39	1.60	1.74
Net asset value per share of Tk. 10	Taka	44.66	43.21	41.87	45.49	49.74
Profitability ratios						
Earning per share of Tk. 10	Taka	0.52	1.41	4.41	6.62	7.25
Cash dividend	%	30.00	20.00	30.00	30.00	30.00
Stock dividend	%	-	10.00	-	-	-
Return on average equity	%	1.19	3.53	10.86	15.16	15.22
Investment to net worth	times	3.99	4.99	5.19	4.77	5.49



SECTORWISE BUSINESS

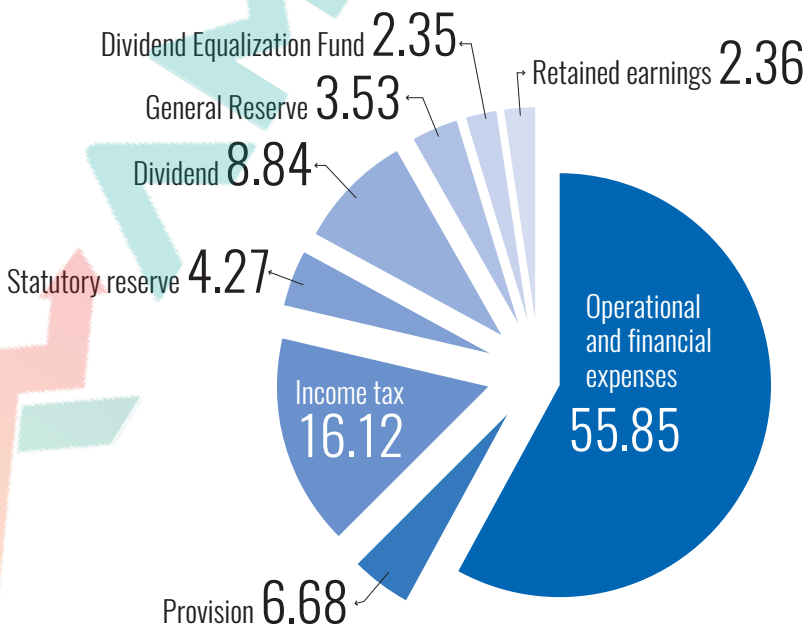


INCOME AND UTILIZATION THEREOF-2017

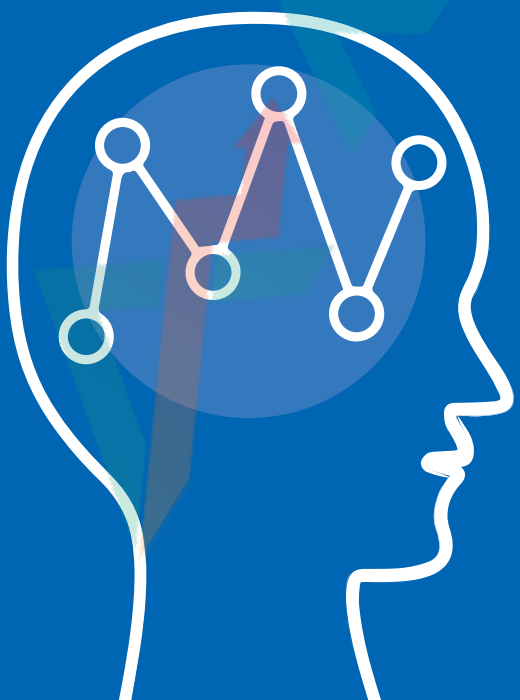
In the year 2017 the Company earned total revenue Tk. 4,250,488,007 out of which Tk. 4,218,524,488 from operational activities and Tk. 31,963,519 from non-operational activities which is 99.25 percent and 0.75 percent respectively. Major part i.e. 57.96 percent of total revenue is utilized for operational expenses and financial expenses whereas provision for non performing investment is 4.57 percent and provision for income tax is 16.12 percent. Details of income and utilization thereof are given below:

Income	**Taka**	**%**
Operational income	4,218,524,488	99.25
Non operational income	31,963,519	0.75
Utilization of income		
Operational and financial expenses	2,373,722,211	55.85
Provision	284,053,932	6.68
Income tax	685,000,000	16.12
Statutory reserve	181,542,373	4.27
Dividend	375,661,440	8.84
General reserve	150,000,000	3.53
Dividend equalization fund	100,000,000	2.35
Retained earnings	100,508,051	2.36

UTILIZATION OF INCOME



ANALYSIS OF PERFORMANCES 2017



All of the non banking financial institutions of Bangladesh passed a very challenging year along with other related industries of Bangladesh due to high interest rate, less investment opportunity, poor infrastructure, fall in stock prices, etc. Most of the business men who run their business taking finance from different banks and NBFIs are forced to become defaulters and this leads to increase the numbers.

At Uttara Finance in 2017, business marketing was more of push than demand driven. Effort of Uttara Finance to reduce dependency on commercial banks as major source of fund continued by way of marketing by Deposit Mobilization Unit and intensive fund Management in money market. Management of Uttara Finance with kind support of the Board of Directors had been able to contain the projected business; disbursement and profit growth.

In the year 2018, major task of Uttara Finance will be to intensify diversification of fund mobilization; reduce dependency on bank borrowing to insignificant level by way of seeking long term foreign loan; enlarge Deposit Mobilization Unit; attain more efficiency in fund management; intensify involvement in Merchant Banking business etc.

Strategy

The Board and Management of Uttara Finance and Investments Limited appreciate very well that clientele is the heart of the organization. For giving financial services we always knock on our clients door to provide our assistance not only when the clients are in good position but also when they are in crisis.

Mission

- To be an outstanding company of motivated people with excellent team work spirit
- To provide quality services and ensure steady growth of the company
- To bring about a qualitative improvement in the life style of our people
- To provide lease finance to professional and technicians on attractive terms
- To encourage continuous technological development and creation of employment opportunities
- To ensure human resources development to meet the challenges of the time

Vision

To serve the nation through participation in the development of the economy as a leading company of Bangladesh.

Target

Under the prevailing circumstances and demonstrated ability of Uttara Finance to cope with adverse situation in the past, management team of Uttara Finance is determined to maintain the growth rate and will make all out efforts to attain business of BDT 23,000 million. But this will practically remain subject to securing Long Term Loan from foreign sources and macro level socio-economic-political scenario. Thus, an extent of flexibility is likely to continue.

In spite of all macro level impediments in the year 2017 Uttara Finance reached to the following numbers:

Highlights	Taka in million
Business Contract achievement	23,781.19
Business Disbursement achievement	20,385.79
Total recovery (Lease and Term Loan)	13,960.02
Credit Line received	3,602.23
TDR (non bank) received	6,215.16
Repayment of Credit Line	(193.06)
Investment in Merchant Banking Unit	660.88
Investment in Shares	1,481.50

Operational and financial achievements

a. During the year 2017 operational revenue of the Company is Tk. 4,218.52 million against which it was Tk. 3,911.03 million in 2016.

b. The profit earned from lease and finance before tax in 2017 is Tk. 1,607.71 million which was in 2016 Tk. 1,429.37 million which reflects a growth of 12.48 percent.

c. Income from Merchant Banking unit in 2017 recorded Tk. 248.39 million against Tk. 166.36 million of 2016 i.e. growth 49.31 percent.

d. Management expense which was Tk. 212.37 million in 2016 increased by 9.72 percent to Tk. 233.01 million in 2017.

e. Shareholders' equity in 2017 of Tk. 6,228.31 million increased by 9.34 percent over the amount Tk. 5,696.26 million of 2016.

f. Company's borrowings from bank and other financial institutions in 2016 was Tk. 4,134.62 million which increased by 257.27 percent to Tk. 10,637.30 million in 2017.

g. Balance of Deposit received from different persons and institutions as on December 31, 2017 is Tk. 15,722.23 million which was Tk. 15,368.547 million as on December 31, 2016 i.e. growth of 2.30 percent.

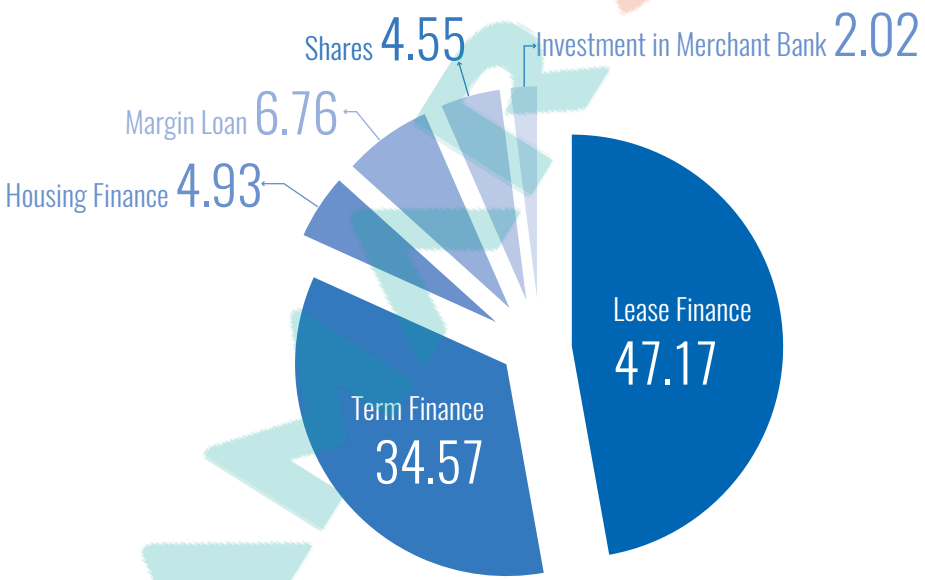
Income earning investment

The core business of Uttara Finance and Investments Limited is lease finance. Beside lease finance the Company also extends term finance facility and margin loan to its clients. The Board of Directors from the very inception of the Company had given their effort to invest in the core business of the Company and the Management is trying its level best to ensure quality investment. Company's total investment details as on 31 December of 2017 and 2016 are given hereunder:

Figures in Million Taka

Head of investment	2017		2016	
	Amount	%	Amount	%
Lease Finance	15,399.50	47.17	11,302.06	44.32
Term Finance	11,284.22	34.57	8,223.36	32.25
Housing Finance	1,607.91	4.93	2,009.51	7.88
Margin Loan	2,207.33	6.76	2,131.79	8.36
Shares	1,481.50	4.55	1,608.37	6.31
Investment in Merchant Bank	660.88	2.02	223.35	0.88
Total	**32,641.34**	**100.00**	**25,498.44**	**100.00**

INVESTMENTS PORTFOLIO 2017



Non performing loan/assets

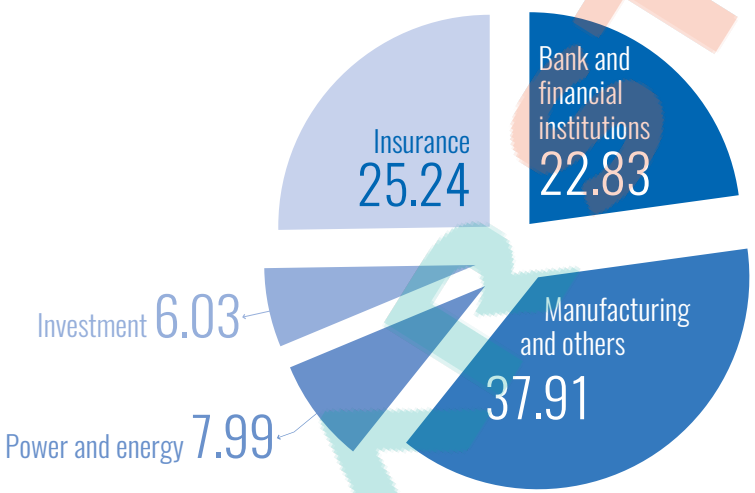
After making every investment, the recovery team was very serious to collect the installment/dues from the clients in time. In spite of maximum efforts the amount of non performing loan (NPL) increased to Tk. 1,817.06 million in 2017 which was Tk. 1,707.03 million in 2016. The percentage of NPL in 2017 is 5.95 which was 7.21 in 2016. Against the non performing loan total accumulated amount of required provision was Tk. 871.64 million as on December 31, 2017 and the Company made the provision by charging the same against Company's earned profit. Besides total amount of interest suspense account is Tk. 445.15 million at the end of 2017 which was Tk. 550.75 million at the end of 2016.

Investments in shares

Uttara Finance and Investments Limited also made investment in shares. At the end of 2016 Company's investment in share was Tk. 1,608.37 million which decreased to Tk. 1,481.50 million in 2017. The market price of shares in hand as on December 31, 2017 was Tk. 1,381.60 million i.e. Tk. 99.90 million provision was made for the difference. The investments made by the Company in different sectors to maintain a balanced diversified portfolio to minimize the risk associated with investment in shares. Sector wise investment positions in shares are given hereunder:

Sectors	No. of company	2017	%	2016	%
Bank and financial institutions	23	338,106,142	22.83	485,994,969	30.22
Insurance	13	373,628,949	25.24	368,061,152	22.88
Investment	5	90,101,690	6.03	45,024,325	2.80
Power and energy	5	118,280,869	7.99	52,483,581	3.26
Manufacturing and others	38	561,383,653	37.91	656,806,129	40.84
Total	**84**	**1,481,501,303**	**100.00**	**1,608,370,156**	**100.00**

SECTOR WISE INVESTMENTS IN SHARES-2017



Liquidity statement

Liquidity statement given hereunder represents the liquidity position of the Company in different tenures. The statement prepared on the basis of agreement with the assets and liabilities related parties. In absence of any agreement, previous practice and best judgment had been applied to prepare the statement which was checked by the external auditors M/S K. M. Hasan & Co. Chartered Accountants. The Asset and Liability of the Company was analyzed by the Asset Liability Management Committee regularly to ensure reasonable immediate encashable amount to meet up emergency need to pay off the financial obligations. The company feels proud to say that it never made a single day delay to pay any amount in the past even when there was a severe liquidity crisis in the money market. Present position of the Company is adequate to meet up its current and future payment requirements.

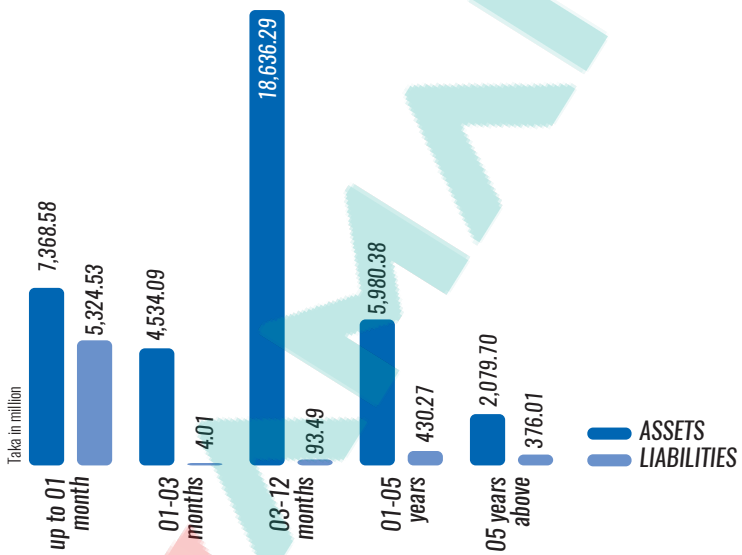
Statement of Liquidity Analysis (Maturity of Assets and Liabilities)

at 31 December 2017.

Amounts in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	above 5 years	Total
Assets						
Cash in hand	2,006	-	-	-	-	2,006
Balance with Bangladesh Bank and its agent bank(s)	354,732,018	-	-	-	-	354,732,018
Balance with banks and other financial institutions	825,223,429	2,667,000,000	120,000,000	-	-	3,612,223,429
Money at call and short notice	300,000,000	-	-	-	-	300,000,000
Investments	-	-	2,139,810,429	2,569,450	-	2,142,379,879
Leases, loans and advances	5,888,619,067	291,124,901	16,376,277,407	5,863,054,458	2,079,699,604	30,498,975,437
Fixed assets including premises, furniture and fixtures	-	-	-	114,754,253	-	114,754,253
Other assets	-	1,575,972,273	-	-	-	1,575,972,273
Non-financial institutional assets	-	-	-	-	-	-
Total assets (A)	**7,368,576,520**	**4,534,097,174**	**18,636,287,836**	**5,980,378,161**	**2,079,699,604**	**38,599,039,295**
Liabilities						
Borrowings from banks, other financial institutions and agents	50,659,756	339,519,091	8,024,051,780	2,044,722,287	178,342,703	10,637,295,617
Deposits	1,801,883,622	4,100,564,127	4,789,048,418	3,505,386,954	1,525,347,450	15,722,230,571
Other deposits	-	90,000,000	-	-	-	90,000,000
Provision and other liabilities	191,503,970	-	5,729,701,994	-	-	5,921,205,964
Total Liabilities (B)	2,044,047,348	4,530,083,218	18,542,802,192	5,550,109,241	1,703,690,153	32,370,732,152
Net Liquidity Gap (A - B)	**5,324,529,172**	**4,013,956**	**93,485,644**	**430,268,919**	**376,009,451**	**6,228,307,142**

MATURITY OF ASSETS AND LIABILITIES



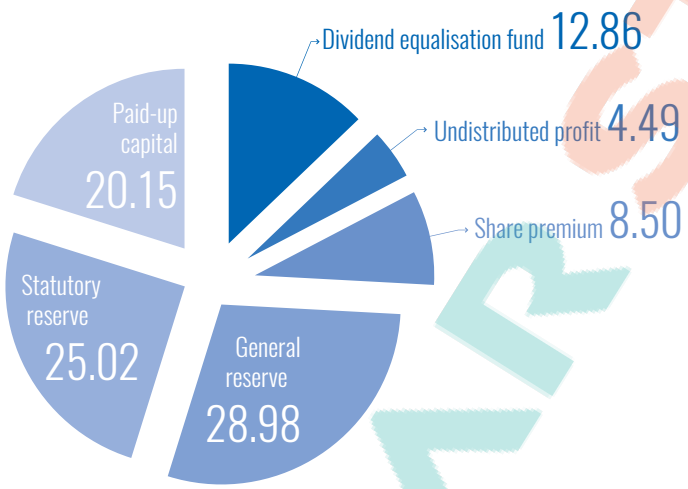
Shareholders' equity

The paid up capital of Uttara Finance and Investments Limited as on December 31, 2017 is Tk. 1,252,204,800 and as on the same date of 2016 the paid up capital of the Company was Tk. 1,252,204,800. On the other hand total equity of the Company at the end of 2017 is Tk. 6,213,307,142 against Tk. 5,696,265,718 of 2016. Good amount of earning, reasonable business growth, strong dividend payout policy, raising of capital on demand of regulatory bodies, Shareholders' contribution as premium is the pillar of the handsome amount of equity and the Company now is in very strong position than its peers. The position of equity is as given next page:

Amount in Taka

Heads	2017	%	2016	%
Paid-up capital	1,252,204,800	20.15	1,252,204,800	21.98
Statutory reserve	1,554,486,003	25.02	1,372,943,630	24.10
General reserve	1,800,000,000	28.98	1,650,000,000	28.97
Share premium	528,000,000	8.50	528,000,000	9.27
Undistributed profit	278,616,339	4.49	193,108,288	3.39
Dividend equalisation fund	800,000,000	12.86	700,000,000	12.29
Total	**6,213,307,142**	**100.00**	**5,696,256,718**	**100.00**

SHAREHOLDERS' EQUITY-2017



Loan from financial institutions

As on December 31, 2017 total amount of outstanding balance of loan is Tk. 10,637,295,617 against which was Tk. 4,134,618,496 in 2016. At the end of year 2017 the Company had loan balance outstanding with 27 different commercial banks and financial institutions. Uttara Finance and Investments Limited is enjoying the credit facility with different banks payable on instalment basis.

Deposit from different individuals and institutions

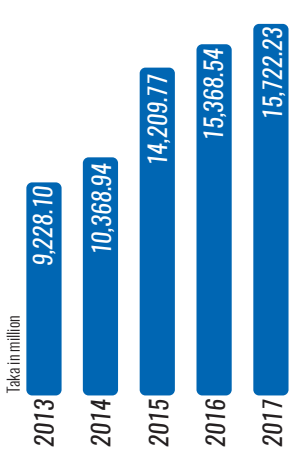
Deposit from different individuals and institutions is an important source of fund of Uttara Finance and Investments Limited. The amount of deposit receipts of the Company increasing day by day which is the reflection of depositors' confidence on the Company. At the end of 2017 the amount of outstanding deposit stood at Tk. 15,722,230,571 which was Tk. 15,368,538,027 in the year 2016.

Zero Coupon Bond

Besides Shareholders' equity, bank loan/credit line and deposits, another important source of fund of the Company is Zero Coupon Bond. Outstanding balance as on December 31, 2017 of Zero Coupon Bond is Tk. 90,000,000 and the same was Tk. 120,000,000 in the year 2016.

A statement of source of fund as on 31 December 2017 is as given next page.

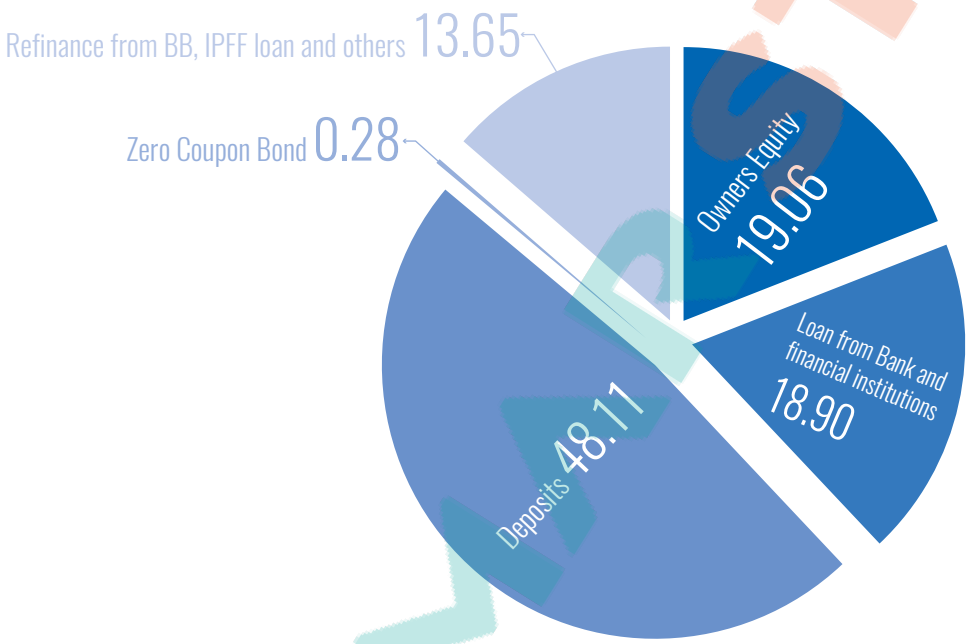
DEPOSIT OUTSTANDING



Amount in Taka

Head of Funds	2017	%	2016	%
Owners Equity	6,213,307,142	19.06	5,696,256,718	22.50
Loan from Bank and financial institutions	6,177,707,585	18.90	3,524,993,074	13.92
Deposits	15,722,230,571	48.11	15,368,538,027	60.70
Zero Coupon Bond	90,000,000	0.28	120,000,000	0.47
Refinance from BB, IPFF loan and others	4,459,588,032	13.65	609,625,422	2.41
Total	**32,677,833,330**	**100.00**	**25,319,413,241**	**100.00**

SOURCE OF FUNDS-2017



Cash flows

During the year 2017 the net operating cash flows of the Company is Tk. 1,508,857,576 against Tk. 1,602,964,608 of 2016 and net investment through operating activities is Tk. 75,890,590 against Tk. 816,447,602 in 2016. Net cash flows from investing activities in 2017 is Tk. 157,688,490 against which it was Tk. (895,192,151) in 2016.

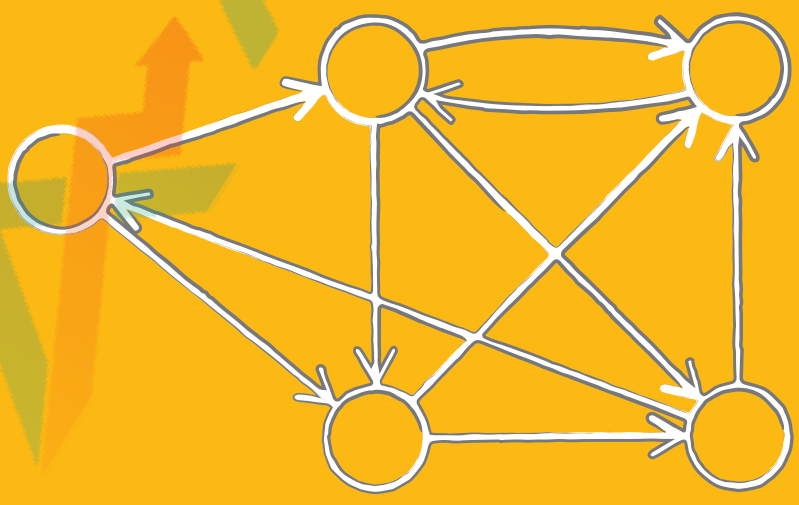
Operating expenses

In the year 2017 the operating expenses of the Company recorded to Tk. 2,373,722,211 out of which Tk. 2,140,710,245 was financial expenses, Tk. 233,011,966 was Management expenses including depreciation and others. In the year 2016 the same was Tk. 2,384,020,124 and Tk. 212,373,271 respectively. The Management expenses includes salary and benefits of employee, office rent, office maintenance, meeting expenses, printing & stationeries, travelling and conveyance, legal expenses etc.

Profit after tax

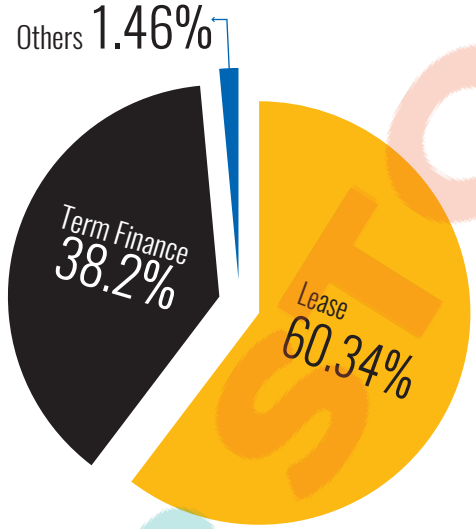
During the year 2017 the Company earned net profit after tax Tk. 907,711,864 against which it was Tk. 829,367,822 in the year 2016. The net profit before tax of 2017 is Tk. 1,592,711,864 aginest which provisional amount of tax is Tk. 685,000,000. Out of the profit before Tax Tk. 1,307,740,558 from general operation and Tk. 284,971,306 from Merchent banking operation.

GRAPHICAL PRESENTATION OF PERFORMENCES - 2017

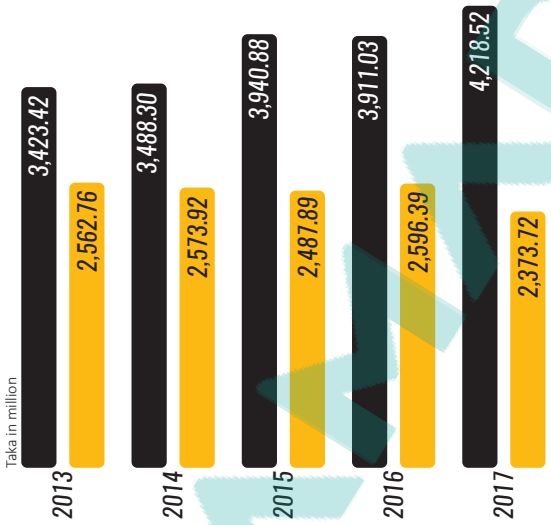


GRAPHICAL PRESENTATION OF PERFORMENCES

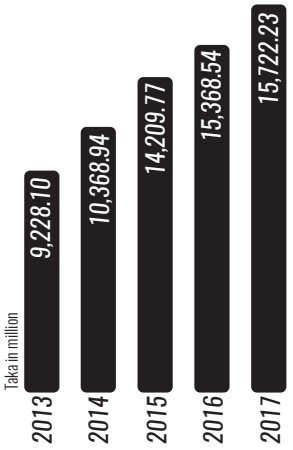
BUSINESS CONTRACT-2017



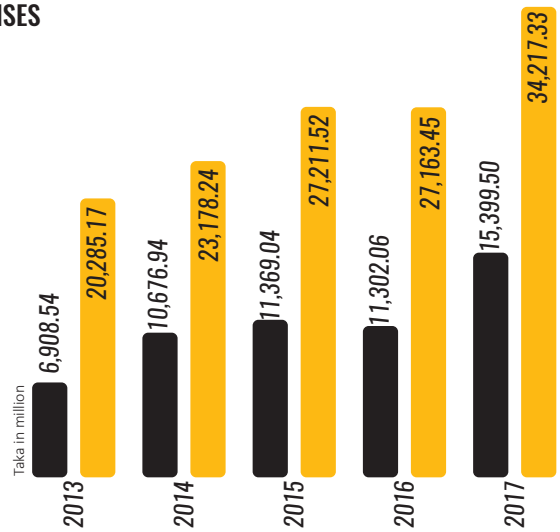
OPERATIONAL REVENUE AND EXPENSES



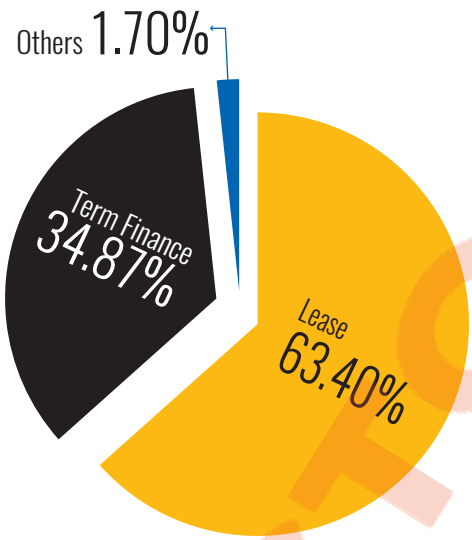
DEPOSITS

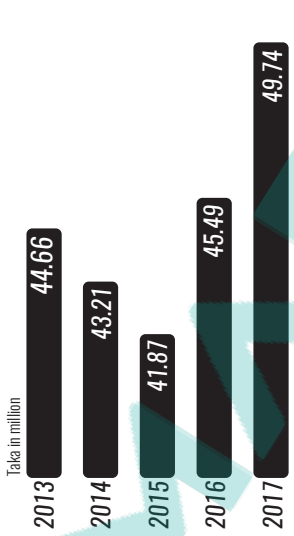


CUMULATIVE INVESTMENTS AND LEASE ASSETS

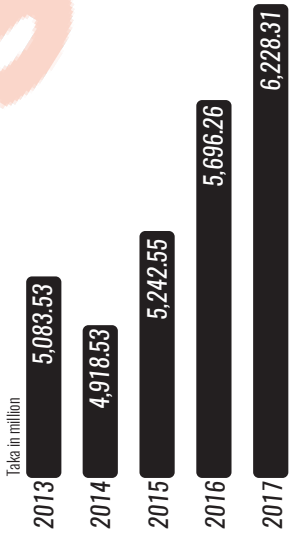


DISBURSEMENT-2017

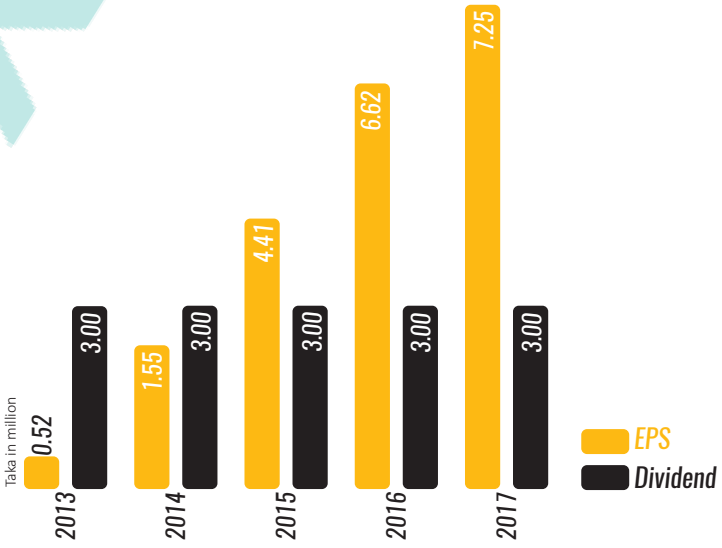




NET ASSET VALUE PER SHARE



SHAREHOLDERS' EQUITY



EARNING PER SHARE AND DIVIDEND PER SHARE

BOARD OF DIRECTORS

Chairman
Rashidul Hasan
(Nominee Director of Uttara Automobile Manufacturers Limited)

Vice Chairman
Matiur Rahman
(Nominee Director of Uttara Automobiles Limited)

Directors
Mujibur Rahman
(Nominee Director of Uttara Apparels Limited)

Mehdadur Rahman

Zakia Rahman

NG Chin Keong

Tahmina Rahman (Tina)

Kazi Imdad Hossain
(Nominee Director of Uttara Motors Limited)

Nayeemur Rahman
(Nominee Director of Uttara Motor Corporation Limited)

Md. Showkat Hossain, FCA
Independent Director

A. T. K. M. Ismail
Independent Director

Managing Director & CEO
S. M. Shamsul Arefin, M. Com., MBA

AMAR STOCK

STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS

Structure of the Board of Directors

The Board of Directors of Uttara Finance and Investments Limited is the governing authority of the Company. Rashidul Hasan is the Chairman and Matiur Rahman is the Vice Chairman of the 11 Members Board. The Board is governed by the Company's internal rules and regulations as well as guidelines issued by Bangladesh Bank, Bangladesh Securities and Exchange Commission and as per Company Act 1994. To do the duties properly and make its functions and operating procedures easier the Board is assisted by two of its committees namely;

1. Executive Committee

2. Board Audit Committee.

The Board has formed 6 Members Executive Committee consisting of 5 Shareholding Directors, one Independent Director where Shareholding Director Mujibur Rahman is the Chairman. The Board has also formed 3 Members Board Audit Committee where Independent Director A. T. K. M. Ismail is the Chairman and two Shareholding Directors are the Members. All the Board Committees are comprised with nonexecutive Directors and Independent Directors.

Size and composition of the Board

As per FID Circular no. 9 dated 11 September, 2002 of Bangladesh Bank, the number of Shareholding Directors of the Board of a Non-Banking Financial Institution shall be minimum nine and maximum eleven. The Board of Directors of Uttara Finance and Investments Limited consists of 9 (nine) excluding Managing Director and two Independent Directors. As per BSEC's Notification, a listed company should have Independent Director of at least one-fifth of total Directors. Against nine Shareholding Directors there are two Independent Directors of the Company. Details biography of the Members of the Board are given in the page no. 45 to 53.

Members of the Board

Nature of Directors	Number of Directors		
	Board of Directors	Executive Committee	Board Audit Committee
Shareholding Director	4 (Four)	2 (Two)	1 (One)
Shareholding Director-Nominee	5 (Five)	3 (Three)	1 (One)
Independent Director	2 (Two)	1 (One)	1 (One)
Total	**11 (Eleven)**	**6 (Six)**	**3 (Three)**

Appointment, tenure, Retirement and Re-appointment of Shareholding Directors

The subscribers as per Memorandum of the Company used to act as Directors till appointment of first Directors of the Company as per companies act. Article no. 51 of the Memorandum of the Company states that 'the number of Directors unless otherwise determined by the General Meeting shall not be less than 7 (seven) and not more than 15 (fifteen)'.The Board of Directors of the Company consists of 9 Shareholding Directors and 2 Indenpendent Directors. All the Directors of the Company are qualified as per Articles no. 61 of the Memorandum, provisions of Companies Act, Bangladesh Bank and Bangladesh Securities and Exchange Commission.

As per Article 62 of the Memorandum of the Company all Directors will be appointed for fixed term and shall retire from office in every subsequent year. One-third of the total number of Directors is to retire by rotation every year and as per Article 64 retired Directors are eligible for re-appointment.

Appointment, eligibility, retirement and re-appointment of Independent Directors

As per section 1.2(i) of Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission 2 (two) Independent Directors have been re-appointed by the Board of Directors for a further period of 3 (three) years and as per section 1.2(iii) of the same notification the Shareholders in the 21st Annual General Meeting held on Monday, May 30, 2016 approved the re-appointment of two Independent Directors.

Both the Independent Directors namely Md. Showkat Hossain, FCA and A. T. K. M. Ismail are eligible as per section 1.2(i) & 1.3 of notification number SEC/CMRRCD/2006-158/134/Admin /44, Dated 07 august 2012 and Uttara Finance and Investments Limited do hereby declare that none of them;

i. holds more than one percent (1%) shares of the total paid-up shares of the Company;

ii. is a sponsor of the Company and is connected with the Company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the Company:

Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;

iii. has any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;

iv. is a member, director or officer of any stock exchange;

v. is a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;

vi. is a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;

vii. is an independent director in more than 3 (three) listed companies;

viii. has been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);

ix. has been convicted for a criminal offence involving moral turpitude;

The Board of Directors believe that both Independent Directors are knowledgeable with integrity who are able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.

A. T. K. M. Ismail, MA (Economics) is a retired Secretary of Bangladesh Government and Md. Showkat Hossain, FCA is a professional Chartered Accountants. Both of the Independent Directors have more than 12 (twelve) years of corporate management/professional experiences.

Directors' responsibility

All the Directors are responsible and used to give best efforts to attend the meeting of the Board and the Board Committees to which such Director is a Member for developing and upgrading Company's Governance Principles, Code of Conduct and the Charter of each Committee. Papers relating to business of each meeting are placed before the members of Board and its Committees minimum three days before the date of meeting. The Board and its Committees are not involved with day to day affairs of the Company.

Directors' fees

Each Non Executive Directors at present are entitled to receive fee @ BDT 8,000.00 (Taka eight thousand) only for attending Board of Directors meeting and Executive Committee meeting. The Managing Director & CEO is not entitled for any fee for attending the meeting. Other than the fee for attending in the meeting none of Shareholding Directors and Independent Directors holds any position of profit and receives any remuneration.

Meeting

Each of the Board of Directors, the Executive Committee and the Board Audit Committee holds at least four regularly scheduled meetings in a year. In the year 2017 the Board of Directors, the Executive Committee and the Board Audit Committee met 6 times, 7 times and 5 times respectively to discuss scheduled businesses.



RESPONSIBILITY OF BOARD OF DIRECTORS

Board and its Members

The Board of Directors of the Company consists of 9 Shareholding Director, 1 Managing Director and two independent Directors. As per section 1.2(i) of Notification no. SEC/CMRRCD/2006-158/134/ Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission 2 (two) new Independent Directors namely Md. Showkat Hossain, FCA and A.T.K.M. Ismail have been reappointed by the Board of Directors in the year 2016 for a further period of 3 (three) years. As per Article 62 of the Company one-third of the total number of Directors is to retire by rotation every year and being eligible re-elected in the AGM.

Responsibility of the Board of Directors

The Board is responsible for company's internal control system that covers not only financial matters but also good governance, operations, risk management and compliance with applicable laws, regulations, rules, directives, guidelines as well as internal policies, processes, procedures and also for reviewing the adequacy and integrity thereof. Therefore, an ongoing process has been established by the Board for identifying, evaluating, managing and reporting the significant risks.

The Board of Directors are responsible for ensuring that Financial Statements which is the state of its affairs of the Company have been prepared in accordance with International Financial Reporting Standard (IFRS) and International Accounting Standards, as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh give a true and fair view. The Board ensures that the estimates and judgments relating to the Financial Statements were made on prudent and reasonable basis and also ensures that proper books of accounts of all the transactions and prepares have been kept in right manner.

The Board also confirms that the financial statements comply with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987, Financial Institutions Act, 1993, and Listing Regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and amendments thereto.

As per section 184 of Companies Act, 1994 (Act no. XVIII of 1994) the Board of Director' is responsible for preparation of Board of Directors Report and the report to be prepared following corporate governance guideline given by

Bangladesh Securities and Exchange Commission vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 to include in annual report for presenting before the Shareholders in the Annual General Meeting.

Delegation of the Board of Director's responsibility

The Board of Directors of Uttara Finance and Investments Limited have delegated the review work to the Executive Committee, Audit Committee and other appropriate Committees of the Company. These Committees discharge their duty and consider all matters within their scope of responsibilities and make recommendations to the Board for approval, if required.

System of internal control and implementation thereof throughout the Company has been delegated by the Board to the Management and to the department of ICC. However, the guidance asserts that the Board cannot rely solely on such an embedded process, but should regularly receive and review reports on Internal Control from the Management.

Managing Director, Chief Financial Officer and Chief of Internal Control & Compliance of Uttara Finance and Investments Limited are responsible for evaluation of the effectiveness of Internal Control system of the Company. This control assist the Board to meet its responsibilities for the integrity and accuracy of the Company's accounting records from which Financial Statements are prepared after complying with required laws and standards. The Board of Directors is satisfied with the effectiveness of the system of the Internal Control for the year under review.

Directors' attendance in the Board of Directors meetings

During the year 2017 the Board of Directors met 6 times. Most of the Directors were present in all the meetings. The Company Secretary and Chief Financial Officer were also present in all the meetings.

Auditors' appointment

In compliance of the requirement of appointment of an external auditor for audit of books and accounts the Board of Directors considering eligibility, the willingness of auditor and proposal of Board Audit Committee recommended for appointment of an audit firm of repute to be the Auditor of Uttara Finance and Investments Limited.

Going concern

The Directors of Uttara Finance and Investments Limited have considered the future profitability, cash flows, quality of asset & liability, current ratio, renewal and repayment of debt, nature of borrowing, creditors repayment credibility, investment portfolio, equity, employees turnover etc. in making their assessment and after due assessment, the Directors are satisfied that the Company has adequate resources to continue its operation for the foreseeable future.

WWW.STOCK

FUNCTION AND ACTIVITIES OF HONOURABLE CHAIRMAN

The Chairman of Uttara Finance and Investments Limited is the key person of the Board. Mr. Rashidul Hasan, known as the father of the leasing industry in Bangladesh is the founder Chairman of the Company. After first appointment he has unanimously been re-appointed by the Board in the last 23 years. As a Chairman of the Company he, besides the Board of Directors is also the guardian of two Committees of the Board namely the Executive Committee and Board Audit Committee. As per guideline of different regulatory bodies and Company's Act 1994 the function and activities of honourable Chairman are given below:

1. The honourable Chairman will conduct the Board of Directors Meeting
2. The honourable Chairman will conduct the Annual General Meeting
3. The honourable Chairman will conduct the Extraordinary General Meeting
4. The honourable Chairman will not participate and/or interfere in any day to day activities of the Management.
5. The honourable Chairman will sign the minutes of Board of Directors Meeting
6. The honourable Chairman will sign the minutes of Annual General Meeting
7. The honourable Chairman will sign the minutes of Extraordinary General Meeting
8. The honourable Chairman will sign the offer letter to the Managing Director regarding appointment and benefit.
9. The honourable Chairman will sign the financial statements of the Company of first quarter, half yearly and third quarter.
10. Any other matter as approved by the Board.

DIFFERENT COMMITTEES OF BOARD OF DIRECTORS AND MANAGEMENT

Executive Committee
Chairman
Mujibur Rahman, Director

Members
Mehdadur Rahman, Director
Kazi Imdad Hossain, Director
Tahmina Rahman (Tina), Director
Nayeemur Rahman, Director
A. T. K. M. Ismail, Independent Director
S. M. Shamsul Arefin, Managing Director & CEO

Audit Committee
Chairman
A. T. K. M. Ismail (Independent Director)

Members
Mujibur Rahman, Director
Mehdadur Rahman, Director

Management Committee
S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO
Md. Jakir Hossain, FCA, DMD
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP

Stress Testing Implementation Committtee
S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP
Kazi Arifuzzaman, VP
Md. Mainuddin, VP

BASEL Implementation Committtee {newly named as Capital Adequacy and Market Displine (CAMD)}
S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP
Kazi Arifuzzaman, VP
Md. Mainuddin, VP

Prevention of Money Laundering and Terrorist Financing Committee
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP
Md. Mainuddin, VP
Sheikh Md. Ashiqur Rahman, SAVP
Rajib Kumar Saha, SPO
Md. Zakaria Habib, SO

Central Compliance Unit (CCU)
Md. Jakir Hossain, FCA, DMD
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP
Md. Mainuddin, VP

Portfolio Management Committee
S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO
Md. Jakir Hossain, FCA, DMD
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP

Internal Control & Compliance (ICC) Committee
S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO
Kazi Arifuzzaman, VP
Md. Kamruzzaman (Ryan), ACA, SAVP
Md. S. M. Kamruzzaman, AVP
Md. Kamruzzaman Mollah (Baker), SPO

Risk Management Forum
Uttam Kumar Saha, EVP
Kazi Arifuzzaman, VP
Md. Mainuddin, VP
Md. Mesbah Uddin Mahmud, VP
Md. Nizamul Haque, AVP

Risk Analysis Unit
Md. Aershad Hossian Khan, AVP
Rajib Kumar Saha, SPO
Abu Kawsar, SPO

Integrity Committtee
Anil Chandra Das, SEVP
Kazi Arifuzzaman, VP
Md. Mesbah Uddin Mahmud, VP
Md. Mainuddin, VP
Md. Nizamul Haque, AVP

AMARSTOCK

Mortgage Backed Securities & Corporate Bond Committtee
Uttam Kumar Saha, EVP
Md. Mainuddin, VP
Md. Kamruzzaman, ACA, SAVP

Credit Administration Department
Anil Chandra Das, SEVP
Md. Nizamul Haque, AVP
Nuveria Sultana, AVP
Nantanu Chowdhury, SPO

Asset Liability Management Committee (ALCO)
S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO
Md. Jakir Hossain, FCA, DMD
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP
Kazi Arifuzzaman, VP
Md. Mainuddin, VP

Small & Medium Enterprise (SME) Committee
Md. Eunus Bin Rashid, AVP
Lipi Rani Podder, SO
Nazrul Islam, SO
Jakia Sultana, Officer
Shoeb Hossain, AO
Jesmin Sultana, AO

Women Entrepreneurs Dedicated Desk
Nuveria Sultana, AVP
Jakia Sultana, Officer
Jesmin Sultana, AO

Sustainable Finance Committee
Anil Chandra Das, SEVP
Uttam Kumar Saha, EVP
Kazi Arifuzzaman, VP
Choudhury Fazla Anwar, VP
Md. Mainuddin, VP
Monira Ferdous Jahan, SAVP
Md. Moshiul Azam, SAVP
Sheikh Md. Ashiqur Rahman, SAVP

Sustainable Finance Unit
Anil Chandra Das, SEVP
Monira Ferdous Jahan, SAVP
Md. Eunus Bin Rashid, AVP
Md. Aershad Hossian Khan, AVP
Nuveria Sultana, AVP
Sajib Roy, SPO
Nantanu Chowdhury, SPO
Md. Abdul Latif, SPO

Innovation Team
S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO
Uttam Kumar Saha, EVP
Chowdhury Fazla Anwar, VP
Rajib Kumar Saha, SPO
Abu Kawsar, SPO
Nantanu Chowdhury, SPO
Md. Imranul Haque, SO

Credit Risk Management Department
Anil Chandra Das, SEVP
Md. Mesbah Uddin Mahmud, VP
Md. Nizamul Haque, AVP
Nuveria Sultana, AVP
Nantanu Chowdhury, SPO

Integrated Supervision System Desk
Abu Kawsar, SPO
Md. Zakaria Habib, SO
Manoj Kumar Chakravorty, Officer

AMARSTOCK

DIRECTORS' PROFILE





Rashidul Hasan
Chairman

Mr. Rashidul Hasan born on December 29, 1937, is a Bangladeshi by birth. He completed Graduation with Honours in Political Science from Dhaka University in 1959 and M. A. in 1960 and obtained Post-Graduate Diploma in Development Administration from Cambridge University, UK in 1970. He is a Fellow of the Economic Development Institute of the World Bank since 1977. He joined the erstwhile Civil Service of Pakistan in 1962 and served till 1985 (voluntarily retired). He was Director General, Department of Industries from 1976 to 1981.

Mr. Hasan was CEO & Managing Director of Industrial Promotion and Development Company of Bangladesh Limited (IPDC), the first joint venture investment and finance company of Bangladesh with IFC of the - World Bank, C.D.C of UK, D.E.G of Germany, AKFED of Switzerland and Government of Bangladesh from 1982 to 1988. He played the pioneering role and helped to set-up the first joint venture leasing company namely IDLC of Bangladesh Limited (present IDLC Finance Limited) and was the founder Chairman of the Company from 1984 to 1988.

At present holding the position of Director in a good number of reputed national and multinational companies like Bata Shoe Company (Bangladesh) Limited, Reckitt and Benckiser Bangladesh Limited, Trustee of Kumudini Welfare Trust of Bangladesh Limited and Chairman of PHULKI, a NGO.



Matiur Rahman
Vice Chairman

Mr. Matiur Rahman son of late Nurul Islam Bhuiyan born on 1st March 1953 is a Bangladeshi by birth. He is a graduate in Commerce and well established renowned businessman of the Country. He is a Sponsor Director of Uttara Finance and Investments Limited being nominated by Uttara Automobiles Limited and Vice Chairman of the Board of Directors of the Company. Mr. Rahman acted as founder President of Japan-Bangladesh Chamber of Commerce and Industry and served from June 2004 to March 2006. He was the past president of Dhaka Chamber of Commerce & Industries, the largest and most vibrant Chamber of the country for two consecutive years covering 2002 & 2003. At present Mr. Rahman is the Advisor of Japan-Bangladesh Chamber of Commerce and Industry and Bangladesh-Thai Chamber of Commerce and Industry.

Mr. Matiur Rahman is the Chairman and Managing Director of different companies of Uttara Group namely Uttara Motors Limited, Uttara Automobiles Limited, Menoka Motors Limited, Uttara Tyre Retreading Co Limited, Uttara Apparels Limited, Hallmark Pharmaceuticals Limited, Uttara Hongkong JVC Ltd., Uttara Services Limited, Uttara Knitting & Dyeing Limited, Uttara Knitwears Limited, Uttara Properties Limited, Uttara Automobile Manufacturers Limited, Uttara Motors Corporation Limited, and also honourable Director of Eastern Insurance Company Limited, National Life Insurance Company Limited, Artisan Ceramic Limited, Uttara Exchange and Securities Limited, UGC Securities Limited, Eastern Securities Limited, Consolidated Tea Plantation Limited, Eastern Motors Limited, Hill Plantation Limited.

AMAR STOCK



Mujibur Rahman
Director

Mr. Mujibur Rahman son of late Nurul Islam Bhuiyan born on 12th April 1955 is a Bangladeshi by birth and is a graduate in Arts. He is a Sponsor Director of Uttara Finance and Investments Limited being nominated by Uttara Apparels Limited. He is the Chairman of the Executive Committee and Member of the Board Audit Committee of the Company.

Mr. Mujibur Rahman is the Chairman of Eastern Insurance Company Limited and Deputy Managing Director of different companies of Uttara Group namely Uttara Motors Limited, Uttara Tyre Retreading Company Limited, Uttara Apparels Limited, Hallmark Pharmaceuticals Limited, Uttara Services Limited, Uttara Knitting & Dyeing Limited, Uttara Knitwears Limited, Uttara Automobile Manufacturers Limited, Uttara Motors Corporation Limited.

Mr. Mujibur Rahman is also honourable Director of National Life Insurance Company Limited, Uttara Exchange and Securities Limited, UGC Securities Limited, Eastern Securities Limited, Eastern Motors Limited.



Mehdadur Rahman
Director

Mr. Mehdadur Rahman son of late Mukhlesur Rahman, the founder Chairman and Managing Director of Uttara Group & late Mahbuba Khatun born on 13 April 1970 is a Bangladeshi by birth. He is a graduate in International Business Administration. He is a Sponsor Director of Uttara Finance and Investments Limited and also a Member of the Executive Committee and Board Audit Committee of the Company.

Mr. Mehdadur Rahman is Deputy Managing Director of different companies of Uttara Group namely Uttara Motors Limited, Uttara Automobiles Limited, Menoka Motors Limited, Uttara Tyre Retreading Co. Limited, Uttara Apparels Limited, Hallmark Pharmaceuticals Limited, Uttara Services Limited, Uttara Knitting & Dyeing Limited, Uttara Knitwears Limited, Uttara Automobile Manufacturers Limited, Uttara Motors Corporation Limited, and honourable Director of Eastern Insurance Company Limited, National Life Insurance Company Limited, Uttara Exchange and Securities Limited, UGC Securities Limited, Eastern Securities Limited, Uttara Hong Kong JVC Limited, Eastern Motors Limited, Hill Plantation Limited.



N.G. Chin Keong
Director

Mr. N.G. Chin Keong born on 31 August 1954 in Singapore. He is a Certified Public Accountant and also a renowned business man of Singapore. Mr. Chin Keong has no other investment in Bangladesh and he is Sponsor Director of Uttara Finance and Investments Limited.



Zakia Rahman
Director

Mrs. Zakia Rahman born on 05 July 1958 is a Bangladeshi by birth. She is a graduate in Commerce. Mrs. Zakia Rahman is the Sponsor Director of Uttara Finance and Investments Limited. She is honourable Director of different companies of Uttara Group namely Uttara Motors Limited, Uttara Automobiles Limited, Menoka Motors Limited, Uttara Tyre Retreading Co Limited, Uttara Apparels Limited, Hallmark Pharmaceuticals Limited, Uttara Hongkong JVC Ltd., Uttara Services Limited, Uttara Knitting & Dyeing Limited, Uttara Knitwears Limited, Uttara Properties Limited, Uttara Automobile Manufacturers Limited, Uttara Motors Corporation Limited and Eastern Insurance Co. Limited



Tahmina Rahman (Tina)
Director

Mrs. Tahmina Rahman (Tina) born on March 29, 1977 is a Bangladeshi by birth. She is the daughter of late Mukhlesur Rahman, the founder Chairman and Managing Director of Uttara Group & late Mahbuba Khatun. She is a Bachelor of commerce. Mrs. Tahmina Rahman (Tina) is the Sponsor Director of Uttara Finance and Investments Limited and Member of the Executive Committee of the Company. She is also honourable Director of different concerns of Uttara Group namely Uttara Motors Limited, Uttara Automobiles Limited, Menoka Motors Limited, Uttara Tyre Retreading Co Limited, Uttara Apparels Limited, Hallmark Pharmaceuticals Limited, Uttara Hongkong JVC Ltd., Uttara Services Limited, Uttara Knitting & Dyeing Limited, Uttara Knitwears Limited, Uttara Properties Limited, Uttara Automobile Manufacturers Limited, Uttara Motors Corporation Limited,



Kazi Imdad Hossain
Director

Mr. Kazi Imdad Hossain born on 25 November 1945 is a Bangladeshi by birth. He is a Bachelor of Science and Executive Director of Uttara Motors Limited. He is a Director of Uttara Finance and Investments Limited being nominated by Uttara Motors Limited and Member of the Executive Committee of the Company.

Mr. Hossain is also Director of Eastern Insurance Co. Limited and National Life Insurance Co. Limited.



Nayeemur Rahman
Director

Mr. Nayeemur Rahman is the youngest Director of Uttara Finance and Investments Limited. Mr. Rahman is the elder son of honourable Vice Chairman Mr. Matiur Rahman and Director Mrs. Zakia Rahman. He has born in Bangladesh on 2nd February 1983. He completed his BBA degree from North South University of Bangladesh. After completion of the Post Graduation from England he joined Uttara Group to look after the HR and Brand Management of fifteen different companies of the group. He is also an Honourable Director of Eastern Insurance Company Limited.



A. T. K. M. Ismail
Independent Director

Mr. A. T. K. M. Ismail, born on March 01, 1952 is a Bangladeshi by birth. He is BA (Hons.) MA in Economics from Dhaka University, completed one year Post Graduate Diploma in GIS (Geographic Information System) from the International Institute of Aerospace Survey and Earth Sciences, The Netherlands in 1989 and also completed Post Graduate Diploma in Population Sciences, Dhaka University in 2009. Mr. Ismail is a Retired Secretary of the Government of Bangladesh. He is the Chairman of Board Audit Committee of Uttara Finance and Investments Limited. Mr. Ismail attended Food Administrator's Course at the Canadian International Grains Institute, Winnipeg, Canada, attended Procurement Management training from the International Training Centre of ILO, at Turin, Italy and training on Managing at the Top (MATT) from Birmingham University and the UK Civil service College.

Mr. Ismail is a vastly experienced person in Manpower and Labour sector (Headed the Labour Wing of the Bangladesh Embassy in Kuwait), experienced in Procurement, experienced in Administration of Criminal Justice and also experienced in Environment and Geographic Information System (GIS)



Md. Showkat Hossain FCA
Independent Director

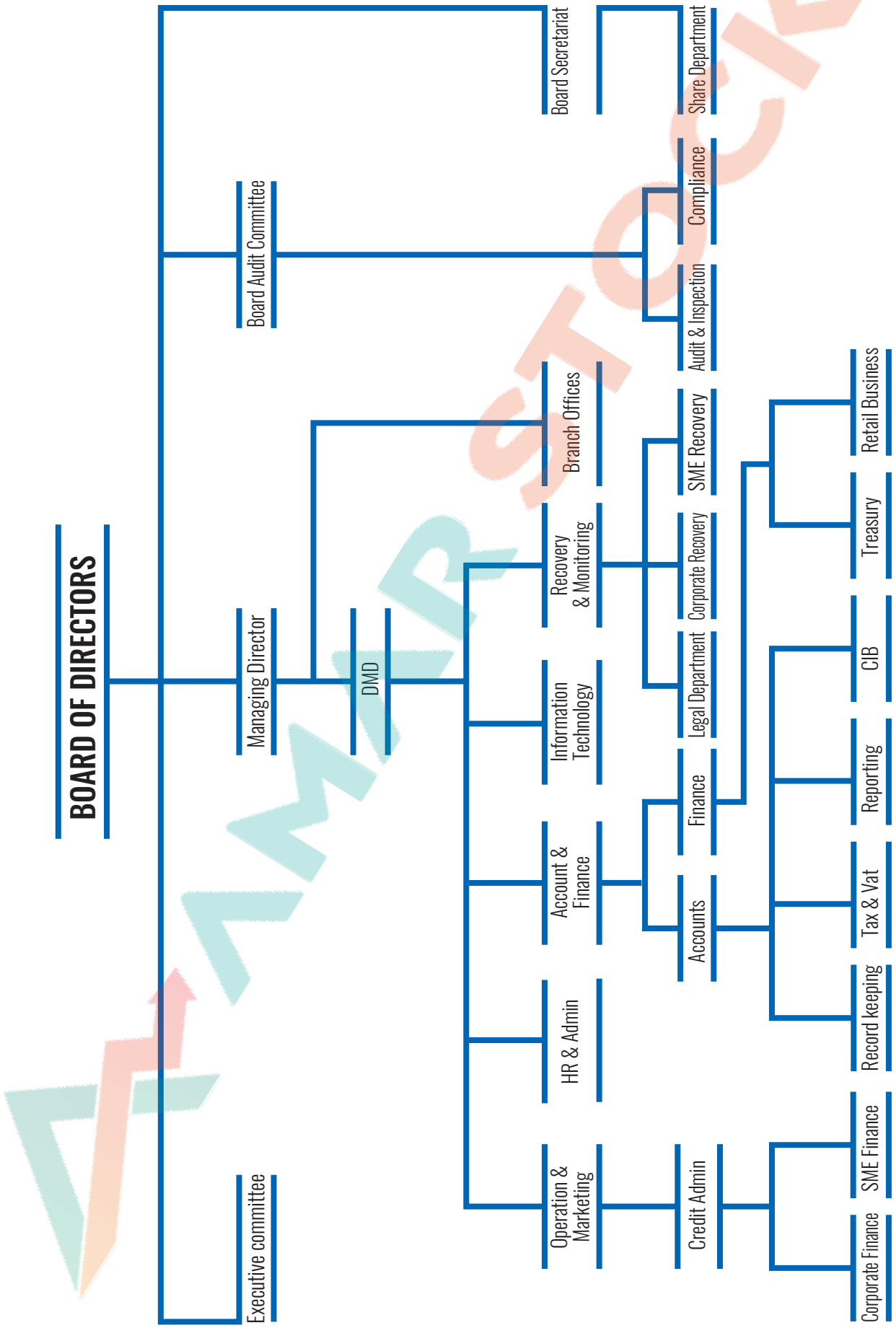
Mr. Md. Showkat Hossain, FCA, is a Bangladeshi by birth. He is a professional chartered accountant and Fellow Member of the Institute of Chartered Accountants of Bangladesh. Mr. Hossain is the Partner of A. Wahab & Co., Chartered Accountants. Before starting his journey as partner of A. Wahab & Co., Chartered Accountants he served in Accounts and Finance division in Bangladesh Petroleum Corporation (BPC), Eastern Refinery Limited (ERL), Jamuna Oil Company Limited (JOCL), Dhaka Electric Supply Company Limited (DESCO) and Dhaka Ahsania Mission (DAM). Also worked with Bangladesh Energy Regulatory Commission (BERC) as Member of the Commission and was nominated by the Government to represent Government as Director of Padma Oil Company Limited (POCL) and Jamuna Oil Company Limited (JOCL). He worked for NCR Corporation, USA in its regional offices in Bahrain, Cyprus and Kuwait, in the Accounts Division. He is experienced in audit of world renowned multinational companies like, Unilever, Glaxo, Hoechst, James Finlay, etc. as well as limited companies under Government sector corporations like, Eastern Refinery, Chittagong Steel Mills, R R Jute Mills, Bangladesh Gas Fields, etc.



S. M. Shamsul Arefin
Ceo & Managing Director

S M Shamsul Arefin, CEO & Managing Director is a B.Com (Hons) & M.Com in Accounting from 'Dhaka University' in 1985. MBA with Major in Finance from 'United Kingdom' in 1987. Associate of 'British Institute of Management (U.K)' in 1987. He was recruited as an Officer by former 'Al Baraka Bank Bangladesh Limited'. After successful completion of theoretical and practical experience he was transferred to various branches of the Bank and finally to Industrial Finance Cell as Financial Analyst. He joined on 01 july 1996 in UFIL's Business Division as Assistant Vice President (AVP). He was promoted as SAVP, VP, SVP & finally EVP. Before taking the charge of Managing Director he worked in various departments and finally worked as second man of the Company. Lastly in the year 2003 he took up the complete charge of UFIL being promoted as Managing Director. During his 34 years service career he attended various conferences which includes; 3 days 'Securitization' course on Financial Institutions Development Project (FIDP), Bangladesh Bank in 2001. Trade Cash and Finance 'making forfeiting work for you' Int'l Chamber and BNP Paribas jointly organized in Paris, France in 2005. Understanding the UCP 600, Organized by International Chamber in Paris, France in 2007. Financial Markets Forum, Organized by Standard Chartered Bank, Dubai, U.A.E in 2012. Bangladesh Investment Summit, Organized by Deutsche Bank & Standard Chartered Bangladesh at Singapore in 2012. World Leasing Convention, Organized by Euromoney Seminars, London, UK at Berlin, Germany in 2013. Leadership & Financial Risk Management, Organized by Standard Chartered Bank at Malaysia in 2014.

WWW.INVESTOR STOCK


BOARD OF DIRECTORS
Executive committee
Managing Director
Board Audit Committee
Board Secretariat
DMD
Branch Offices
Share Department
Compliance
Audit & Inspection
Recovery & Monitoring
SME Recovery
Corporate Recovery
Information Technology
Legal Department
Account & Finance
Finance
Retail Business
Treasury
CIB
Reporting
HR & Admin
Accounts
Tax & Vat
Record keeping
Operation & Marketing
Credit Admin
SME Finance
Corporate Finance

AMZR STOCK

MANAGEMENT



The success of Uttara Finance and Investments Limited within such a short time is the result of hard working and efficiency of the work force of the company. Uttara Finance has a team of well-educated and experienced executives who have been contributing substantially in the continued progress of the organization. The assistance of the work force enables the management of the company to run their business successfully and with the highest zeal.

MANAGEMENT



Managing Director
S. M. Shamsul Arefin, *M. Com., MBA*
Fellow, British Institute of Management (UK)



Deputy Managing Director
Muhammad Abdul Hamid, *FCMA*
Head of Chittagong Branch



Deputy Managing Director
Md. Jakir Hossain, *FCA*
Company Secretary



Sr. Executive Vice President
Anil Chandra Das



Executive Vice President
Uttam Kumar Saha
Chief Financial Officer



Vice President
Kazi Arifuzzaman



Vice President
Ali Akber Mollah
Head of Dilkusha Office

AMJ STOCK



Vice President
Mesbah Uddin Mahmud



Vice President
Md. Mainuddin
Head of Treasury



Vice President
Choudhury Fazla Anwar



Sr. Asst. Vice President
Mohammad Shahinur Rahman
Head of Merchant Banking Unit



Sr. Asst. Vice President
Monira Ferdous Jahan



Sr. Asst. Vice President
Mithu Kumar Saha



Sr. Asst. Vice President
Md. Moshiul Azam



Sr. Asst. Vice President
Sheikh Md. Ashiqur Rahman
Head of IT



Sr. Asst. Vice President
Md. Kamruzzaman, ACA



Sr. Asst. Vice President
Md. Baqui Billah



Asst. Vice President
Md. Nijamul Haque



Asst. Vice President
Md. Eunus Bin Rashid



Asst. Vice President
Nahreen Rahman



Asst. Vice President
Md. Abdul Awal



Asst. Vice President
Farhana Azad



Asst. Vice President
Nuveria Sultana



Asst. Vice President
S. M. Kamruzzaman



Asst. Vice President
Md. Aershad Hossain Khan



Asst. Vice President
Md. Golam Kibria



Asst. Vice President
Mohammad Mohibur Rahaman, ACS



Sr. Principal Officer
Md. Abdul Latif
Head of Bogra Branch

OUR HUMAN CAPITAL



Celebration of International Women's Day.

A GROUP OF MOTIVATED AND MULTI-TALENTED EMPLOYEES ARE THE MAIN ASSET OF UTTARA FINANCE AND INVESTMENTS LIMITED (UFIL).

UFIL has been recognized as one of the employers of choice in the country. The Company has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive expanded opportunities to realize their diverse potentials. This also benefits the organization by demonstrating value creating behaviours. To ensure long term sustainability, UFIL emphasises on skill and merit-based recruitment and selection process, competitive remuneration package, sufficient training and development programs, career growth with succession planning, high-performance culture and satisfying working atmosphere where employees are able to escalate their grievance and receive counseling.

Recruitment and Selection

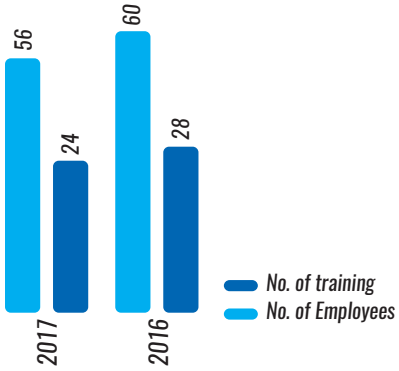
HR department always ensure hiring right people in the right place at the right time. In our company both Internal and External sources are encouraged for new/replacement recruitment. We follow merit-based recruitment process for both internal and external recruitment. UFIL provideds equal opportunities to all applicants without any bias to religion, race, gender or age.

The Company believes that its uniqueness and strength comes from the emphasis they put in the quality of the people in the organization as they play an integral role in the Company's success.

Learning and Development

The Company puts great emphasis on training and provide resources and opportunities for development to the employees. UFIL acknowledge and support the need for employees to balance work and personal interests and encourage flexibility wherever possible. Effectively designed training programs targeting the right group of employees are conducted on a regular basis. During the year of reporting total 56 employees got training opportunities in 24 training programs. In the year 2016 total 60 employees participated in 28 training programs.

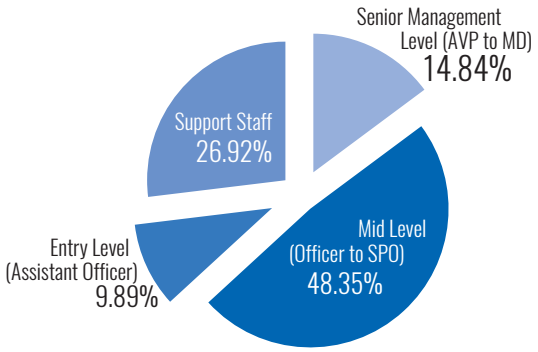
Training and participants



Human Capital Strength

The total workforce of UFIL as on 31 December 2017 is 182. Here is a table of our Human Capital Strength:

Level of employee	Total	Percentage (%)
Senior Management Level (AVP to MD)	27	14.84%
Mid Level (Officer to SPO)	88	48.35%
Entry Level (Assistant Officer)	18	9.89%
Support Staff	49	26.92%
Total	**182**	**100.00%**



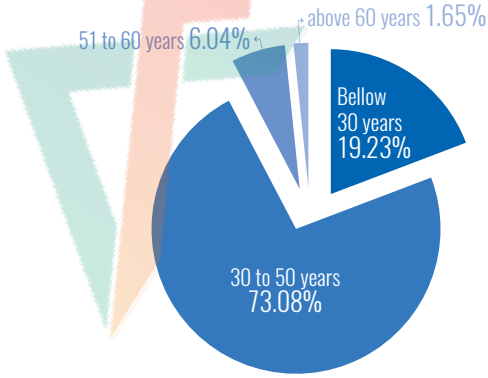
Human Capital Strength

Encouraging Youth to UFIL

UFIL believes that the young people of our country will be the future leaders who can take the nation to the new era. UFIL always encourage the young generation to join and share their innovative knowledge. The Company hires the best and most competent resources from the open job market. Excellent blend of young and experienced people ensures their best effort towards development of business. Uttara Finance and Investments Limited practices this blend since long. Every year, improvisation is added to meet new techniques & challenges to reach a new height. In terms of youth engagement UFIL has almost 20% of its total workforce at the age of below 30 years. Besides that, Company provides internship opportunities for the fresh graduates from different universities of the country.

Age Group of officials & Support Staff	Total	Percentage (%)
Below 30 years	35	19.23%
30 to 50 years	133	73.08%
51 to 60 years	11	6.04%
above 60 years	3	1.65%
Total	**182**	**100.00%**

AGE GROUP DISTRIBUTION OF THE EMPLOYEES



Compensation and Benefits to Employees

The Company recognises the need for remuneration policies to be competitive and these have been designed to correspond to individual qualification, skill, performance, contribution and responsibility ensuring a real differentiation amongst other companies. The recruitment strategy of the Company is based on attracting and retaining the most suitable people at all levels of the business.

We target a fair human resources management by using a performance based system. In addition, to drive further development of individual skill sets and competencies. There is no incident of discrimination occurred in terms of remuneration provided to male and female employees. Every employee is paid salary on monthly basis, which is a combination of basic salary, fringe benefits and other benefits. In addition of basic salary the benefit schemes of UFIL are as follows:

Employee Benefits

- House rent allowance
- Conveyance allowance
- Medical allowance
- Entertainment allowance
- Dearness Allowance
- Group Life Insurance
- Festival Bonus
- Performance Bonus
- Loan facility
- Mobile allowance
- Transport Facility
- Car Maintenance Allowance

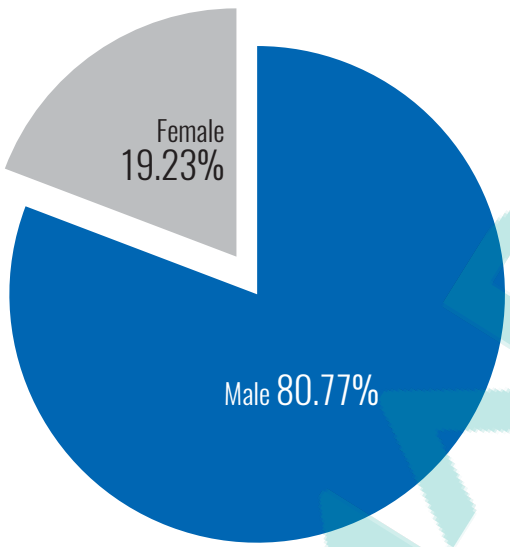
Reward and Recognition Program

Uttara Finance and Investments Limited has a well-designed Reward & Recognition program that gives special attention to employees' actions, efforts, behaviour and performance. Annual incentive schemes are used to reward the short-term business results which create noteworthy value for the business. They represent a reward for the collective achievement of defined corporate results to which each individual has made a contribution. Apart from the, monetary compensation, non-monetary rewards and other intangible benefits wait for the deserving employees with an objective to increase motivation level. Star Performer of the Month is awarded to the best performers to boost the morale of the employees and to help them to be more productive for the larger interest of the organisation.

Equal Employment Opportunity

Uttara Finance and Investments Limited believes in equal opportunity in workplace irrespective of race, religion, sex and age. UFIL believes in quality/competency while hiring the best workforce. As far as working environment and employee facilities are concerned, UFIL is one of the leading companies in the country that takes good care of a comfortable working environment for the female employees. UFIL believes in gender equality and treats female not based on gender but on competency. Female employees are contributing a lot in the growth of the company.

Male Female ratio



Male Female ratio

		Percentage (%)
Male	147	80.77%
Female	35	19.23%
Total	**182**	**100.00%**

HR Strategy

The strategic initiatives include developing competencies, identifying and nurturing a strong pipeline of competent employees, continually engaging talent and helping employees in their career aspirations. This has helped the Company build a culture where people are respected and performance is rewarded. UFIL continued to invest in developing its human resources, building strong relationships with the people and establishing its brand in the market to attract and retain the talent. HR Strategies to attain operational excellence of the company are:

- To ensure maximum employees success-empowers the individual, provides an opportunity to show initiative and commands independent initiative;
- To maintain a spirit of ambition, efficient decision-making, flexibility and quick responses to changes;
- To attract qualified personnel by creating a motivated workplace;
- To retain competent employees by creating a superior workplace;
- To provide new employees with appropriate training;
- To encourage employees to maintain professional skills and give them the opportunity to develop and grow;
- To create a strong management team;
- To sustain an environment that supports a balance between work and life;
- To ensure equal opportunities, with regard to employment, work facilities, assignments, training, job development and financial benefits;
- To arrange the interests of employees with the ultimate interests of the Company

Ensuring a Sound Workplace

It is of paramount importance for the organisation to mitigate as many health and safety risks as possible for its employees. UFIL is committed to ensuring zero harm to its employees. We invest time, effort and resources to protect all of our employees from harm that might be associated with their work. As safety has the highest priority, all protective measures have been taken to avoid accidents in the workplace. Firefighting equipment, first aid boxes and trained staffs are made available for immediate response to any emergency.

Incentives

By rewarding good results, Uttara Finance and Investments Limited encourages its people to fulfill their potential and in this way supports the optimum performance of the Company. The system of profit-sharing in the form of performance bonus exemplifies how the Company works as a community and by the same token, shares the spoils of success as a community. By aligning the interest of employees and shareholders, Uttara Finance and Investments Limited enables its people to play more active role in bringing the success of their own community.

Performance Management Program

UFIL has a comprehensive performance management program that evaluates employees' yearly performance against set performance evaluation process at the year-end. This performance appraisal system is considered as vital for

the Company as this is a very significant tool to identify and differentiate the performers and non-performers.

Maternity Benefits

Female employees are entitled to this benefit in the form of 6 (six) months maternity leave with full pay as approved by our Board of Directors in terms of the directives of Bangladesh Bank and in conformity with the law of the land. But the said facility is restricted up to 2 (two) kids only.

Insurance Scheme

Group Insurance benefits for the employees have been arranged by Uttara Finance and Investments Limited.

Grievances and Counseling

Since employee's behaviour affects work discipline, if an employee is aggrieved about their personal employment position, they are encouraged to use the Grievance procedure to raise the matter. From time to time human resources function also counsels employees.

Maintaining Employee Relations

Building and maintaining healthy employee relations is an essential prerequisite in attaining ultimate success for the business. Uttara Finance and Investments Limited considers each of the employee as a member of Uttara Finance Family. Here employee get the opportunity to prove their creativity, idea and performance, that's why Uttara Finance is a performance driven company.

Job satisfaction and retention

Uttara Finance and Investments Limited seeks not only to attract the most qualified personnel, but to retain them by creating a superior working environment and attending to their needs. Employee turnover at the Company was at a comparable level to the previous year. The total turnover rate for the company was around zero percent, which is largely dependent on external factors. The real challenge is to keep unwanted turnovers (resignation) at a minimum and we may state that we could meet this challenge with success.

Compliance with the Law

All statutory requirements with regards to the employee benefits are complied with and compensations and rewards are linked closely to performance and longevity. The Company has a strict zero tolerance policy on child labor & compulsory labor. All appointments and contracts are in compliance with the Labor Law of Bangladesh. In case of any disciplinary action, the Company follows all legal procedures properly to ensure the right of the employees.

Employee engagement programs

Uttara Finance and Investments Limited celebrates International Women's Day, Bangla New Year, English New Year, Independence Day and besides that the Company also organizes Annual Picnic and Iftar party.



Celebration of Bangla New Year

RISK MANAGEMENT REPORT

Risk management is a discipline at the core of every financial institution which encompasses all the activities that affect its risk profile. It involves identification, measurement, monitoring and controlling risks to ensure proper management of risks related to financing business. The objective of risk management is to identify and analyze risks and manage their consequences. Perhaps the non-bank financial institutions have the most specific focus on the management of financial risks. The approach to risk is grounded on the strong practices of corporate governance that are intended to strengthen ourselves enterprise risk management framework and also position of the company to manage the changing regularity environment in an effective and efficient manner. The governance of risk management starts with our Board, which plays an important role in reviewing and approving risk management policies and practices. The company's governance structure provides the protocol and responsibilities for decision-making on risk management issues and ensures their adequate implementation. We do maintain a strong inter-departmental communication link on risk factors and foster a culture of collaboration in decision-making among the revenue-producing units, independent control and support functions, committees and the senior management. In addition to embracing the industry best practices for assessing, identifying and measuring risk, we consider guidelines for managing core risks of financial institutions issued by the country's central bank, the Bangladesh Bank vide FID Circular Number 10 dated 18 September 2005. Our risk management capabilities are connected around a strong management structure and information system, an effective risk-rating system and robust policies. The primary objective of risk management is to protect the company's financial strength and reputation and ensure efficient capital deployment to support business activities and enhance shareholder value. Effective risk management coupled with the adoption of BASEL-II (newly named as CAMD) recommendations benefits, by augmenting capitalism and optimizing costs to risk and successful funding activities.

Our Risks

We are to identify the risk factors associated with our business and to take effective measures in the functional process to minimize and control the risks in the area of lending, internal control, liquidity and treasury management. Introduction of risk analysis culture, loan classification and ratings are the broad schemes for assessing the risk status of our assets and liabilities.

We are in the business of accepting risk, our primary aim to collect and manage risks on behalf of our stakeholders and make a profit for shareholders. The ongoing development of contemporary risk management methods and the increased use of innovative financial products have brought about substantial changes in the business environment facing today.

Some Risks

We do possess a comprehensive risk management framework that enables us to monitor, evaluate and manage the risks we assume in conducting our day-to-day activities. These include credit, market, liquidity, operational and strategic risk exposures.

Credit Risk

It is the loss arising from the failure of a client, its counter-party or related parties to meet their contractual obligations. Credit risk also includes those risks which create losses to the community in general or other stakeholders resulting from the failure in measuring the risk of approving credit. In our company, Credit risk may arise on account of the following:

- Default risk;
- Credit concentration risk;
- Recovery risk;
- Counter-party risk;
- Related-party risk;
- Environmental risk.

Market Risk

The risk of loss arising from changes in market variables such as interest rates, security prices, equity index levels, exchange rates, commodity prices and general credit spreads are considered to be market risks.

Operational risk

The risk of loss arises from inadequate or failed internal processes, people and systems, or the risk of loss resulting from external causes, whether deliberate, accidental or natural are operational risks. These diverse risks are explained as follows:

System Risk

The risk of loss caused by piracy, theft, failure, breakdown or disruption in technology, data or information.

Process Risk

The risk related to the execution and maintenance of transactions and the various aspects of running a business.

Internal Risk

The risk of loss intentionally or unintentionally caused by an employee, for example an error or a misdeed, or involving employees such as disputes.

External Risk

The risk of loss on account of damage to physical property or assets from natural or unnatural causes. This category includes the risk presented by actions of external parties such as the perpetration of fraud or in the case of the regulators, the execution of change that would alter the Company's ability to continue operating in certain markets.

Liquidity and funding risk

The risk of being unable to either meet our payment obligations on maturity or borrow funds from the market at an acceptable price to fund actual or proposed commitments- include the liquidity and funding risk.

Strategic risk

- **Business volume risk:** In our company, such a risk may arise from declining business volumes and market share, from competitive pressures and loss of leadership position and from over-trading, which may affect profitability due to revenue volatility and reduced earnings spreads, credit rating and reputation. Risk of over-trading may lead to insufficient capital.
- **Reputation risk:** It is the risk related to the trustworthiness of the business. Damage to a firm's reputation can result in loss of revenue or loss of shareholder value, even if the Company is not found culpable.
- **Project risk:** If projects undertaken by the Company are not viable and feasible because of an adverse market environment, the company may run the risk of being encumbered by such projects.
- **Technology risk:** Technology risk is associated with the failure in identifying opportunity for implementing new technology as well as failure implementing new technology. If business units cannot identify new technology with a view to differentiating their products and services, they might lose out to other service providers. Also, if a technology is implemented which is not actually compatible with the organization's function, if not only brings forth operational challenges but also runs the risk of monetary wastage.

Risk management strategies

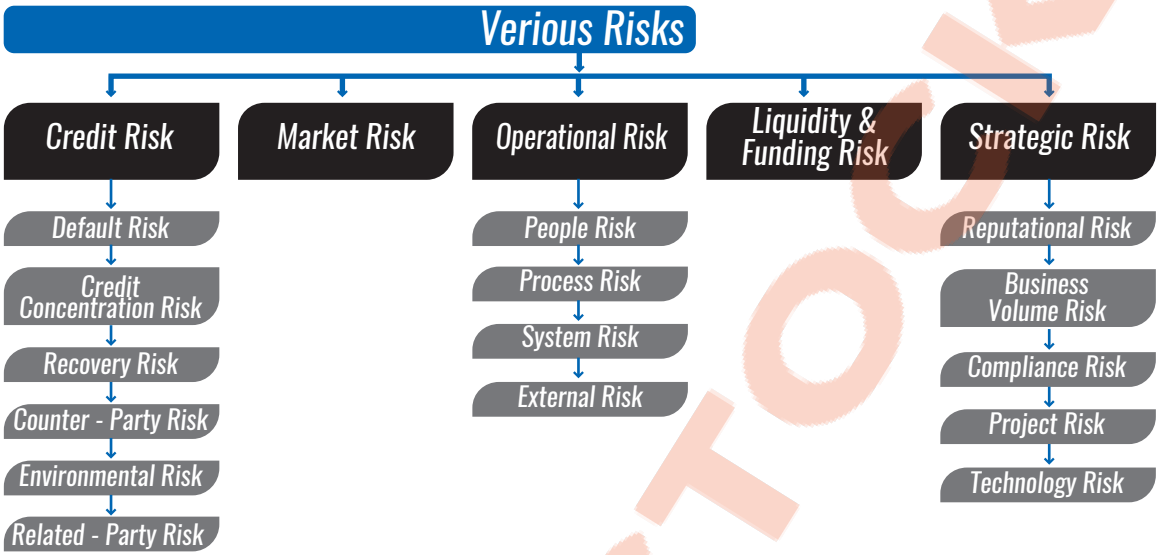
Integrated risk management approach

Integrated risk management refers to integrating risk data into the strategic decision-making framework of the Company and making decisions which take into account the risk tolerance degrees of a department. In other words, it encompasses the active supervision of market, credit and liquidity risks on a concurrent basis. Another part of our Integrated Risk Management is managing diversified risks by different teams in an integrated manner. In our company, market risk and liquidity risk is managed by our Treasury department under supervision of top management. Credit Risk Management is responsible for managing credit risk. These two teams coordinate with Corporate Affairs and Finance department to manage legal, compliance and strategic risk.

Pillars of risk management and control principles

The pillars that support our efforts towards achieving an appropriate between risk and return include the following:

1. Protecting our financial strength by controlling risk exposures, potential risk concentration at the level of individual exposures, at specific portfolio levels and at an aggregate firm-wide level across all risk types.
2. Protecting our reputation through a sound risk culture characterized by integrated view of risk, performance and reward and by ensuring through compliance with our standards and principles, particularly our Code of Conduct.
3. Complete management accountability whereby business management, as opposed to risk control, own all risks assumed throughout the firm and are responsible for the continuous and active management of all exposures to ensure the right balance between risk and return.
4. Independent control functions which monitor the effectiveness of the business's risk management capabilities and also oversee risk taking activities.
5. Comprehensive and transparent risk disclosure to senior management, the Board of Directors, shareholders, regulators, rating agencies and other stakeholders.



Credit rating

We uses a rating scale ranging scale ranging from 1-8 whereby the 1-3 risk rates are tagged as satisfactory and above satisfactory and the 4-5 risk rates are tagged as average risk. Any client whose rating is less than 6 may not be considered for the loan .this process allows the management to monitor changes and trends in risk levels and manages risk to optimize returns.

Environmental risk rating

We do maintain a general Environmental due diligence checklist and sector-specific environmental due diligence checklists. The environmental risk rating formulated through the compilation of the checklist. Environmental risk rating can either be low, moderate or high. In case of high for any proposal, post-facto approval is secured from the Executive Committee. We comply with the environmental risk management Guidelines for Banks and Financial Institutions in Bangladesh issued by the Bangladesh Bank in January 2011. Environmental risk management Guidelines have been incorporated in our credit policy. Environmental and social risks are now actively considered along with the general credit risks while assessing a prospective borrower. Environmental risks is a facilitating constituent of credit risk arising from environmental issues the risk can arise on account of environmental impact due to prevailing environmental conditions.

In addition to national laws and regulations, we have also voluntarily adopted the principals of the UN Global Compact and the UN Environment programme Finance Initiative Going forward, these will also become a part of our credit risk assessment structure, bringing forth a more rigorous environmental and social risk management framework.

Credit risk measurement in general

Ongoing active monitoring and management of credit risk position

Ongoing active monitoring and management of credit risk position is an integral part of our credit risk management activities. CRM's research team regularly reviews market conditions and our exposure to various industrial sub-sectors. We aim to proactively identify counter-parties that highlight the likelihood of problems well in advance, on the basis of the application of risk management tools in order to effectively manage credit exposure and maximize recovery, measurement tools include credit rating systems, which are used in the calculation of regulatory and economic capital & environmental risk rating and stress testing.

Stress testing

Stress-testing guidelines issued by the Bangladesh Bank since 2010, these guidelines were revised for NBFI's in June 2012 after a thorough analysis of situational requirements and future perspectives, and lastly amended one we communicated on 19 January 2016 (through DFIM circular# 02). Following which, we complement its regular standardized risk reporting process with stress tests to capture the effects of exceptional but plausible events on the company's capital and liquidity positions. The company deploys regular stress-tests to calculate credit exposures, including potential concentrations that would result from applying shocks to credit risk factors (interest rates and equity prices for instance), these shocks include a wide range of moderate and extreme market movements. Stress-tests are regularly conducted jointly with the firm's market and liquidity risk functions.

Credit risk mitigation

We do follow various credit risk mitigation techniques to organize credit exposure and reduce losses. These techniques are used consistently and reviewed periodically to meet operational management risk associated with their legal, practical and timely enforcement. A key focus of our credit risk management approach is to avoid undue concentrations in the credit portfolio whether in terms of counter-party, group, sectors or products. The Company's portfolio management supports a comprehensive assessment of concentrations within credit risk portfolio for provision of subsequent risk-mitigating actions and diversification across geographical boundaries, sectors, borrower groups and products. The analysis is also used to determine strategies for both portfolio and individual counterparties within the portfolio based on their risk/reward profile and potential. The use and approach to credit risk mitigation varies by product type, customer and business strategy. Mitigation techniques used include.

Credit limits

We possess a set of Board-approved prudential limits to address counter-party concentration risks. These allow higher exposure to better-rated customers and lower exposure to lower-rated customers. Excesses beyond tolerance limits are considered on a case-by-case basis at the time of credit sanctioning and are reported quarterly to the Board.

Sustainable cash flow

An important aspect of our credit review is a deep focus on the asset to be financed and the expected cash flow in order to minimize the probability of losses from late and delinquent payments. Hence, borrower credit-worthiness is determined on the basis of their reliability to make timely payments. Measures of reliability include credit payment history, references from current and past suppliers and qualitative character of the management/owners. Projected cash flows are also used to demonstrate the cash flows to make payments within the prescribed terms ability of the applicant to generate enough revenue and conditions. This includes evidence that the business continues to operate successfully and has been responding to its liabilities on time.

Collateral

Collateral is the security in the form of an asset or third-party obligation that serves to mitigate inherent risks of credit loss due to exposure by either substituting the borrower default risk or improving recoveries in the event of a default. The principle types of collateral taken comprise cash and cash equivalent instruments, properties (residential, commercial and industrial), capital funds, plant and equipment. Realizable value of the collateral is computed on a conservative view of current market prices, suitably discounted for price volatility and the lack of a ready market for assets. All realization costs are taken into account as well. Collaterals taken by ourselves are well-documented to ensure that credit risk mitigation is legally effective and enforceable.

Risk transfer

In some cases, we hold guarantees, letters of credit (LC) and similar instruments from third parties, which enable it to claim the settlement in the event of default on the part of the counter-party. Guarantor counter-parties include banks, parent companies, shareholders and associated counter-parties. Credit-worthiness is established for the guarantor for counter-party credit approvals.

Market risk management

Market risk may arise in the following forms

- **Interest rate risk:** Interest rate risk is the exposure of our financial condition to adverse movements in interest rates arising from re-pricing, maturity mismatches, changes in underlying rates and other characteristics of assets and liabilities in the normal course of business.
- **Equity price risk:** Results from exposures to changes in prices and volatility of individual equities, baskets of equities and equities indices. Our credit policy ensures that exposures are sufficiently diversified and within the Company's risk appetite.

The Company Asset Liability Management Committee (ALCO) regularly meets to assess prevailing market risks. ALCO members analyze the changes in interest rates and market conditions and conduct an analysis on the asset-liability maturity gap and product re-pricing, thereby taking effective measures to monitor and control interest rate risks.

We do define policies and procedures for limiting and controlling interest rate by delineating responsibility and accountability and defining authorized instruments and position-taking opportunities. ALCO ensures that the Company embraces the policies and procedures that enable effective interest rate risk management. These include maintaining:

- An interest rate risk management review process;
- Appropriate limits on risk taking;
- Adequate systems of risk measurement;
- A comprehensive interest rate risk reporting system and effective internal controls.

Interest rate reports for the top management include summaries of the Company's aggregate exposures, compliance with policies and limits, summaries of reviews of interest rate risk policies and procedures and findings of internal and external auditors.

We have an efficient and effective Management Information System (MIS) for measuring, monitoring, controlling and reporting interest rate exposures. The interest rate risk management systems assess the effects of rate changes on both the earnings and economic value. Interest rate risks in new products are identified by carefully scrutinizing the maturity and re-pricing repayment terms of an instrument. The Company considers worse case scenarios and ensures that appropriate contingency plans are present to tackle these situations.

We have an adequate system of internal controls to ensure the integrity of its interest rate risk management processes and to promote effective and efficient operations, reliable financial and regulatory reporting and compliance with relevant laws, regulations and institutional policies.

Liquidity risk management

Liquidity is of critical importance to financial institutions. Insufficient liquidity has been the cause behind most recent failures of financial institutions. We possess a comprehensive and conservative set of liquidity and funding policies to address both firm-specific and broader industry/market liquidity events. Our principal objective is to create a well capitalized firm with a strong inherent ability of our core business to continue to generate revenue, even under adverse circumstances.

We manage liquidity risks according to the following principles

- Asset-liability management: We assess anticipated holding periods for our assets and their expected liquidity in a stressed environment. We manage maturities and diversity of our funding across markets, products and counter-parties and seek to maintain liabilities of appropriate tenor relative to our asset base.
- Butter liquidity: We maintain some butter liquidity to meet a broad range of potential cash outflows and collateral needs in a stressed environment. We invest our liquid funds in a manner which emphasizes the need for security and liquidity.

Periodic analysis of Policies and Guidelines

All policies are periodically modified, which helps our company to cope with the current market situation and changes in the industry.

Following the Policy Guideline for Green Banking issued by the GB and CSR department of the Bangladesh Bank on 11 august 2013, we formulated its our green banking policy. Major areas covered in the policy include:

- Governance;
- Environment and social risk in credit risk management;
- In- house environment management;
- Green finance, products and marketing;
- Climate risk fund;
- Training, awareness and green events;
- Disclosure and reporting.

Credit risk management

Our Credit Risk Management Process: Risk is inherent in all types of business. However, for UFIL credit risk is considered to be the challenging one. Though UFIL have been facing difficulties over the years for a multitude of reasons, the major cause of serious banking problems continues to be directly related to negligent credit standard for borrowers and counterparties, poor portfolio management or lack of attention to changes in economic or other circumstances that can lead to a deterioration in the credit standing of a institution's counterparty.

Credit risk management process

1. Approving transactions and setting and communicating credit;
2. Monitoring compliance with established credit exposure limits;
3. Assessing the likelihood that counter- party will default on its payment obligations;
4. Measuring the firm's current and potential credit exposure and losses resulting out of counter-party default;
5. Reporting of credit exposure to the senior management the Board and regulators;
6. Communication and collaboration with other independent control and support functions such as operations, legal and compliance.

Credit approval process

Different policies customized for different market segments

Our credit management process are designed with the aim of combining an appropriate level of authority in its credit approval process with timely and responsive decision-making and customer service. The process for each division is tailored to the risk profile and service requirements of its customers and product portfolio. A Board-approved credit policy is adequately documented among business divisions and is

strictly adhered to pre-sanction. Key parameters associated with credit structuring and approval is periodically reviewed to ensure continued relevance.

Segregation of credit appraisal from loan origination

The credit appraisal and measurement process, leading to approval/rejection, is segregated from loan origination in order to maintain the independence and integrity of the credit decision-making process. The Credit Evaluation Committee (CEC) regularly meets to review market and credit risks related to lending and recommends and implements appropriate measures to counter associated risks. An independent Credit Risk Management (CRM) department has been instituted to scrutinize projects from a risk-weighted perspective and to assist the management in creating a high-quality credit portfolio that maximizes returns from risk assets.

Credit risk measurement

Our principle objective of credit risk measurement is to deploy various tools to support quantitative risk assessment from the level of individual facilities right up to the total portfolio, including credit approval process, ongoing credit risk management and reporting and portfolio analysis.

Client specific credit risk measurement

Client's payment history review

We receive credit report from the credit Information Bureau (CIB) of the Bangladesh Bank .the reports are scrutinized by the CRM and CEC department to assimilate the liability condition and repayment behavior of the client. Depending upon the report, opinions are taken from the client's banks, suppliers' and buyers' thus stakeholders' opinion are taken to understand the market position are to understand the repayment behavior of the proposed customer.

Internal rating procedures

We formulate the Risk Grading Model (RGM) to promote corporate safety and soundness by facilitating informed decision making. This model measures credit risk and categories individual and group credit on the basis of the risk. We possess different internal rating tools to assess the credit risk on corporate, SME and Retail Banking Clients. Credit rating is based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analyzed are dependent on the type of the counter-party. The analysis emphasizes a forward-looking approach concentrating on economic trends and financial fundamentals. Credit offers use peer analysis, industry comparisons, external rating, research and the judgment of credit specialists. At the time of initial credit approval and review, relevant quantitative data (such as financial statements and financial projections) and qualitative factors relating to the counter-party are used in assigning a Our liquidity and funding strategy is proposed by the Treasury department and is approved by the ALCO and overseen by the board and Directors. Liquidity and funding limits are set at group and business division-levels, taking into consideration current and projected business strategies a risk tolerance. Performance is monitored against limits and targets and regularly communicated to the management. These limits and targets are periodically reviewed and reconfirmed by the respective authorities.

Liquidity requirements are managed on a day-to-day basis by the Treasury division. It is also responsible for ensuring that sufficient funds are available to meet short-term obligations, even in a crisis and to maintain diverse funding sources. The division maintains liquidity based on historical requirements, anticipated funding requirements for operations, current liquidity position, collections from financing, available sources of funds and risks and returns. We aim to maintain a sound liquidity position to meet our liabilities when due, whether under normal or stressed conditions.

We have been following the stress-testing guidelines issued by the Bangladesh Bank since 2010. The guidelines were revised for NBFI's in June 2012, than in 19 January 2016, after a thorough analysis of the situation requirements and future perspectives. We perform regular stress analysis to determine the asset/liability structure that allows the Company to maintain an appropriately balanced liquidity and funding position various scenarios and circumstances. Moreover, we manage its liquidity and funding risks with the overall objective of optimizing the value of the business across a broad range of market conditions.

We possess adequate internal controls over its liquidity risk management process. An effective system has created a strong control environment with an in-built process of identifying and evaluated liquidity risks. It also possesses an adequate information system that produces regular independent reports and evaluations to review adherence with established policies and procedures.

A summary of lease/loan classification and provision for 2017 and 2016 is presented to forecast future funding requirements and understand present collection from financing:

Operational Risk management

Operational risk management arises from inadequate/failed internal processes, human errors and system failures or from external causes (deliberate, accidental or natural). Such events may cause direct financial losses indirectly as revenue forgone due to suspension of business. They may also damage our reputation, causing long-term financial implications. Operational risks are inevitable consequences of being in business and managing it is a core element of our business activities.

Managing operational risks timely and information as well as a strong control culture, we seek to manage our operational risks through-

1. Training, supervision and development of our resource;
2. Active participation of the senior management in identifying and mitigating key operational risks;
3. Independent control and support functions that monitor operational risks on a daily basis, we have instituted extensive policies and procedures and implementation controls designed to prevent the occurrence;
4. Proactive communication between our revenue- predicting units and our independent control and support functions;
5. Building a network of system throughout the firm to facility the collection of data used in analyzing and assessing our operational risk exposure Appropriate internal control measures are put in place address operational risks. We have also established an Internal Control and Compliance (ICC) department to address operational rocks and to implement policies to counter such risks. In line with regulatory requirements, the ICC is responsible for the following:

Taka in million

		Year	
		2017	**2016**
Unclassified (UC)	Standard(STD)	23,308.41	16,551.52
	Special Mention Account (SMA)	3,166.17	3,276.38
Total Unclassified	(STD+SMA)	26,474.59	19,827.90
Classified	Sub-Standard(SS)	412.29	535.51
	Doubtful (DF)	209.51	515.36
	Bad/Loss (BL)	1,195.25	656.16
Total Classified (SS+DF+BL)		1,817.06	1,707.03
Margin Loan		2,207.33	2,131.79
Total Outstanding		**30,498.98**	**23,666.72**

1. Assess compliance with applicable laws and regulations, Codes and guidelines, internal procedures and policies. Timely audit is conducted where compliance with laws, regulations and guidelines is critical and appropriate recommendations for enhancement in processes and controls are enunciated;
2. Track transaction and report any suspicious transactions to the local designated authority. It also imparts on anti-money laundering in order to enable staff to mitigate compliance risks as recommended by local regulations;
3. Act as a control point within the company and deliver timely advice in relation to compliance queries emanating within the Company;
4. A compliant cell has been formed in line with the DFIM circular 13/2011 to ensure prompt settlement of complaints.

In our company proper credit administration includes efficient and effective operations related to monitoring, documentation, contractual requirements, legal covenants and collaterals, among others, accurate and timely report to the management and compliance with management policies and procedures and applicable rules and regulations.

All business of our company, audited to assess control adequacy and effectiveness from a process. The Company gathers information of different risks from reports and plans that are published within the institution (like audit reports, regulatory reports, management reports, business plans and operations plans, among others). A careful review of these documents reveals gaps that can present potential risks. The data from the report are then categorized into internal and external factors and converted into the likelihood of potential to the institution.

Business volume risk management

To encounter and mitigate business volumes risks, the following risk mitigation measures are in place:

Regular review of the impact of the global meltdown and taking appropriate measures.

At a glance, some portfolio-

Sector-wise exposure

We do enjoy a well- diversified credit portfolio in which the credit risk is spread across different sectors of the economy, as detailed below:

Credit risk concentration limits

As on 31 December 2017 no regulatory and prudential limits were exceeded with respect to credit connection risk. We comply with the following regulatory prudential limits: credit exposure to a customer or any group of closely-related customers only one exceed 30% of its capital base. Also credit connections, notably connections over 15% of the Company's capital base, are reported:

(i) Quarterly to the Risk Management Committee;

(ii) Quarterly to the Central Bank.

Top-10 Group Exposure

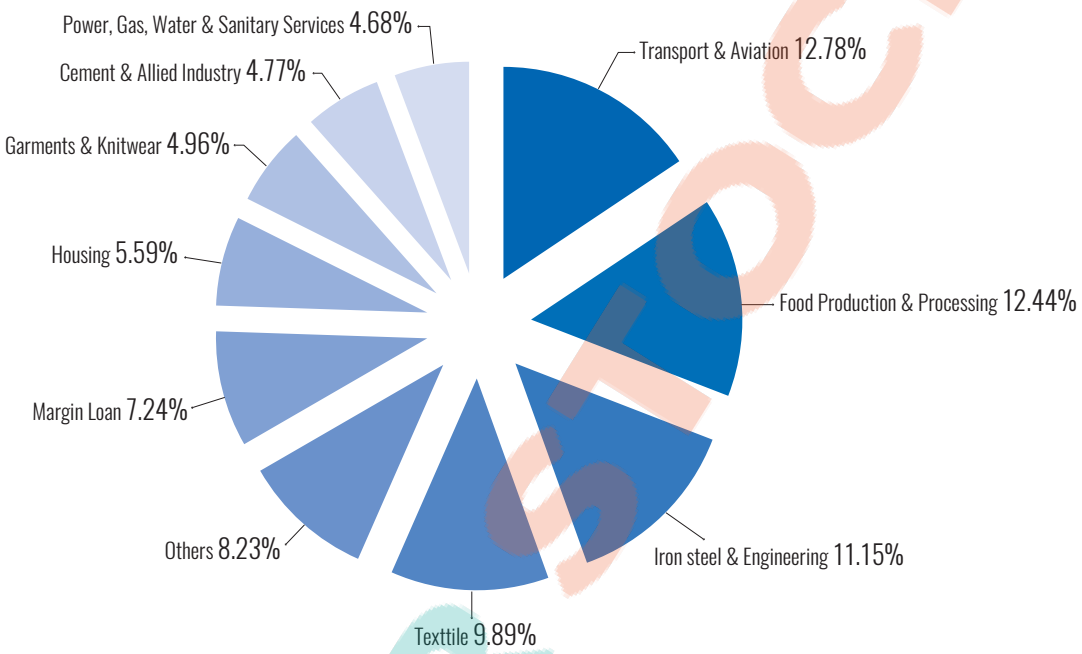
Client Rank	Group Exposure (taka in crore)	% of UFIL's equity
Client- 1	190.88	30.72%
Client- 2	185.00	29.77%
Client- 3	181.34	29.19%
Client- 4	151.90	24.45%
Client- 5	150.35	24.20%
Client- 6	127.90	20.58%
Client- 7	117.88	18.97%
Client- 8	117.38	18.89%
Client- 9	116.50	18.75%
Client- 10	114.44	18.42%

Top-10 Sectoral Exposure

Sectors	Net Exposure (taka in crore)	% of Total Industrial Portfolio
Transport & Aviation	389.72	12.78%
Food Production & Processing	379.39	12.44%
Iron steel & Engineering	340.12	11.15%
Texttile	301.53	9.89%
Others	250.91	8.23%
Margin Loan	220.73	7.24%
Housing	169.21	5.59%
Garments & Knitwear	151.40	4.96%
Cement & Allied Industry	145.34	4.77%
Power, Gas, Water & Sanitary Services	142.76	4.68%

AMARSTOCK

INDUSTRY-WISE LOANS, ADVANCES AND LEASES (Top ten)



Adequacy of risk management process

We possess well-established processes for management of all material risks that are associated with its business activities. The Company's policy is to maintain a strong core capital and utilize it's efficiency throughout its activities with the objective of optimizing shareholder returns while maintaining a prudent balance between the core capital and the underlying risks of the business.

The capital management processes ensure that each entity/segment maintains sufficient capital levels for legal/regulatory compliance purposes and to meet BASEL-II (CAMD) requirements, besides keeping a cushion for uncertainties and supporting depositor confidence.

Type of Risk	Rating
Credit Risk	Moderate
Market Risk	Moderate
Liquidity Risk	Low
Operational Risk	Low
business volume Risk	Low



CHAIRMAN'S REPORT

CHAIRMAN'S REPORT

Bismillahir Rahmanir Rahim

Dear Valued Shareholders,

Assalamo Alaikum.

I, on behalf of the Board of Directors have great pleasure to extend a hearty welcome to you all to the twenty-third Annual General Meeting of Uttara Finance and Investments Limited. I have the pleasure to present before you the Annual Report of 2017 including the audited financial statements and auditor's report thereon. I would take this opportunity to briefly discuss the developments during the year and also some issues following the close of our financial year in December 2017.

Bangladesh has an impressive track record on development and the economy has grown at 6% (percent) or more in the last one decade with human development maintaining the pace. Poverty dropped by nearly one third, coupled with increased life expectancy, literacy and per capita food intake. According to the World Bank, nearly 15 million Bangladeshi's moved out of poverty trap since 1992. The GDP during the current fiscal year ending in June 2018 is likely to be between 7-7.5%.

Bangladesh has attained the status of a lower middle income group from that of a LDC during 2015 which is indeed a commendable achievement. However, to maintain the status will require substantial efforts in many fronts.

Bangladesh can easily become an export power house with its labour intensive manufacturing and service exports growing on double digits on a sustained basis. Exports from Bangladesh reached BDT 34,835.09 billion in FY 16-17. On the other hand RMG Sector has a target of $50 billion in the year 2021 coinciding with 50 years of independence of Bangladesh. The Leather Sector is also expected to grow rapidly. All those targets are achievable if policies are implemented to address the structural deficiencies prevailing at this moment. It is encouraging to note that the government has allowed the private sector to establish Special Economic Zones (SEZ's) for Japan, China and India to complement existing Export Processing Zones (EPZ'S).

The IMF has identified several areas as a recipe for the Government to fuel the growth of the country's gross domestic product which has been stuck at around 6% for a decade. Now as per suggestion of IMF Bangladesh needs to prioritise major infrastructure projects, make available lands for investors and reform the financial sector as a part of its measures to boost economic growth. Bangladesh is also labeled as one of the expected drivers of growth in emerging markets in near terms for the steady growth and improvement in social indicators. Bangladesh is grouped with four other developing countries, all having a population of 100 million each. The four other countries are Indonesia, Pakistan, Nigeria and Mexico.

The year 2017 has been comparatively peaceful with very little disruption to normal life. As such, we are in a position to give you a result which shows remarkable growth over last year and are likely to please all of you as shareholders of the Company. During the year under review, we reached a milestone of projects sanctioned and amount disbursed during the year and finally showed a post tax profit of BDT 907.71 million. This milestone was achieved with hard work, dedication of all the employees and considerable support and guidance of the members of the esteemed Board of Directors. We wish to assure you all that your Company will continue to look for opportunities to diversify and bring new products in to the market for further development and progress and that we will make every effort to give you higher profits on your investments. We are deeply grateful to you for your confidence in our efforts. You have been the most receptive, cooperative and patient shareholders and Insha Allah we will not disappoint you.

I also wish to express my grateful thanks to the esteemed members of the Board of Directors for their excellent cooperation, suggestion and advice throughout the year. They have been forward looking,

most thoughtful and kind.

The Management of the Company has been very dynamic and innovative to meet day-to-day situation effectively. The entire Management Team performed admirably and in unison in a praiseworthy manner to produce a remarkable result under the leadership of the Chief Executive of the Company. I seek your blessings for the Management Staff of Uttara Finance so that their hard work and brilliant efforts may continue in 2018 heralding a brighter future for the Company.

Thank you once again for attending the AGM and I wish to assure you that we value your suggestions

received from time to time.

May Almighty Allah's blessings be on all of you.

Allah Hafez

Rashidul Hasan

AMAR STOCK



MESSAGE FROM

MANAGING DIRECTOR & CEO

MESSAGE FROM MANAGING DIRECTOR & CEO

Bismillahir Rahmanir Rahim

Dear Valued Shareholders, valued clients and well wishers

Assalamo Alaikum

I on behalf of the Management have the great pleasure to extend a hearty welcome to you all to the twenty-third Annual General Meeting of the Company.

Our Business Performance in 2017

Despite of prevailing mid challenging business situation in the country and severe competition within the sector in 2017, we were able to achieve good business during the year. Our Gross profit and Net profit stood at Tk. 159.27 crore and Tk. 90.77 crore respectively in the year under review.

Corporate Sustainability

We have been managing our business sustainably and for the long-term. Identifying and managing our social and environmental risks and opportunities have been considered as fundamental for our business strategy.

We have achieved or made good progress in respect of many of our targets in 2017. Although we still have much more to do and aim for further improvements in the coming years.

As you all know, your company has stepped into its third decade of operations. As one of the oldest 2nd generation Company, we have shouldered the risks of numerous individuals and businesses with the best of our ability. Our current road map is to continue to excel in the industry to have the leadership position dominant.

Looking forward

The Finance and Leasing market in Bangladesh have been over saturated with 35 Companies i.e. market is severely crowded for a under developed nation like us. This has resulted to a cut-throat competition, among the companies which is detrimental for the growth of the sector.

Service sector is the biggest contributor to our annual GDP, and our paid Tax & VAT as one of its components of GDP. Our financial penetration of less than 1 per cent is among the lowest in the world. This issue needs to be addressed by raising awareness among the public about the usefulness of lease concept and our products and services.

Information from Financial Statements

Particulars	2017 (Taka)	2016 (Taka)
Net Profit after Tax	90,77,11,864	82,93,67,822
Earning Per Share of Tk. 10.00	7.25	6.62
Net Asset Value per share of Tk. 10.00	49.62	45.49
Net Operating Cash Flow per share of Tk. 10.00	11.33	6.28

Finance Minister's Declaration

On Nov 27, Finance Minister disclosed that budget for the year 2018-19 would be Taka 4 lac & 68 thousand crore. He also added that in the year (2017) the revenue progress was 11% but the said year it was expected to be 13%. Besides he also added collection of Income Tax is up-to the mark and especially number of Tax payees increased like anything, the Board's target was 25 lac which become 32 lac that means Bangladeshi now believe that to pay Tax is their prime responsibility. He finally concluded that GDP will be close to 7.4%.

What's about Bangladesh

After independence, Bangladesh was considered as bottomless basket. After 4 decades those countries who are disclosing highest GDP growth, Bangladesh stands in the top of the list. Foreign reserve of Bangladesh is the second highest among the South Asian Countries. Before liberation Bangladeshi population were awaiting for getting old cloths whereas Bangladesh now becomes the second biggest readymade garment export country in the world. People of Europe and America at present mainly depend on Bangladeshi fabrics.

In the sector of medicine before liberation 100% dependency was on foreign countries and now producing 100% medicine locally. The entire world also now wondered with the ceramic product of Bangladesh. Before liberation there was only 2 nos. of Paper Mills owned by the Govt. and now about 90 nos. of are owned by the private entrepreneurs. 45 years back there was only 1 (one) Cement Factory but now there are about 50 nos. of Cement Industry in the country. About Ship Building Sector the country at present earned expertise and on such manufacturing the ships and exporting to European countries.

Bangladesh have gained the ability to be able to build Padma Bridge from her own sources which have astonished the entire world specially the Donor Agencies. The entire country almost flooded with the agriculture revolution since the same is the most important development sector of the country.

The research fellows of the world progress and policies wondered that under such political instability how an under development country now in the list of developing countries.

Four Lane Highway / Motorway Elevated Express Way. Construction of Panchgaon Terminal, several LNG Terminal Projects for facing severe shortage of Gas problem, Metro Rail Project, Ruppur Automic Electricity Project, Naval Terminal within the deep sea, Circular Sewerage Tunnel in the capital project etc. and construction of those infrastructure wondered the world. Besides with those specially construction of Padma Bridge Project and Dohajari, Ramu, Coxes' Bazar and Goom Dhoom project are also under going. Besides Govt. is

planning to set up 'Hundred Economic Zone'. The other development is that a country population of 16 crore user of mobile phones are 13 crore & user of internet are 5 crore and finally launching Bangbandhu Satellite has been progressing like anything.

Price Water Coopers (PWC) Report

Last but not the least, very recently the world renowned Financial Economic Research Co. (PWC COMPANY LIMITED) after their research disclosed the economy of the following country will be very much feasible & visible in the coming days and those three countries are India, Vietnam & Bangladesh. Through their report they added by 2050 Bangladesh would be the 25th biggest economy country of the world. For this calculation they took economical position of the 33 countries for last 5 years economical & financial progress. As per PWC within next 33 years the biggest economical strengthen country would be China as against existing USA and on 2050 it would be India. The most interesting message within next 33 years is that G7 group of countries would turn to emerging 7 countries. Those are China, India, Indonesia, Brazil, Russia, Mexico & Turkey as against present 7 counties like USA, UK, Japan, France, Germany, Canada & Italy. Finally they remarked that within 33 years the world economy will turn from North America & EU to Asia region.

Bangladesh has emerged as an important factor in the world economy due to its geographical existence. Since neighboring countries China and India have been proceeding towards exposing themselves as super power, so all other competitive super power countries of the world have focused with new vision on the total movements of Bangladesh due to its presence on the Border line of both the countries. Geographical existence of Bangladesh is very much important due to ongoing political crisis between India and China. So possibility of emerging of Bangladesh as a developed country is very bright. Bangladesh will obviously proceed towards development, no way to hinder the same.

Conclusion

I am happy to announce a cash dividend of 30%, which I hope will get your endorsement. A detailed performance for the year including the Directors' Report, the Audited Financial Statements and the Auditors' Report for the year ended on 31st December 2017 have been presented in the Annual Report.

Before I conclude, I would like to place on record my deep appreciation and gratitude for the positive and cordial rapport and the support we have received from the Ministry of Finance, Bangladesh Bank, Securities and Exchange Commission, Dhaka Stock Exchange & Chittagong Stock Exchange. Local Banks and other Financial Institutions, our numerous Stakeholders and Honourable Members of the Board of Directors' of the Company.

Also, extend my thanks to the Management and every Staff Member who have cooperated with one another, been dedicated to their duties, and been responsible for their individual role towards the progress of the Company.

I also take the opportunity to express my appreciation to our sharp customers and business associates for their support and inspiration.

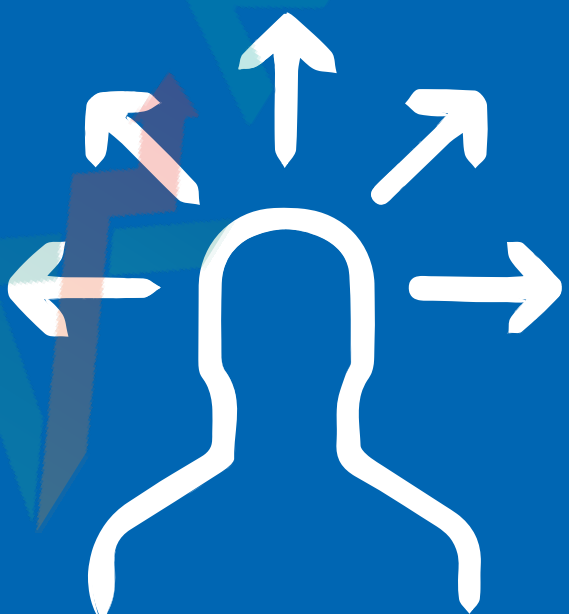
And finally, Dear Shareholders, I would like to convey my deepest acknowledgement to each one of you for your continued support and trust which has strengthened the Company to its present glory.

Best Regards,



S. M. Shamsul Arefin
Managing Director & CEO

REPORT OF THE BOARD OF DIRECTORS



Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamu Alaikum

I, on behalf of the Board of Directors of Uttara Finance and Investments Limited take this opportunity to extend a hearty welcome to all of you at the 23rd Annual General Meeting of the Company. I also take this opportunity to present before you the twenty third Annual Report of the Company along with the Financial Statements and Auditor's Report thereon for the year ended December 31, 2017 for your kind perusal.

Economic scenario worldwide

After the global financial crisis many of the high-income countries have been making desperate efforts to recover and emerging economies are less dynamic than in the past but the global economy is still struggling to gain momentum. Economic growth in recent years has fallen short of expectations in both advanced and emerging market economies. As the world economy moves further away from the global financial crisis, the factors affecting global economic performance are becoming more complex. A further deceleration of activity in key emerging and developing economies overshadowed a modest recovery in major high-income countries in 2017. As per World Economic Outlook update of January 2018 the world economy is continuing a pattern of disappointing returns like the past several years. The expected world economic growth rate for the year 2017 was revised down by 0.2 percent as against initial projection of 3.9 percent. The world economic growth projection for the year 2018 and 2019 is also 3.9 percent. The forecast, revised have been raised by 0.2 percent for 2018 and 2019, reflects a more subdued outlook surprises in Europe and Asia. For advanced economies following the UK vote in favor of leaving the European Union (BREXIT) and weaker-than-expected growth in the United States. "These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer. "Mentioned in the executive summary of World Economic Outlook update of January 2018 published by IMF.

From the recorded growth report since 1980 it is found that most of the largest emerging and developing economies have been slowing over the last five years. This kind of performance was mainly due to a continued deceleration of economic activity in emerging and developing economies amid weak commodity prices, global trade and capital flows.

In 2017 emerging market and developing economies growth is expected to strengthen slightly to 4.1 percent in the year 2017 against the growth 4.2 percent in the year 2016.

The recovery in major high-income countries gained in 2017 and has been increasingly driven by stronger domestic demand as labor markets heal and credit conditions improve. Growth in high-income country during the year 2017 was around 2.3% against last year growth of 1.7 percent. Growth in major economies has shown divergent results, as the recovery of Japan, European Union, New EU members and the Euro area gains momentum whereas other European countries lag behind. Due to improvements in the labor markets and extremely accommodative monetary policy the activities of the United States and the United Kingdom have gathered force but financial crisis have been lingering due to slow recovery. The recovery has been weaker than anticipated in the mid of 2017. However, developed economies are expected to contribute more to global growth.

Growth of the emerging markets and developing economies also has strengthened slightly in 2017. Developing and emerging countries growth is 4.7 percent in 2017 improve from 4.4 percent of 2016. China is undergoing a carefully managed slowdown and leading the potential growth throughout the emerging and developing economies. Natural disaster, political and social unrest, dependence on developed countries, lack of infrastructure etc. are the barriers for developing countries to have the expected growth. Disappointing growth reflected in other developing, middle and low-income countries not only for weak external demand but also domestic policy tightening, political uncertainties and supply-side constraints.

As per report of IMF in the year 2017 the world GDP growth is 3.7 percent which was 3.2 percent in 2016 reflects weaker than expected due to US activity after presidential election as well as materialization of BREXIT vote in favour of leaving the EU where as GDP of EURO area showing growth 2.4 percent in 2017 against 1.8 percent growth of 2016. In the year the GDP growth of major advanced economies (G7) is 2.3 percent, other advanced economies (excluding G7 and EURO) is 2.7 percent, Emerging and Developing Economies is 4.7 percent and ASEAN-5 is 5.3 percent which was 1.7 percent, 2.3 percent, 4.4 percent and 4.9 percent respectively. Growth of two large economies in Europe, Germany and France, reported 2.5 percent and 1.8 percent in the year 2017.

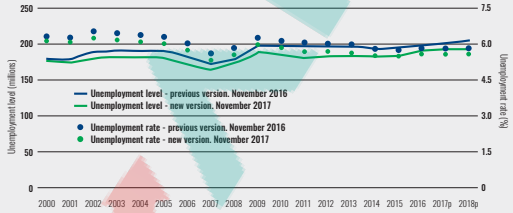
In the year 2017 the growth recorded in African Economies is 2.7 percent. South Africa and Egypt are the main two hub of this area's economy. The big South Africa's economy posted growth of 0.9 percent in 2017 which was 0.3 percent in 2016. Though a good number of challenges like armed conflicts, insufficient efforts for poverty reduction and education exist in this area, growth continued due to strong performance of oil-exporting countries.

Combined GDP growth of low income developing countries is around 4.7 percent in the year 2017 against 3.6 percent of past year. A good number of measures have already been taken by the developed and developing countries to maintain the growth rate. High unemployment, fiscal consolidation, and a narrow business confidence are expected to be continued in the year 2018 in developed high-income countries and growth in USA and Europe going to reach the growth rate of pre-crisis period.

The growth of Emerging and developing Asian regional economy is 6.5 percent is less than the expected growth rate of last year. The largest economies of this region India and China, leads the growth rate of Asia Region by achieving 6.7 percent and 6.8 percent respectively whereas both Korea and developing countries like Pakistan, Bangladesh and Sri Lanka followed the two big economies. Since the largest export market of South Asian countries had severely been affected by the debt crisis in the previous years, bank lending and foreign direct investment (FDI) in this area declined in 2017.

Figure 1.1

Comparison of global unemployment rates and levels, ILO Trends Econometric Models, November 2016 and November 2017



Note: Figures for 2016 based on ILO Trends Econometric Models, November 2016, are preliminary estimates, while figures for 2017-18 are projections. Figures for 2017 based on ILO Trends Econometric Models, November 2017, are preliminary estimates, while figures for 2018 are projections.

Source: ILO calculations based on ILO Trends Econometric Models, November 2016 and November 2017.

According to Resolution I adopted by the 19th International Conference of Labour Statisticians, a person is unemployed if three criteria are applicable within the reference period: (i) the person is not in employment (ii) the person is seeking work, and (iii) the person is available to take up work.

As reported by International Labor Office (ILO) unemployment levels have been decreasing across the world and expected unemployment rate is 5.5 percent in the year 2018 which was 5.6 percent at the end of 2017. In some countries the decline in unemployment to pre-crisis levels somewhat overstates the recovery in employment, given the decline in labor force participation. The jobless rate of USA, world largest economy fell to 4.4 percent in the year 2017 and expected to reach 4.3 percent in the year 2018. Significant progress has been made in repairing the macroeconomic damage from the crisis during the last few years but the progress is uneven and the crisis scars still quite visible especially in some countries of EURO area. The share of the working-age population in the labor force, known as the labor force participation rate was 63.5 percent at the end of December 2017 up from a post-recession low of 62.4 percent in September 2015, the lowest since May 1979. The average number of hours worked for all employees increased while earnings stagnated. To recover, different austerity measures have already been taken and some areas have shown marked improvements. Trading on the stock and bond markets has improved and stock indexes have risen across Europe. Experts opined that uncertainty created by the debt crisis will gradually fade away. In advanced economies where output is close to potential, still-muted wage and price pressures call for a cautious and data-dependent monetary policy normalization path. However, where unemployment is low and projected to decline further, such as in the United States, a faster pace of policy normalization may be required if inflation were to pick up more than currently anticipated.

During the last one decade the number of countries classified as 'low-income' (according to the World Bank definition) has fallen to 33 from 65 in 2001. Graduated countries are experiencing faster, more stable, growth. Half of the countries that attained middle-income status over this period from Sub-Saharan Africa and East Asia for new discoveries or intensified exploitation of metal and oil reserves and several other countries graduation followed the post recessions rebound, implementation of structural and political reforms.

Growth of low income countries remained robust in 2017 but macroeconomic imbalances are emerging in some countries. Activity in low-income countries has been supported by robust domestic demand, underpinned by investment, good harvests, and robust remittances. Low income countries are mainly small, heavily reliant on agriculture and remittances and also tend to have weak institutions. In low-income countries agriculture accounts for about 25 percent of GDP and in many cases, exports are dominated by agricultural commodities. Many low-income countries are also heavily dependent on remittances to support consumption and investment. On average, remittances accounted for almost 6 percent of GDP in low-income countries in 2017, much more than FDI. However, in contrast to middle-income countries,

economic activity in low-income countries strengthened in 2017 on the back of rising public investment, significant expansion of service sectors, solid harvests, and substantial capital inflows. Growth in low-income countries is expected to remain strong in the year 2018.

World economy forecast

Year 2018 is going to be very crucial for the world economy. The increase in economic, political and institutional uncertainty and reduction in trade and financial flows between the UK and rest of the EU over the medium term is expected to have negative microeconomics consequences especially in the UK. According to a survey from a leading business lobby group one fifth of British business leaders are considering moving operations abroad after the country's shock decision to leave the EU. A majority of business leaders plans for investment and hiring are being put on hold or scaled back since they think the vote for Brexit is bad for them. Despite different tribulations World Economic Outlook of IMF in January 2018 issue is hopeful to record 3.9 percent growth of the world economy in the year 2018 & 2019 compared to 3.7 percent in 2017. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2018–19. The projected pickup in growth in the next two years despite the ongoing slowdown in China primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be frustrated by new economic or political shocks. The IMF projected on January 2018 that the global economy especially emerging and developing markets will pick up. The IMF report has also predicted that oil price will increase gradually. Advanced economies are likely to see growth of 2.3 percent in 2018 and other High-income countries are likely to grow at 2.7 percent in 2018 on the back of gradually recovering labor markets, ebbing fiscal consolidation, and still-low financing costs. Despite positive growth in most countries of Latin America and the Caribbean aggregate GDP growth is projected 1.9 percent in 2018.

Growth in emerging market and developing economies is projected to increase from 4.7 percent of 2017 to 4.9 percent in 2018. In developing countries of Asia, as the domestic headwinds that held back growth in 2017 ease and the recovery in high-income countries slowly strengthen, growth is projected to gradually accelerate is expected to regain some momentum in 2018. The projected growth rate is averaging 6.5 percent but many of the factors underpinning the recent slowdown are expected to persist. In particular, the contribution of commodity exporters to global growth is expected to remain significantly lower than that observed during the commodity boom years. As the economy continues to rebalance, growth in China is expected to slow to 6.6 percent in 2018, primarily reflecting weaker investment growth. Though some of the countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness, India and the rest of emerging Asia are projected to continue growing at a robust pace.

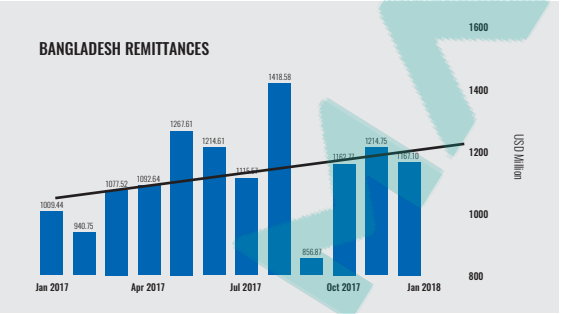
Losses from lower oil exports should sap up to USD 300 billion from economies in the Middle East and Central Asia this year as countries in the region adjust to falling crude oil prices. Economies that are particularly dependent on oil exports will be hit hardest by more than 50 percent decline in petroleum prices. The price of oil has plunged more than 55 percent to under USD 50 per barrel since June 2014 due to demand and supply gap mostly for United States domestic production which doubled over the last six years.

In January 2018 update of the IMF world Economic Outlook cites the projected growth pickup in Emerging Market and Development Economies as the primary factor behind the strengthening global outlook over 2018-19. Global growth is also backed by a gradual normalization of conditions in large economies that are currently experiencing microeconomic strains.

Risks to this slow-moving global recovery are significant and tilted to the downside. Financial market volatility could sharply raise developing countries' borrowing costs, an unwelcome development after several years of heavy capital market issuance by some developing countries. Intensifying geopolitical tensions, bouts of volatility in commodity markets, or financial stress in a major emerging market could lead to a reassessment of risk assets. If the Euro Area or Japan slips into a prolonged period of stagnation or deflation, global trade could weaken even further. Although it is a low-probability event given China's substantial policy buffers, a sharper decline in growth could trigger a disorderly unwinding of financial vulnerabilities and would have considerable implications for the global economy.

Bangladesh economy

In spite of a lot of limitations and uncertainty in the global economy, the economy of Bangladesh, over the last ten years has been maintaining its Gross Domestic Product (GDP) growth of nearly 6.5 percent. Growth pattern of last one decade proves Bangladesh economy has been on a stable and positive growth path. In the fiscal year 2016-2017 the GDP growth of the country recorded around 7.28 percent which was 7.11 percent in the fiscal year 2015-2016. According to the Bangladesh Bureau of Statistics (BBS), GDP at current market price was BDT 19,758.15 billion for FY 17 which was 14.3 percent higher of BDT 17, 328.6 billion of the preceding fiscal year. In this fiscal the economy is expected to grow at a respectable pace. Recently on the basis of available data of first three quarters (July 2017 to March 2018) of the current fiscal the Bangladesh Bureau of Statistics (BBS) estimate that the country's expected economic growth at the end of this fiscal is 7.5 percent. In the fiscal year 2016-2017 per capita real GDP and GNI were estimated at BDT 122,152 and BDT 124,401 respectively. Per capita nominal GDP and per capita real GDP grew faster than the previous fiscal year.



Despite political agitation early in 2015 that adversely affected transport services, exports, and private investment, growth in Bangladesh held up well because of brisk domestic demand, boosted by higher worker remittances, private sector wages, and public investment. During the year 2016-2017 the industry sector witnessed 10.22 percent growth lead by RMG sector with 15 percent growth. For having different advantage and 30 years of experience as per survey report of the Mc Kinsey & Co., Bangladesh remains at the top of the list of apparel-sourcing markets. After Rana Plaza tragedy due to failure to comply with safety issues some factories were fully shut down and some are partly following inspection by Accord and Alliance. Besides the Generalized System of Preference (GSP) facility in USA still remains suspended due to lack of fulfillment of different conditions including workers safety and labor rights. For better future of this sector and to ensure the growth Bangladesh does not have any choice but to overcome. Despite the tragedies, Bangladesh is still regarded as a popular sourcing destination with growth potential, forecasted by US Fashion Industry Association (USFIA). Bangladesh exports mainly Readymade Garments including knit wear and hosiery which is 80% of exports revenue and it is very much anticipated that by the end of 2020 the amount of export of this sector will reach around 45 billion USD.

According to Bangladesh Bank statistics during the first six months of current fiscal the country's remittance inflow has witnessed a sharp fall compared to that of the last fiscal. During July December period of Financial Year 2017-2018 the wage earners' remittances increased by 12.48 percent to USD 6.94 billion against USD 6.17 billion of corresponding period of Financial Year 2016-2017. Devaluation of several foreign currencies including Pound and EURO contributed to the fall of remittances and unrest in the Middle East and legal status problems of the migrant workers in Gulf countries has lead to cut off income of migrant workers. Illegal channel of sending money in home like 'HUNDI' is also a major cause for showing the said decline of remittance. Many of our friendly countries like Saudi Arabia, Kuwait, UAE, Qatar, Bahrain, Oman Libya and Malaysia considered as traditional destinations to Bangladeshi workers are gradually opening their closed doors.

On February 05, 2016 USD 101 million were withdrawn by hacking Bangladesh bank Account with the Federal reserve bank of New York out of which USD 20 million has been recovered from Sri Lanka and USD 81 million which was transferred to Philippine USD 65 million yet to recover and the hope is dwindling day by day. Though there have been several negative activities of foreign currency earnings the foreign exchange reserves of Bangladesh Bank reached to record USD 33,227 billion at the end of 2017 which is the second highest in South Asia and almost equivalent of nine months import coverage of the country which is comparable to many East Asian economies like South Korea, Singapore, Hong Kong, Indonesia and Malaysia. External sector performance has improved markedly with strong external current account position and much larger capital and financial account inflows, leading to a rapid reserve buildup. This positive and welcoming development however has happened in an environment when Bangladesh is passing through a challenging time though some analyst opined it as weakness of the economy to use available resources for domestic investment.

Agriculture and food sectors are expected to be nearly self-sufficient. Due to gas and power price hike several times in the past years the gas and power based sector was affected seriously though the rental power policy and power import from India has increased the power supply significantly to the national grid to 13,000 MW but yet to match with the ever-increasing demand of the country. Gas and power price hike affected agriculture and other social sectors and hurt marginalized individuals through hikes in prices of essential products. Taking into consideration the ever lowest price of fuel in international market the government have adjusted the fuel price nominally.

Reducing poverty by controlling inflation and creating employment opportunity is the main challenge of Bangladesh Government. The unemployment rate of the country at the end of 2017 is 4.1 percent though per capita income is all time high of Tk. 127.407 (GNI nominal). The increase of price of daily necessities increased the poverty level which is now more or less 40% of the total population. The inflation rate in September 2017 now around 5.70 percent whereas inflation of food and essentials is 4.56. To keep the inflation in control the Central Bank has tightened its monetary policy stance in part by restraining growth of private credit and larger component of domestic credit.

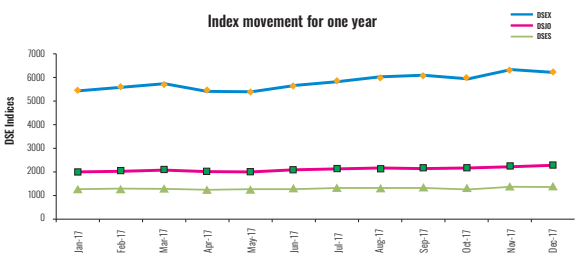
Creation of employment opportunity is the first priority of the Government to reduce poverty and poverty reduction strategy paper – II outlined that SME is a vital element of the Strategic Block for pro-poor growth and as underlying in the seventh five year plan 2016 – 2020, Bangladesh Bank has given high importance to channeling funds to this sector to gear up the pace of pro poor growth rate. The Government of Bangladesh has been making outlines of the strategies to achieve a healthy economic growth. Experts from different segments of the society opined that besides SME development, labor intensive industrialization is the only way to achieve higher GDP growth. Infrastructural facility, electricity and gas supply are not sufficient and therefore investment in the productive sectors has come to a standstill for which growth of this sector is not satisfactory.

Capital market of Bangladesh

After 2010 the position of stock markets has been deteriorated day by day till mid of 2017. The regulatory bodies, Stock Exchanges, all investors, Merchant Bankers, Brokers and share market related other concerns experienced biggest ever fall of share prices. Though a lot of reform works and different measures have been taken by the government and regulatory bodies already appeared as ineffective in the last seven years and the capital market has lost its inherent strength due to negative equity created from margin loan after fall of value of securities. Experts opined that poor involvement of banks, FIs and their Merchant Banks for exposure barrier by Bangladesh Bank, inactivity of other large institutional investors, lack of confidence of individual investors, unstable money market, higher interest rate on deposit, fall of foreign investment, absence of justice of different cases and last but not the least political instability is the reason of failure to boost up the markets. Investors who have sold out their stocks in the very early stage of market crash and capable to re-invest in the share market are now very choosy to invest further. Those who have been involved in share market during last 7 years have lost their confidence to a great extent.

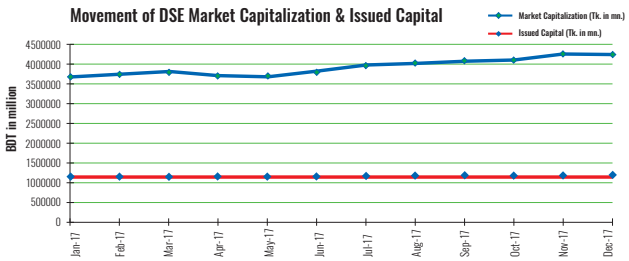
Highest Records

	Values	Date
Total Number of Trades	389,310	05-12-2010
Total Trade Volume	703,425,123	23-01-2017
Total Traded Value in Taka (mn)	32,495.756	05-12-2010
Total Market Capital in Taka (mn)	4,285,095.451	03-01-2018
DSEX Index	6,336.88453	26-11-2017
DSES Index	1,433.16518	23-01-2018
DS30 Index	2,304.69089	25-01-2018
DGEN Index	8,918.51346	05-12-2010



For providing relief to the large number of small investors who suffered monetary losses the government has unveiled a stimulus package for the affected small investors whose investment was BDT 10 lac or below. By availing refinance small investors have benefited but not up to the mark because impact of this fund to improve the overall market is not effective. Different bodies of stock market are trying their level best to make the market attractive and also to recover the confidence of the investors. Investors, who are still active in the market after suffering huge loss, now are very careful to act in the market and careful about issuer's fundamentals. Investors want to earn profit within the shortest possible time and therefore most of them run after rumor and fall in the trap of gamblers. Besides Initial Public Offering (IPO) and Right Issue are main two tonics to attract new and as well as old investors in the market. But issuer companies did not

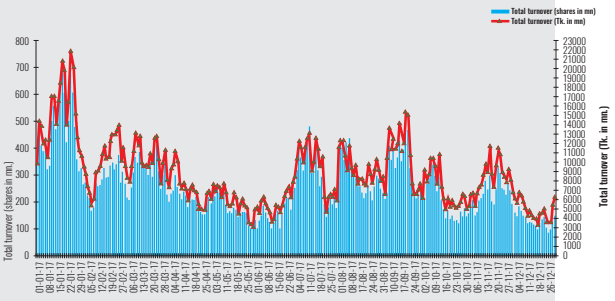
show interest as they fear that they would not get expected price. At the end of the year 2017 total number of listed securities is 569 against 560 of 2016 and 559 of 2015. Experts and Merchant Bankers opined that the number of issue could have been higher if the market remained stable.



After collapse of stock market, issue of reform measures of stock exchanges comes to the fore front. Revised index has started in the main bourses at the beginning of 2013. Taking into consideration the global trend, demutualization of both the exchanges have already been made like most of the stock exchanges in the developed and developing countries. Demutualization ensures the operational transparency and enhances investor's confidence regarding fair trading but is not the ultimate remedy of all problems of the market. Surveillance Software has been procured and installed by Bangladesh Securities and Exchange Commission (BSEC) to identify the transaction manipulation. Effective financial safeguards like corporate governance, adoption of International Financial Reporting Standards (IFRS), special tribunal for the market, political stability, lower rate of bank interest, active participation of institutional investors like different banks, mutual funds, merchant banks, insurance companies and some brokerage houses may pull the market to improve the confidence of the small investors to inject further fund into the market. Mutual funds which is only securities to invest should prove itself as a dependable place of managing funds of the small investors.

The stock market of Bangladesh is a frontier in the global prospective and long way to go to attain the international standards. Bangladesh Securities and Exchange Commission is yet to be made truly independent. This regulatory body should have certified Chartered Accountants for analysis of different financial statements. The main two share markets should take more training programs even through electronic media for the grass root investors who do not have enough knowledge but active in the market to invest blindly without knowing the fact and giving importance to rumor and put their feet into the manipulators trap. For correct decision investors should have knowledge about different common items like price index, market capitalization, sectors, face value of shares, EPS, PE ratio, NAV, prospected growth, industry average, risk of the market, impact of cash dividend, stock dividend, right shares etc. The role of Bangladesh Bank is equally important who should ensure sustainability of a sound banking system inside the money market and strengthening its coordination with the stock market regulator.

Turnover of DSE in December 2017





Stall in Bangladesh Capital Market Expo-2017





Stall in Bangladesh Capital Market Expo-2017

Payment of tax

Uttara Finance and Investments Limited deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits income taxes of the Company's income. During the year of reporting the company directly contributed to the national economy by way of payment to the government exchequer BDT 501.04 million as income tax, BDT 121.11 million as against tax deduction at source and deducted value added tax BDT 616.14 million in the year 2017 which was BDT 520.00 million, BDT 94.77 million and BDT 4.29 million respectively in the year 2016.

The Industry

Non-Banking Financial Institutions (NBFIs) are formed and supervised by Bangladesh Bank under the Financial Institution Act, 1993. At present, the minimum paid up capital for NBFIs is Taka 1.0 billion as per the Financial Institution Regulation, 1994. The business activities of NBFIs' are appeared as narrow in comparison with Commercial Banks operating in Bangladesh. By financing to various sectors like manufacturing and service industries, trade, housing, transport, information and communication technology and capital markets the NBFIs are playing very vital role in the economy of Bangladesh. This sector consists of specialized financing companies, leasing companies, investment companies, merchant banks, etc. Upto end of December 2017 there are 34 NBFIs operating their business in the country of which 3 are government-owned, 19 are privately owned local companies and the remaining 12 are established under joint venture with foreign participation. NBFIs are operating with 246 branches throughout the country.



As per Bangladesh Bank data the cumulative investment of NBFIs at the end of June 2017 is BDT 755.33 billion which was BDT 672.80 billion in 2016 means investments of NBFIs have increased by 12.27 percent. Major portion of investment of NBFIs are mainly in the form of term loan. Investments of NBFIs in different sectors of the economy shows that industrial sector is the leading sector at the end of June 2017 which is 44.21 percent of total investment followed by real estate 17.53 percent, margin loan 2.25 percent, trade and commerce 16.68 percent, merchant banking 4.17 percent, agriculture 2.67 percent and others 12.49 percent. On the other hand total deposits of the NBFIs in 2017 rose to BDT 418.85 billion after increasing by 19.19 percent from BDT 351.4 billion of 2016 whereas the aggregate liability including equity of the industry is BDT 777.91 billion at the end of June 2017 which was BDT 713.87 billion at the end of 2016.

Rating on the basis of six crucial dimensions namely capital adequacy, asset quality, management efficiency, earnings, liquidity and sensitivity to market risk known as CAMELS rating is the main basis of evaluation the performance of NBFIs. Out of 34 NBFIs, 1 was evaluated as "1 or Strong", 17 were "2 or Satisfactory", 10 were "3 or Fair", 2 were "4 or Marginal" and 2 were "5 or Unsatisfactory".

As reported in Bangladesh Bank Annual Report 2017, non-performing loan of the industry is used to judge the asset quality have increased to BDT 52.03 billion at the end of June 2017 which is 36.67 percent higher than BDT 38.07 billion of December 2016. The NPL as on 30 June 2017 is 8.93 percent of total loan and lease which was 7.29 percent at the end of the year 2016. The Shareholders equity of all NBFIs increased by 2.07 percent from BDT 107.41 billion as on 31 December 2016 to BDT 109.63 billion as on 30 June 2017. The total assets of NBFIs as on 30 June 2017 stands at BDT 755.33 billion which was BDT 713.87 billion at ted end of December 2016.

As per Bangladesh Bank Stress test results, based on data at the end of June 2017 out of 34 NBFIs, 4 were positioned as green and 17 were positioned as yellow and 12 NBFIs were positioned as red zone.

Industry outlook for 2017

All of the non-banking financial institutions of Bangladesh have passed a very challenging year along with other related industries of Bangladesh due to interest rate volatility, less investment opportunity, poor infrastructure, fall in stock prices, etc.

Besides state owned and private banks, Non-Banking Financial Institutions of Bangladesh are now one of the major financial intermediaries and have been playing very vital role as one of the key segments of the financial system of the Country through investment in different sectors by financing and leasing activities to ensure economic development.

Bangladesh Bank, the Central Bank of Bangladesh, is

the prime authority of monetary policy might continue with tight credit policy to control the inflation. The revenue collection of current fiscal is not up to the mark and expected that the deficit of revenue collection will exceed BDT 300 billion. To meet up with development expenditures if the government borrowed more from different commercial banks, the stability of money market is likely to be uncertain thus interest rate in the money market is likely to be increased and the economy may see a slowdown in terms of business activity. The non-banking financial institutions have to face more challenges to maintain their growth and recover investments in the coming days.

Principal activities of the Company

Principal activities of the Company is to extend credit facility for the industrial development of the country through operating lease, finance lease, sale and lease back, term finance, documentary credit, bridge finance, syndicated finance, working capital finance, SME, auto loan etc. The Company through its merchant banking unit provides different services like underwriting, portfolio management, issue management, asset management, corporate advisory service and also provides margin loan through investors' account. To encourage the savings behavior and also to help form capital of the nation the Company is offering term deposit with attractive interest rate and different flexible features. Shareholders may kindly note that there were no significant changes in the nature of principal activities of the Company and the group during the financial year under review.

Taking into consideration all of the above factors, Uttara Finance and Investments Limited has prepared its business plan for the year 2018. The Management of the Company has been making all out efforts to achieve the business target.

Operational performance of Uttara Finance

In the year 2017 the achievement of Uttara Finance and Investments Limited was remarkable. By the grace of the Almighty Allah and by maintaining a prudent operating policy the company has maintained a steady growth in all of the growth indicators. During the year of reporting the business growth was substantially higher over the figures of 2016. Business contract processed in 2017 is BDT 23,433.80 million against disbursement targets of BDT 18,520.00 million and disbursement has been made for BDT 20,038.50 million. Disbursement of 2017 is 21.27 percent higher than the disbursement of 2016 of BDT 16,524.20 million. In the year 2017 Uttara Finance has achieved net profit growth of 9.44 percent. This trend is likely to be maintained in spite of difficulties presently faced in the leasing and finance sectors and Insha Allah the shareholders will be presented a good result at the end of the year. The business achievement in 2017 and growth percentage over the last year are as given below:

Amount in million

	2017 Taka	2016 Taka	% of growth over last year
Business Performances			
Contract Processed	23,433,80	19,008.56	25.11%
Contract disbursed	20.038.50	16,810.36	21.27%
Financial performances			
Operational Revenues	4,218.52	3,911.03	7.86%
Profit before provision and Tax	1,786.77	1,356.05	31.76%
Net profit after tax	907.70	829.37	9.44%
Profit from general operation	1,537.80	1,189.69	29.26%
Profit from MBU	248.97	166.36	49.66
Fixed assets	114.70	120.41	(4.74%)
Investment in lease	15,399.50	11,302.06	36.25%
Investment in term finance	12,892.20	10,232.87	25.99%
Investment in margin loan	2,207.30	2,131.79	3.54%
Investment in shares	1,478.93	1,608.37	(8.05%)
Shareholder's equity	6,213.30	5,696.26	9.08%

The Management ensured that a healthy balance was maintained in manufacturing, power generation, agriculture, information technology, import substitution industries, small and medium enterprises, export oriented industries and the real estate sectors. In the process, the company could diversify to a number of sectors essential for national growth.

Branch operation

For ensuring greater participation in the economy as well as financial sector, the Company has been expanding its operational network by opening new branches. During the year of reporting Uttara Finance has made its business through three of its branches located in Chittagong, Bogra and Gulshan besides its two corporate offices located one in Dilkusha and another in Tejgaon area of Dhaka. All the branches of Uttara Finance and Investments Limited have made good profit in the year 2017. The Company has the plan to open more branches in the coming days.

Information technology

To ensure the best and quality service to its customer, generate and deliver instant error free report for internal and external use Uttara Finance and Investments Limited has been using integrated software which is exclusively designed and developed for non-banking financial institutions. For smooth IT operations the Company established a strong IT department headed by a Chartered Accountant as Department Head consisting of qualified professional personnel. IT Personnel are involved with development of software, database integration and migration, hardware procurement, installation and maintenance, network infrastructure development to ensure trouble free links, troubleshooting of different network, pc devices etc. Besides IT department is also responsible for backup of data, backup power, anti virus, terminal server, new branches connectivity, internet and intranet connections.

Financial result

The accounts for the year ended 31 December 2017 have been audited by M/S. K. M. Hasan & Co., Chartered Accountants, a renowned audit firm, for the year. After thorough scrutiny of all books of accounts and systems they have compiled and certified the figures. The Board states that;

a) The Financial Statements prepared by the Management of the Company are fairly presented.

b) Proper Books of Accounts have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates have also been made based on reasonable and prudent judgment.

d) International Accounting Standards (IAS), as applicable in Bangladesh has been followed in preparation of the financial statements.

e) Effectively implemented and monitored internal control system is sound.

f) Subject to appliance of various measures regarding going concern the Board has no doubt about the ability of the company to continue its operation in foreseeable future.

g) There is no significant deviation in operating results in comparison with last years.

As per the audited Financial Statements for the year ended 31 December 2017 the gross profit and net profit margin of the Company is 47.12 percent and 21.52 percent which were 39.04 percent and 21.21 percent respectively in the year 2016. During the year of reporting there was no extraordinary gain or loss in the reported profit. The year end results of 2017 with comparative figures of 2016 are as under:

	2017 Taka	2016 Taka
Operational Revenues	4,218,524,488	3,911,025,588
Interest expenses	2,140,710,245	2,384,020,124
Gross profit	1,987,814,243	1,527,005,464
Operational Expenses	233,011,966	212,373,271
Non Operational income	31,963,519	41,418,110
Profit before Provision and Tax	1,876,765,796	1,356,050,303
Tax Expenses	685,000,000	600,000,000
Provisions	284,053,932	(73,317,519)
Profit after Tax	907,711,864	829,367,822
Earnings Per Share	7.25	6.62

Significant deviation of operating results

As per the audited financial statements for the year ended 31 December 2017 net profit earned is BDT 907.71 million which was BDT 829.37 million in the year 2016 means there are no significant deviation in profit earning of 2016 and 2017. Taking into consideration the classification status of clients, diminution in the value of investment and equity position of Margin Loan, substantial provision have been made by the Company for classified loan, leases and other investments. Provision charged BDT 284.05 million in 2017 which was BDT (73.32) million in 2016.

In the year 2017 net profit earned is BDT 280.43 million in first quarter (Q1), BDT 698.63 million at half year end and BDT 985.32 million at end of third quarter (Q3) which was BDT 251.64 million, BDT 653.46 million and BDT 843.27 million respectively in the year 2016 which means no significant deviation occurred between quarterly financial performances.

This profit mainly derived from the core business of the company.

Related party transaction

In terms of Bangladesh Accounting Standard-24 namely "Related party disclosures" the Company discloses the transactions in notes to the financial statements under the head "Related party transactions" mentioning the basis of finding out related parties and their transactions. Descriptions of transactions as recorded by the Company related with its Directors are given in the note 38 to the financial statements.

Proposed appropriation of profit

The members of the Board of Directors of Uttara Finance had threadbare discussion on the dividend to be distributed and agreed to declare 30 percent cash dividend to the

Shareholders of the Company.

Current year's net profit is now recommended to be appropriated as under:

Description	2017 Taka	2016 Taka
Statutory Reserve @ 20% of net profit	181,542,373	165,873,564
Dividend @ 30% (dividend @ 30% – 2016)	375,661,440	375,661,440
General Reserve	150,000,000	150,000,000
Dividend equalization fund	100,000,000	100,000,000
Retained Earnings for the year	278,616,339	37,832,818

Dividend

The Company has a strong dividend policy. The Company has been paying substantial dividend in the last few years. The details of dividend payment amount, payout ratio are given in historical database.

Plan for utilization of undistributed profits

At the end of the year 2017 the amount of undistributed profit of the Company is BDT 2,878.62 million which was BDT 2,543.11 million at the end of 2016 maintained in the name of general reserve, dividend equalization fund and retained earnings excluding the statutory reserve BDT 1,554.49 million and BDT 1,372.94 million respectively for the year 2017 and 2016. This strong base of equity enables the company to show healthy NAV and has been helping the Company to carry out its regular business operation. This undistributed profit already had been invested through disbursement against lending for profit maximization. In the coming years, if needed, this fund is to be distributed to the Shareholders in the form of Dividend and/or to meet contingencies in future as authorized under Article 100 of the Schedule I of the Companies Act 1994. Additionally with this retention, a reasonable debt equity ratio is maintained for having the borrowing power.

Key operating and financial data

Key operating and financial data for last five years is given in the page no. 25 under the head historical database.

Utilization of amount received from public issue, right issue etc.

In the year 2017 the Company has not collected any fund through public issue or right issue or repeat public offering or direct listing or through any other instrument except issuing of term deposit receipts. The detailed movement of term deposit receipts is given in the note no. 11 of the financial statements.

Directors

The Board of Directors of the Company consists of 9 Members excluding Managing Director and two independent Directors. As per Article 62 of the Company one-third of the total number of Directors is to retire by rotation every year. Accordingly, three Directors namely Mr. Matiur Rahman, Mr. Mehdadur Rahman and Mr. Kazi Imdad Hossain retired from their office and being eligible offered themselves for re-election.

Directors' attendance in the Board of Directors meetings

During the year 2017 the Board of Directors met 6 times. Most of the Directors were present in all the meetings. During the year 2017 average presence of the Board Members was 66.67 percent. The Company Secretary and Chief Financial Officer were also present in all the meetings. Attendance detail of each Director is appended below:

Sl. No.	Name of Directors	No. of Position in the Board	Total Meeting	Meetings Attended
01	Mr. Rashidul Hasan (Nominee Director)	Chairman	6	5
02	Mr. Matiur Rahman (Nominee Director)	Vice Chairman	6	6
03	Mr. Mujibur Rahman (Nominee Director)	Director	6	6
04	Mr. Mehdadur Rahman	Director	6	3
05	Mr. Kazi Imdad Hossain (Nominee Director)	Director	6	4
06	Ms. Zakia Rahman	Director	6	5
07	Ms. Tahmina Rahman (Tina)	Director	6	2
08	Mr. N. G. Chin Keong	Director	6	-
09	Mr. Nayeemur Rahman	Director	6	5
10	Mr. Md. Showkat Hossain, FCA	Independent Director	6	4
11	Mr. A. T. K. M. Ismail	Independent Director	6	6
13	Mr. S. M. Shamsul Arefin	Managing Director	6	6

Directors' fees

As per DFIM circular letter no. 13 dated 30 November 2015 from December 2015 the Company has been paying @ BDT 8,000 to the non-executive Directors for attending each Board of Directors meeting and Executive Committees meeting. During the year of reporting a sum of BDT 584,000 was paid to the Directors for their attendance in the meetings which was BDT 608,000 in 2016. Other than fees for attending the Board meetings and Executive Committee meetings, the Directors including the Independent Directors

are not entitled to any other remuneration. Details of directors' emoluments paid during the year are given in notes 30 to the financial statements.

Pattern of shareholdings

As on December 31, 2017 the paid-up Capital of Uttara Finance and Investments Limited is BDT 1,252,204,800 and the Authorized Capital is BDT 5,000,000,000 where the nominal value per share is BDT 10 each. As per Clause 2(k) of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 pattern of Shareholdings of Related parties, Directors, CEO, Executives, Head of Internal Audit, Company Secretary & CFO including their spouses and minor children, other top five employee and Shareholders having 10% or more voting interest are given below. Details of shareholdings at end of 2017 are given in the note no. 13 of the financial statements.

Sl. No.	Name of Shareholders	Status of Shareholder	No. of Shareholding
1.	Uttara Motors Limited	Sponsor	6,392,667
2.	Uttara Automobiles Limited	Sponsor	9,786,799
3.	Uttara Apparels Limited	Sponsor	10,956,792
4.	Uttara Motor Corporation Limited	Director	6,268,123
5.	Uttara Automobiles Manufacturing Ltd.	Director	14,709,135
6.	Mr. Rashidul Hasan	Chairman	258,370
7.	Mr. Matiur Rahman	Nominee Director	3,316,146
8.	Mr. Mujibur Rahman	Nominee Director	313,044
9.	Mr. Mehdadur Rahman	Sponsor	2,507,115
10.	Mr. Kazi Imdad Hossain	Nominee Director	135,894
11.	Ms. Zakia Rahman	Sponsor	3,316,146
12.	Ms. Tahmina Rahman (Tina)	Sponsor	2,507,115
13.	Mr. NG Chin Keong	Sponsor	9,782,850
14.	Mr. Nayeemur Rahman	Director	375,659
15.	Mr. Md. Showkat Hossain, FCA	Independent Director	nil
16.	Mr. A.T. K. M. Ismail	Independent Director	1,595
17.	Mr. S. M. Shamsul Arefin	CEO	nil
18.	Mr. Md. Jakir Hossain, FCA	DMD& Company Secretary	682
19.	Mr. Muhammad Abdul Hamid, FCMA	DMD	nil
20.	Mr. Anil Chandra Das	SEVP	nil
21.	Mr. Uttam Kumar Saha	EVP	nil
22.	Mr. Ali Akbar Mollah	VP	5,563
23.	Mr. Mesbah Uddin Mahmud	VP	nil
24.	Mr. Mainuddin	VP	nil
25.	Mr. Chowdhury Fazla Anwar	VP	nil
26.	Mr. Kazi Arifuzzaman	VP	413

Independent Directors

As per Notification no. SEC/CMRRCD/2006-158/134 /Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission, the appointment of Independent Director should be approved by the Shareholders in the Annual General Meeting. In compliance with the section 1.2(i) of the above said notification 2 (two) new Independent Directors namely Mr. Md. Showkat Hossain, FCA and Mr. A. T. K. M. Ismail have been appointed by the Board of Directors for a period of 3 (three) years and as per section 1.2(iii) of the same notification the Shareholders in the 18th Annual General Meeting held on Monday, May 27, 2013 approved the appointment of the Independent Directors.

After expiry ofthe first three year tenure of Independent Directors on May 26, 2016 the Board of Directors taking into consideration of section 1.2(vi) of the above said Notification unanimously appointed Mr. Md. Showkat Hossain, FCA and Mr. A. T. K. M. Ismail as Independent Directors for a period of further three years term and Shareholders in the 21st Annual General Meeting held on Monday, May 30, 2016 approved the appointment of the Independent Directors and the tenure of second term of Independent Directors will be expired on May 29, 2019.

Auditors

M/S K.M. Hasan & Co., Chartered Accountants one of the leading Chartered Accountants firms in Bangladesh has carried out the audit of the Company for the year 2017 and has completed third consecutive years of audit of their term very creditably. The Financial Institutions Act, 1993 stipulated that an auditor of a Financial Institution cannot be appointed for more than three consecutive years. In compliance with the same M/S K. M. Hasan & Co., Chartered Accountants are not eligible for audit for the next term.

The Board of Directors considering the willingness of M/S S. F. Ahmed & Co., Chartered Accountants and proposal of Board Audit Committee recommended for appointment of M/S S. F. Ahmed& Co., Chartered Accountants and an audit firm of reputeto be the Auditor for the year 2018 to hold office from the conclusion of the 23rdAnnual General Meeting until the conclusion of the next 24thAnnual General Meeting of Uttara Finance and Investments Limited.

Risks and concerns

Risk is integral part of business and therefore risk management is important for making business successful. To ensure sustainable growth, execute the business plan, uphold the reputation the identification, evaluation and management of risk is very vital in business community.

To establish potential risk management system different committees have been formed where Company's senior management are members. All the committee work together but independently to mitigate different risks. All teams regularly reviews risk related issues, find out risk factors and recommend for necessary steps. Considering different rules, regulations, guidelines and recommendations of different committees, the company takes appropriate measures to

minimize the risk.

Details about risk management policies and practices are discussed in the 'risk management report' on page no. 63

Internal control

Internal controls are integral part of sound management. Reviewing the effectiveness of internal control is an essential part of the Board's responsibilities while management is accountable to the Board for developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so. The Board of Directors of Uttara Finance and Investments Limited have delegated the review work to the Executive Committee, Audit Committee and other appropriate Committees of the Company. System of internal control and implementation thereof throughout the company has been delegated by the Board to the Management and to the department of ICC. However, the guidance asserts that the Board cannot rely solely on such an embedded process, but should regularly receive and review reports on internal control from the management.

All internal control systems have some limitations. Further, because of changes in conditions, situations etc. effectiveness may vary over time. Managing Director, Chief Financial Officer and Chief of Internal Control & Compliance of Uttara Finance and Investments Limited are responsible for evaluation of the effectiveness of Internal Control system of the company. This control assists the Board to meet its responsibilities for the integrity and accuracy of the company's accounting records from which financial statements are prepared after complying with required laws and standards. The Board of Directors is satisfied with the effectiveness of the system of the internal control for the year under review.

A separate report on Internal Control has been set out on page 125.

Going concern

Going Concern is an assumption that a company will not go out of business and liquidate its assets and therefore, the company must be able to generate and/or raise enough resources to stay operational. For preparing financial statements going concern assumption is taken into consideration. Bangladesh Accounting Standards require Directors of Companies' to consider whether there are material uncertainties that would lead to significant doubt about a company's ability to continue business for a foreseeable period. Companies have to make adequate disclosures about the going concern and financial statements also have to be prepared on going concern basis.

The Directors of Uttara Finance and Investments Limited have considered the future profitability, cash flows, quality of asset & liability, current ratio, renewal and repayment of debt, nature of borrowing, creditors repayment credibility, investment portfolio, equity, employees turnover etc. in making their assessment and after due assessment, the Directors are satisfied that the Company has adequate resources to continue its operation for the foreseeable future.

A separate report on going concern has been set out on page 132.

Status of corporate governance

Status of compliance of corporate governance as per Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 of Bangladesh Securities and Exchange Commission and DFIM Circular No. 07 dated September 25, 2007 of Bangladesh Bank are given hereafter in page no. 140 and 147 as 'Annexure-I' and 'Annexure-II' respectively.

Professional certificate on status of compliance of corporate governance also given in the page no. 139

Conclusion

On behalf of the Board of Directors and on my own behalf I would like to convey my deep sense of appreciation to all the Shareholders who had taken such keen interest in the affairs of the Company during the year under review. It has indeed been a unique experience to receive suggestions and advice on important policy matters of the Company. We are indeed very grateful to each and every one of you for such keen and incisive observation. We sincerely hope that you will continue to advise, support and encourage us similarly in the future for continued progress.

The Management team has performed admirably under the policy guidance of the Board of Directors.

I on behalf of the Board wish you all good health, peace and prosperity in the spheres that you are operating.

Your large turnout has been a source of inspiration for us.

On behalf of the Board of Directors

Rashidul Hasan

Chairman

Reference:

World Bank report, IMF report, Bangladesh Bureau of Statistics, Bangladesh Bank

REPORT ON ACTIVITIES OF DIFFERENT COMMITTEES



REPORT OF THE AUDIT COMMITTEE

The audit committee of Uttara Finance and Investments Limited is a Sub-Committee of the Board of Directors. As per corporate governance guidelines issued by Bangladesh Securities and Exchange Commission vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2013, Internal Control & Compliance (ICC) guidelines of Bangladesh Bank through DFIM circular no. 13, dated October 26, 2011 stated that the Committee was responsible for submitting their report to the Board whether the financial statements of the company reflected true and fair view of the state of affairs. The Committee is also responsible for ensuring a good monitoring system. These responsibilities and compliance along with appropriate governance are incorporated in the Committee Charter.

Members of Audit Committee

As per the guidelines issued by Bangladesh Securities and Exchange Commission the audit Committee should be formed with at least three Members of the Board including one Independent Director and Chairman of the Committee must be an Independent Director. Therefore, all the non-executive Directors of the Company are eligible to serve in the Audit Committee. The Members of the Committee should be financially literate.

The Audit Committee of the Company has three Members including one Independent Director who is the Chairman of the Committee where Company Secretary of the Company is the Secretary of the Committee. During the year of reporting the Committee comprises of the following Members:

Name	Position in the Board	Position in the Audit Committee
A. T. K. M. Ismail	Independent Director	Chairman
Mujibur Rahman	Director	Member
Mehdadur Rahman	Director	Member
Md. Jakir Hossain FCA	Company Secretary	Secretary

Besides the Chairman, Members and Secretary of the Committee, the Chief Executive Officer, Chief Financial Officer, Chief of Internal Control & Compliance (ICC), the External Auditors are eligible to attend the Committee Meetings.

Scope of work of Audit Committee

The Audit Committee of Uttara Finance and Investments Limited is authorized for the following activities:

- Stuffing and set out duties, responsibilities, performance, objectivity etc. of internal audit Department;
- Review the functions of the internal audit department;
- Analysis of internal audit report;
- Requesting the Board of Directors for kind action as per recommendation of the internal audit department;
- Review of the Advice of the Board of Directors regarding appointment of External auditor;
- Review the External auditor's report, advice and recommendation and financial reporting process;
- Review of the internal control and internal checking policy as well as effectiveness of internal control system;
- Review of compliance of various regulatory bodies requirement, laws, rules, regulations, guidelines and internal code of conducts;
- Review of matter which may have adverse effect;
- Review of the accounting policy matter;
- Ensure proper use of Company's assets;
- Report to the Board of Directors;
- Investigate any matter and access to all documents & information of the company;
- Seek information from any director or employee;

Responsibilities and functions of the Audit Committee

The Audit Committee is responsible for:

- Review the monthly, quarterly, half yearly and annual financial statements;
- Review the implementation of accounting policies;
- Ensure the implementation of the internal control systems and its adequacy;

- Assist the Board of Directors in its evaluation of internal control systems;
- Review statement of significant related party transactions submitted by the Management;
- Review the activities, resources and organizational structure of Internal Audit
- Review the internal auditors' reports;
- Review the overdue status of the Company's portfolio and non- performing clients
- Review the report of Management on business operations;
- Assist the Board of Directors in its understanding of accounting practices;
- Assist the Board of Directors in its understanding of Management Information System;
- Review statement of significant related party transactions submitted by the Management;
- Assist the Board in its understanding of internal and external auditing processes;
- Review the terms of engagement and independence of the external auditors;
- Review scope of work and access to information of external auditors;
- Discuss with external auditors regarding financial reporting, accounting policies, principles, assumptions, related party disclosures, post balance sheet events, risk management process, adjustments on external audit queries;
- Discuss with the external auditors, the Chief Executive Officer and the Chief Financial Officer about audited annual financial statements included in this annual report;
- Review and approve the Annual Audit Report;
- Review Management reports issued by external auditors' and Management's response thereon;
- Oversee the annual reporting process and review the annual report before its publication;
- Review of auditors' appointment proposal and to recommend the same to the Board;
- Review the annual budget of the Company;
- Review the compliance of rules, regulations, orders, notifications, circulars etc. issued by different regulatory bodies;
- Review of Bangladesh Bank's inspection report and Management responses thereon;

For the year ended 31 December 2017 the Audit Committee after considering, analyzing and reviewing information provided by Management, internal audit and external audit states that:

1. The internal control system of the Company is adequate and effective;
2. The control system have ensured that the Company's assets have been safeguarded;
3. Accounting records have been maintained properly;
4. The external auditors performed their audit independently;
5. Audited financial statements recommended for approval by the Board to place before the Shareholders in the 23rd AGM of the Company;
6. Responses of Management on management report submitted by external auditors appeared as satisfactory;
7. Responses of Management on inspection report submitted by Bangladesh Bank appeared as satisfactory;
8. There are no material deviations on compliance rules, regulations, orders, notifications, circulars etc. issued by different regulatory bodies;
9. Available resources of the Company have been utilized efficiently;
10. Considering the eligibility the external auditors are recommended for appointment for the year 2018;

sd/-

Chairman

Audit Committee
Monday, April 30, 2018

ACTIVITIES OF DIFFERENT COMMITTEE

Stress Testing

Uttara Finance and Investments Limited (UFIL) conducts periodic reviews of its risk management process to ensure its integrity, accuracy, and reasonableness through stress testing. Every NBFI should have to written policies and procedures governing the stress-testing program. UFIL carrying out stress testing as per Bangladesh Bank guidelines regularly, on quarterly intervals. It helps in assessing potential risk, mitigation of such risks as well as current and future capital requirement of UFIL. As of 31 December 2017, the combined post-shocks Capital to Risk-weighted Asset Ratio (CRAR) at handsome level of UFIL stood at 18.43% in terms of stress test parameters set by Bangladesh Bank (BB).

At institutional level, stress testing techniques provide a way to quantify the impact of changes in a number of risk factors on the assets and liabilities portfolio of the institution. Therefore as a part of risk management unit we prepare stress testing report at each quarter to check out four major shocks (interest rate risk, credit risk, equity price risk, liquidity risk) under different magnitude level to ensure optimum allocation of capital across its risk profile. The Company has adopted the standardized approaches for market risk and operational risk. Market risk-weighted assets are marked to market and are risk weighted according to the instrument category, maturity period, credit quality grade, and other factors. Operational risk-weighted assets are derived by applying specified beta factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines. Initiatives are in place to move toward Internal Model Approach for market risk. Capital adequacy assessments and Plans, incorporating stress test results, are submitted quarterly to Bangladesh Bank. Implementing the Basel II (CAMD) framework is an integral part of our efforts to refine and strengthen, as well as to ensure our management of risks is appropriate for the risks we undertake. Company management remains vigilant to ongoing industry and regulatory developments, including risk-adjusted compensation and new standards established in the Basel II (CAMD) Framework published in December 2010. We are constantly reviewing to further improve and refine our businesses and risk management capabilities as well as engaging in dialogue with industry peers and regulators to position ourselves for the far-reaching consequences of these reforms.

BASEL II (CAMD) Implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' have been introduced from 01 January 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime has started and the guidelines namely "Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)" have come fully into force from 01 January 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all FIs for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of minimum 10%. In line with CAMD guideline's requirement, UFIL has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II (CAMD) accord.

The BASEL newly named as Capital Adequacy and Market Discipline (CAMD) is responsible for the implementation of Basel Accord for Financial Institution (BAFI) of UFIL. Managing risk based capital adequacy is the most important responsibility of the Committee. The BASEL Implementation Desk (BID) of the Risk Management Department manages Basel activities. The results of risk based capital analysis along with recommendations are placed in the Committee meeting by the BID where important decisions are made to maintain minimum/ regulatory capital and manage related risks. The BASEL Implementation Committee Charter states that the Committee has the following responsibilities specially:

- Apply the action plan of BASEL-II (CAMD) and review thereof;
- Communicate issues related to the implementation of BASEL-II (CAMD) to the management;
- Assist in carrying out the quantitative impact study (QIS), if necessary;
- Engage in capacity building and training according to the training need assessment for the concerned officials; and

- Establish a planning and supervisory review as required by Pillar-II of BASEL-II (CAMD) framework, etc;
- The reviews of the BASEL-II (CAMD) Implementation Committee include;
- Review of action taken in previous BIU meetings Economic and market status and outlook;
- Credit, market and operational risks related to capital adequacy;
- Review of BASEL II (CAMD) implementation status; and
- Anything other followings requirements if any.

Anti Money Laundering (ALM) and Anti Terrorist Financing

Bangladesh, being one of the active countries effectively fighting against money laundering and terrorist financing, has updated the relevant laws, namely, Money Laundering Prevention Act 2012 (amended in 2015) and Anti-Terrorism Act 2009 (amended in 2012 and 2013). Both the Acts have empowered Bangladesh Financial Intelligence Unit (BFIU) to play the anchor role in combating money laundering and terrorist financing activities by issuing directives and formulating various guidelines & policies for the reporting organizations like banks and financial institutions and other stakeholders. UFIL from very beginning treats the money laundering and terrorist financing issues as vital part of its core risk management strategies. The Company always pursues a policy of strict adherence to all regulatory instructions and follows good corporate governance in all its activities. In 2017, UFIL took following measures to combat Money Laundering and Terrorist Financing in an effective way:

i. The Manual on Anti Money Laundering and Combating Terrorist Financing has been updated in July, 2015 incorporating the directives of the above noted Acts, BFIU Master Circular No. 10 dated 24 December 2014 and relevant guidelines and policies of Bangladesh Bank in order to prevent money laundering and combat against terrorist financing;

ii. UFIL prepared the "UFIL Money Laundering and Terrorist Financing Risk Management Guideline- 2015";

iii. Automated sanction screening has been implemented in October, 2015;

iv. AML/CFT training is being arranged under a new module appropriate for new entrant and the refreshers. At the end of 2017, significant number of officials got training on Anti-Money Laundering and Anti- Terrorism issues;

v. Enhanced due diligence is performed in case of opening of accounts of Politically Exposed Persons (PEPs) as per directive of Bangladesh Bank which is in line with recommendations of Financial Action Task Force (FATF);

vi. Desk of the CAMLCO is ensuring submission of error free Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) if any applicable of our company data to BFIU, Bangladesh Bank;

vii. Up gradation of KYC of all UFIL Account holders has been running as per BFIU instructions;

ix. UFIL has completed the KYC;

x. Automatic transaction Profile Exception Reports are generated for daily review and monitoring of transactions at branch level as well as in the Head Office;

xi. Regular meeting and teleconferences are also held from the Office of the CAMLCO to create awareness and to measure ability to combat ML/TF and its evaluation process.

Anti money laundering risk management

- UFIL Reviewed and updated the KYCs of almost all customer accounts under 'Time Bound Action Plan';
- UFIL's Manual on Prevention of Money Laundering & Combating Terrorist Financing (CTF) has been updated in July, 2015;
- UFIL's Money Laundering and Terrorist Financing Risk Management Guideline- 2015 has been prepared.
- Automated the system of generating Transaction Profile Exception Report for daily review and monitoring of transactions at branch level as well as in the Head Office, is under process;
- Automated sanction screening is to be implemented shortly;
- UFIL complied with almost all the BB observations as of 31 December 2017;
- AML training was arranged under a new module appropriate for new entrants and the refreshers;
- Special AML audit of branches is to be conducted by the desk of the CAMLCO as well as by the Internal Control & Compliance Department shortly;

As a responsible and compliant financial institution, UFIL has been managing money laundering and terrorist financing risk since its inception. In this regard, the company follows the requirements laid down by the various guidelines and circulars issued by the Bangladesh Financial Intelligence Unit (BFIU). UFIL compliance program for combating money laundering and terrorism financing consists of the following components:

Functions of the Committee are as follows

- Keeping updated with changes in regulations regarding the combating of money laundering and terrorist financing and accordingly adopting changes to UFIL's AML and Anti Terrorism Activities (ATA) compliance policies;
- Supervising money laundering and terrorist financing control procedures of the company so as to ensure legal and regulatory requirements;
- Issuing necessary instructions across the company in line with company policy and Bangladesh Bank directives;
- Ensuring that proper KYC along with effective risk assessment and control procedures are in place providing advisory services to business and operational units on various issues linked with alleged money laundering activities or transactions;
- Maintaining ongoing awareness on evolving money laundering risks and their compliance procedures through formal and informal training, workshop and seminars;
- Development of adequate testing procedures to detect and prevent lapses in compliance;
- Monitoring business activities of branches through AML and ATA self-assessment procedure and provide corrective measures.

Asset Liability Management

The Asset-Liability Management policy leads the process and procedures for mitigation of liquidity risk of UFIL. ALCO works under specific Terms of References (functions) approved by the Board. Treasury Division and ALM desk under regular supervision of top management reviews the overall liquidity position of UFIL and takes appropriate strategy, process in line with the industry position for managing liquidity risk of UFIL. Asset Liability Management (ALM) at UFIL, we have built a robust ALM system over the years to measure, manage and monitor different aspect of the major balance sheet risks (liquidity risk and Interest rate risk). We have a dedicated ALM desk that provides input to the Asset Liability Management Committee (ALCO). It tracks, analyzes and reports Balance Sheet movements to senior management and ALCO. In addition to that, it also monitors the economic outlook, major changes in the operating environment and predicts the future interest rate movement to suggest proper balance sheet movement in line with the strategic goal of UFIL.

The main responsibilities of the ALCO are to look after the financial market activities, manage liquidity and interest rate risk and understand market position and competition among other activities. In carrying out its responsibilities, the ALCO convene periodical (monthly) meetings and regularly reviews the decisions of the meetings with due consideration of the market situations.

Ensures formation of an optimal structure of the Company's balance sheet to provide the maximum profitability, limiting the possible risk level:

- Ensures control over the capital adequacy and risk diversification;
- Guarantees execution of the uniform interest policy;
- Determines Company's liquidity management policy;
- Controls over the state of the current liquidity ratio and resources of the Company;
- Formation of UFIL's capital markets policy;
- Controls over dynamics of size and yield of trading transactions as well as extent of diversification thereof;
- Controls over dynamics of the basic performance indicators (ROE, ROA, etc.) as prescribed in the Company's policy; etc.

Portfolio Management

UFIL's discretionary portfolio management (DPM) service to manage Cap Invest", to reflect its more accurate identity. We have an experienced team of fund managers who manages funds on behalf of our investors by developing appropriate investment strategies, monitoring market performance regularly, diversifying the portfolio and actively managing risk. According to their desired risk-return profiles, our clients can choose from a wide variety of investment products.

Main Activities of the Committee are

- Reviews and recommend credit risk section of the risk framework, narratives and risk appetite metrics and limits supporting the credit risk section of the Company's risk appetite statement to the Portfolio Management Committee for approval;

- Reviews and assess the process for establishing the Company's allowance for credit losses;
- Reviews with senior management the Company's significant policies, processes and metrics for identification of management and planning for credit risk. Periodically reviews management's strategies and activities for managing credit risk, including stress test results and compliance with underwriting standards;
- Oversees management's administration of the Company's credit portfolio, including management's responses to trends in credit risk, credit concentration and asset quality, and reviews reports from senior management regarding compliance with applicable credit risk related policies, procedures and tolerances;
- Functionally manages Credit review and annually approves the unit's budget and operating plans, including ratification of key administrative matters. Coordinate its oversight of credit risk with the Company's Audit Committee in such a manner as the committees or their chairs deem appropriate, to assist the Audit Committee in its responsibility of reviewing the financial statements of the Company. The Committee to discuss with the Audit Committee quarterly, the Committee's review of the Company's allowance for credit losses;
- Coordinates its oversight of credit risk with the Risk Management Committee in such a manner as the committees or their chairs deem appropriate, including providing reports to the Risk Management Committee on the Committee's review of and actions taken with respect to credit risk;
- Annually Reviews its own performance based on criteria or in accordance with procedures agreed upon with Bangladesh Bank Guidelines;
- Carry out such other duties that may be delegated to it by the Board from time to time; etc.

Internal Control and Compliance

The Internal Control Committee addresses operational risks and frames and implements policies to encounter such risks. The Committee assesses operational risks across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risks. Under the new framework, the Internal Control and Compliance (ICC) department will act as a separate line of defense against operational risks. In line with regulatory requirements, ICC is responsible for the following:

- Assess compliance with applicable laws and regulations, codes and guidelines, internal procedures and policies;
- Timely audits are conducted where compliance with laws/regulations/guidelines is critical and appropriate recommendations for enhancement in processes and controls are enunciated;
- Track transactions and report any suspicious transactions to the local designated authority. It also imparts training on anti-money laundering in order to enable staff to mitigate compliance risks as recommended by local regulators;
- Act as a contact point within UFIL and deliver timely advice in relation to compliance queries emanating within the Company;
- The audit committee of the board the contact point for the internal control unit. The unit adequately staffed so that it can perform its duty properly. In order to ensure that availability of efficient people with internal control of UFIL make it mandatory for all middle to senior management staff to spend at least two years with internal control for understanding the duty properly;
- The head of internal control unit report directly to the Audit Committee of the Board. He is responsible for the both compliance and control related tasks which include compliance with laws and regulation, audits and inspection, monitoring activities and risk assessment;
- The audit team of the internal control unit performs periodic and special audit and inspection;
- The compliance unit responsible to ensure that UFIL complies with all regulatory requirements while conducting its business.

Risk Management Forum

The Risk Management Forum was formed on April 15, 2013 in accordance with the Bangladesh Bank's DFIM Circular no. 01 dated April 07, 2013 to introduce proactive risk management procedures in line with the international best practices framework.

- Reviews Management's plans for mitigation of the material risks faced by UFIL, evaluating their potential impact and implementing appropriate strategies to manage those risks;
- Oversights and Reviews the implementation of risk management as well as Regulatory compliance and internal control systems;
- Promotes awareness of a risk based culture and the

achievement of a balance between risk minimization and reward for risks accepted;

- Reviews the sufficiency of personnel, systems, procedures and other risk management issues;
- Reviews and assesses the integrity and adequacy of the Risk Management Function, including processes and organizational structure;
- Reviews the adequacy of the Capital;
- Reviews and assess the adequacy of the risk measurement methodologies;
- Reviews and assesses various internal limits;
- Reviews other major risk concentrations as deemed appropriate;
- Recommends to the Board the parameters of the Company's risk reward strategy, monitor the alignment of risk profile with risk appetite as defined in the Board risk appetite statement and with current and future capital requirements, and oversee risks inherent in the Company's operations;
- Discusses with Management and the external auditors any correspondence with regulator or government agencies and any published reports that raise risk issues material to the Company;
- Reviews the monitoring of the performance of reputational risk management and controls.
- Monitors changes anticipated for the economic and business environment, including consideration of emerging trends, organizational and regulatory changes as well as other factors considered relevant to the Group's risk profile;
- Recommends to the Board the parameters of UFIL's risk management strategy monitor the risk profile and oversee inherent risks. which includes the following matters:
  - Market Risk;
  - Liquidity Risk;
  - Credit Risk;
  - Operational Risk.

Risk Analysis Unit (RAU)

Concurrent with the formation of the RMF, the UFIL Risk Analysis Unit (RAU) was formed to act as the secretariat of the Risk Management Forum with the responsibility for identifying and analyzing various types of risks appropriately and in a timely manner.

Broadly, Risk Analysis Unit (RAU) will be responsible solely to identify and analyze all sorts of risks appropriately and timely. This Unit is to act as the secretariat of Risk Management Forum. Incompliance with the Bangladesh Bank guidelines RAU is work independently from all other units/divisions of the FI, e. g. no member of this unit will be involved in any sort of ratings of transactions, or setting/working to achieve any target imposed by the FI. S/He will not also be involved in the process of determining any standard or threshold ranges for risk management goals.

Risk Analysis unit will be responsible only for the followings:

- Promote broader understanding of risk and work closely with risk management to ensure risk management initiatives are in place for risk controlled UFIL practices;
- Work as an active risk associate by identifying departmental risk issues and perform analysis;
- Escalate respective risk issues to risk management unit in a monthly basis for discussion and enforce mitigation in monthly risk associates forum;
- Assist RMF to plan and reduce operational surprises and losses by recommending risk mitigation strategies;
- Finalize enterprise level risk issues to RMF meeting for management evaluation and resolutions;
- Implement RMF resolutions and monitor the risk mitigation process within the given deadline & update status to RMF;
- Interact with all the relevant stakeholders of UFIL to create risk awareness and encourage control of risk at enterprise level;
- Business and Support functions risk associates will escalate risks to this forum under supervision of Chief Risk Officer (CRO). Other Risk management committees have been established for active senior management oversight, understanding, and dialogue on policies, profiles, and activities pertaining to the relevant risk types. These include the Management Credit Committee, the Asset and Liability Management Committee, the Steering Committee for BASEL-II Implementation, Central Compliance Unit for Anti-Money Laundering and the ICT Committee. Both risk taking and risk control units are represented on these committees, emphasizing shared risk management responsibilities. UFIL Internal Audit conducts regular independent reviews of loan portfolios and business processes to ensure compliance with the Company's risk management frameworks, policies, processes, and methodologies;

- RAU identifies and analyzes all sorts of risks appropriately and in a timely manner;
- Collect all relevant data related to the risk indicators from different sources and information systems;
- Assess the quality, completeness and correctness of this data;
- Identify and quantify the risks and their exposures to material loss;
- Prepare a risk management paper on a monthly basis.

Integrity System

In accordance with Bangladesh Bank's letter no. HR-1(O&D) Focal-1/2013-2 dated 10 October 2013 to abide by the code of integrity and good governance in line with National Integrity Strategy of Bangladesh, UFIL formed the Committee.

Functions of the Committee are as follows:

- Create awareness on code of integrity and good governance across the company;
- Identify the scopes where efficiency of employee can be developed and arrange appropriate training in this regards;
- Amend existing policies and procedures as per requirements;
- Evaluate and reward the respective employees for integrity and good work;
- Improve e-governance system;
- Develop complaint management system; and
- Implement code of conduct.
- Monitors the Management Board's measures that ensure the company's compliance with legal requirements, authorities' regulations and the company's own in-house policies (preventive compliance control).
- Reviews the Non-Banking Financial Institution's Code of Business Conduct and Ethics to foster conduct on the part of company employees that is exemplary in every way, both within and outside the company, and that such conduct is not just aligned to the formal compliance with statutory requirements.

The Integrity Committee, Audit Committee and Risk Management Forum coordinate their activities and work together regularly and - if required - on an ad hoc basis to ensure the necessary exchange of information to capture and assess all relevant risks for the performance of their tasks.

Mortgage Backed Securities and Corporate Board

Mortgage backed Securities and Corporate Board Committee activities of Mortgage Loan Unit include sales, marketing, business promotions and relationship management with customers and developers. The unit provides customer service management like planning, budgeting, target setting and allocation and also execution, monitoring and evaluation of sales deal, customer service quality, etc.

Credit Administration

UFIL's Credit Administration Department (CAD) and Internal Control and Compliance (ICC) departments are responsible for assessing operational risks across the Company and also ensure an appropriate framework to identify, assess and manage operational risks.

A credit administration division confirms that perfect security documents are in place before disbursement. UFIL is continuing a unique process of rechecking security documentation by a second legal adviser other than the lawyer who vetted it originally. The division also monitors borrower's compliance with lending covenants and agreed terms and conditions.

Operations of Credit Administration Department (CAD) of UFIL UFIL is one of the leading non banking financial institutions in the country. The nonbank financial institutions (NBFIs) constitute a rapidly growing segment of the financial system in Bangladesh. The NBFIs have been contributing toward increasing both the quality and quantity of financial services and thus mitigating the lapses of existing financial intermediation to meet the growing needs of different types of investment in the country.

UFIL started its operation in 1995 and it is the pioneer financial institution in Bangladesh. UFIL has different kinds of products and services. UFIL is financing in different sectors through their products and services. It has Merchant Banking Unit.

Roles and responsibilities

The purpose of the Committee is to manage the credit and lending decisions and strategies, it includes:

i. Overseeing the credit management, including reviewing internal credit policies and establishing portfolio limits;

ii. Reviewing the quality and performance of the credit portfolio. In addition, the Committee is responsible for any other matters delegated to it by the Board. Hence, it is the responsibility of the Committee to:

a. Operate a sound credit granting process

- Review and approve credit proposals in accordance with Board approved credit policies and standards. Where required, submit credit requests beyond the Committee's scope to the Board for a decision;
- Review credit policy changes initiated by the management of the UFIL and recommend them to the Board of Directors for its approval.
- Ensure compliance by the UFIL's credit policies with the statutory requirements prescribed by the regulatory/supervisory authorities;
- Request rapid portfolio reviews or sector /industry reviews, where deemed appropriate.

b. Maintain adequate controls over credit risk

- Monitor capital allocation and define limits in line with risk appetite;
- Ensure credit risk exposure is kept within acceptable limits to maximize the UFIL's risk adjusted rate of return.
- Maintain appropriate credit administration, measuring and monitoring process
- Review credit approval framework and assign credit delegated limits in line with the UFIL's policy;
- Review and recommend to the Board, facilities that they believe should have Board approval.

c. Identification and Administration of problem credits

- Monitor on an ongoing basis the UFIL's credit quality, review periodic credit portfolio reports and assess portfolio performance.
- Ensure post - credit monitoring and postmortem reviews are performed, where deemed appropriate.

d. Aware of the cyclical aspects of the economy (both internal and external)

- Monitor the resulting shifts in the composition and quality of the loan portfolio.

e. Ensure all new credit risk related products are reviewed from a credit risk management perspective.

f. Review of the committee

Members of the Committee work closely with the Board of Directors to maintain proper credit standards for the UFIL. The Board undertakes a review of the Committee's performance, objectives and responsibilities according to its terms of reference to ensure that it is operating effectively.

Green Banking

With rising global awareness on the negative impact of fossils fuels and other conventional energy sources, UFIL has identified Green Banking as one of its major priority sectors and is recognized as one of the market leaders in promoting the concept of green banking in Bangladesh.

At UFIL, we are focusing on the ideology of 'mother planet and its sustainability', shifting from the traditional financing approach to next generation green banking that supports sustainable and environmentally positive development. We do so through providing a wide range of specially designed products and services at preferential terms and rates. Since its incorporation, UFIL's Green Banking Unit (GBU) has been promoting environmental friendly practices and reducing its overall carbon footprint.

Bolstered by strong growth, UFIL is ready to take the challenge of meeting 5% direct green financing, a target set for all the banks and non-banking financial institutions from January 2016 by Bangladesh Bank to ensure financing environment-friendly projects. Special attention has been given to few niche sectors such as green industry, compliance management and clean energy. Another advantage is that this product is the coming together of all business units under one umbrella, as green finance is eligible for large corporate and also small businesses. Despite the different challenges related to lowering of commercial interest rates, limited refinance window and availability of cheaper-cost foreign currency lending, UFIL's green desk leads the market with its robust service standards and relationships driven approach. Working with different DFIs for customized, blended and low-cost green financing options represents one of the major achievements of 2016.

Complementing our traditional financing approach, we have moved towards Green Banking that supports sustainable and environmentally viable development with a range of specially designed products and services at preferential terms and rates. Since its incorporation, UFIL Green Banking Unit (GBU) has been promoting environment-friendly practices and has been reducing carbon footprint from banking activities as well as its customers.

Green Office Guide

We have developed a Green Office Guide (GOG) for UFIL consisting of a set of general instructions to be followed, aimed at better in-house environmental management across the organization by achieving key approaches such as saving

electricity, minimization of water/paper, keeping the office clean and hygienic.

Our product offering

As per the refinance scheme of Bangladesh Bank, UFIL offers number of products under green finance in the following sectors:

- Renewable Energy: Solar, Biogas, Wind & Hydro Electricity;
- Energy Efficiency: Intervention based on Energy Audit, LED bulb etc.
- Solid Waste Management: Composting, Electrification;
- Liquid Waste Management;
- Recycling: Plastic recycling, Recycle of paper and battery;
- Alternative Energy;
- Non-fire Block Brick: Compressed Block Brick;
- Fire Brick: Conversion, HHK, Tunnel;
- Miscellaneous: Palm oil, Green Industry;
- Expand product portfolio of Green Banking.

Activities of Green Banking Unit

- Promotes sustainable environment friendly initiatives undertaking through adoption of a set of principles and strict adherence to those principles;
- Avoids financing in the industry (ies) / project(s) / business(es), which may be threat to the environment despite their financially viability;
- Encourages the employees, the existing and potential clients and other stakeholders to develop, practice & promote for developing & using Environment friendly / Green Technology / products / production process;
- Encourages UFIL to embrace E-Commerce as a facilitator to green banking;
- Develops the attitude among the employees to motivate, encourage the stakeholders through initialization of appropriate in house environmental risk management system through introduction of appropriate technology;
- Promotes awareness programs for environment friendly products/technology through practice of Corporate Social Responsibilities (CSR);
- As per the guidelines of Bangladesh Bank, UFIL has to take different initiatives to introduce Green Banking in it's all financial activities.

The Credit Risk Management (CRM)

All credit applications are submitted to the CRM Division for approval. The CRM division approves the credit proposal within the limit set by the Board of Directors. Other application those exceeds the limit, CRM division coordinates and prepares credit recommendations to The Management Executive Committee (MCC), the Board Executive Committee and to the Board of Directors.

The Management Executive Committee (MCC)

The MCC reviews all applications beyond the Credit Department's credit line. The MCC conducts credit meetings on a weekly basis. The purpose of the Credit Committee is to:

- Process credit applications exceeding the credit line of the Credit Department;
- Process and provide recommendations for all credit applications to be submitted to the Board of Directors;
- Implement the guidelines for the credit area as approved by the Board of Directors; and
- Supervise the overall credit granting procedure.

Board of Directors

The Board of Directors reviews all applications that are beyond the MCC's credit line. Credit processing must be conducted on the basis of extensive knowledge of the risks inherent to each individual exposure for the purpose of striking a balance between risk and earnings opportunities and in compliance with the overall goals defined by the Board of Directors and Bangladesh Bank.

Integrated Super Vision System (ISS)

At UFIL, risk data is integrated into the strategic decision-making framework of the Company and the risk tolerance degrees of various departments and divisions are taken into account in decision making process. Another part of our ISS is managing diversified risks by different teams in an integrated manner. At UFIL, treasury department manages market risk and liquidity risk whereas Credit Risk Management is responsible for managing credit risk. Operational risk management is the responsibility of our ICC team. These teams co-ordinate with Corporate Affairs, Finance and Strategic Planning departments to manage legal, compliance and strategic risk.

The five pillars that support of UFIL's approach to achieving an appropriate balance between risk and return includes the following:

- Protecting UFIL's financial strength by controlling risk exposures and mitigating potential risk concentration at the level of individual exposures, at specific portfolio levels and at an aggregate firm-wide level across all risk types;

- Protecting our reputation through a sound risk culture characterized by a holistic and integrated view of risk, performance and reward and by ensuring thorough compliance with our standards and principles, particularly our Code of Conduct;
- Complete management accountability whereby business management, as opposed to risk control, own all risks assumed throughout the firm and are responsible for the continuous and active management of all exposures to ensure the right balance between risk and return;
- Independent control functions which monitor the effectiveness of the business's risk management capabilities and also oversee risk- taking activities;
- Comprehensive and transparent risk disclosure to senior management, the Board of Directors, shareholders, regulators, rating agencies and other stakeholders.

Innovation Team

UFIL nurtures its spirit of innovation through its three integral pillars - People, Product and Processes. The following articulates the scope of innovation of each of these pillars and the respective team which are engaged in this:

- Increase efficiency in the hiring process;
- Improve incentive structure to drive performance;
- Automate people management processes through use of HR Management software for employee on boarding, objective setting, performance appraisal, compensation management etc.;
- Conduct Market research;
- Introduce new innovative products;
- Innovate by tinkering with existing products;
- Introduce non-financial services;
- Improve customer on-boarding experience;
- Introducing New Service platforms and reduce customer service time;
- Increase efficiency through process improvements;
- Increase process and information security;
- Automate internal service request management processes.

Central Compliance Unit (CCU)

Central Compliance Unit (CCU) is a committee which responsible for supervising the Anti-Money Laundering (AML) and Anti-Terrorism Activities (ATA) at UFIL. The CCU is constituted as per the "Guidance Notes on Prevention of Money Laundering and Terrorist Financing" issued by Bangladesh Financial Intelligence Unit, Bangladesh Bank, BFIU Circular no.04 dated 16 September 2012.

Objective of CCU

- To ensure compliance of regulatory rules and regulations related to AML and ATA;
- To implement and enforce UFIL's AML policies to prevent money laundering and terrorist financing;
- To ensure effective implementation of AML and ATA program across the company effectively; etc.

Functions of the Committee are as follows:

- Keeping updated with changes in regulations regarding the combating of money laundering and terrorist financing, and accordingly adopting changes to UFIL's AML and ATA compliance policy;
- Supervising money laundering and terrorist financing control procedures of the company so as to ensure legal and regulatory requirements;
- Issuing necessary instructions across the company in line with company policy and Bangladesh Bank directives;
- Ensuring that proper KYC along with effective risk assessment and control procedures are in place;
- Providing advisory services to business and operational units on various issues linked with alleged money laundering activities or transactions;
- Maintaining ongoing awareness on evolving money laundering risks and their compliance procedures through formal and informal training, workshop and seminars;
- Development of adequate testing procedures to detect and prevent lapses in compliance;
- Monitoring business activities of branches through AML and ATA self-assessment procedure and provide corrective measures.

Small and Medium Enterprise (SME) Credits-

Overview

UFIL's SME division provides a wide bouquet of loan products and solutions to small and medium enterprises (SMEs), helping them to meet up their aspirations of achieving sustainable business growth. Our suite of loan facilities and financing solutions, including term loans, working capital, project financing for small enterprises and working capital and project financing loans for medium enterprises, among others, have created a real impact in the market and led to the division's sustainable growth over the years.

Products

A complete list of our products under the SME division has been provided under the products and services policies. Core highlights, 2017 Increasing technological content recognizing the growing competition in the industry, the division made some investments on technology to ensure faster and easier services to SME clients. Towards this, the division fully implemented an automated credit appraisal system after the success of its pilot run. This technological advancement will not only save time in credit assessment and approval but also contribute to environmental sustenance by reducing paper usage.

The division accords the highest priority to its customers and maintains a strong culture of nurturing customer relationships. Our primary objective is to provide the best service standards in the industry. Towards this extent, the division introduced its priority SME customer model, which identifies the most valuable customers and focuses on serving them through innovative relationship based activities. The division operates its business with a large relationship management team. In order to drive performance of this team, the division introduced an objective performance evaluation system, which recognizes star performers as we encourage them to sustain their performance while helping others with the tools to elevate their standards. Influential trends shaping the industry. The Bangladeshi financial sector witnessed a successful year in 2017. As business activity across industries gained momentum the country's GDP grew a handsome 7.28% in FY 2016-17, registering one of the fastest growth rates in the world. The financial sector also surpassed the private sector credit disbursement target. NBFIs are investing significantly in technology to serve this emerging digital generation. On the other hand however, the recent shocking cyber heist of Bangladesh where millions were siphoned into offshore accounts raised concerns among banks/NBFIs on cyber security. Therefore, the country will witness larger investments in securing their cyber systems and infrastructure, going forward. Although private sector credit growth was remarkable during the first half of the year 2016, the second half witnessed a perceptible slowdown with excess liquidity remaining a challenge throughout 2016 driving down both average lending rate as well as the average deposit rate. Going forward, the Bangladesh government is hopeful of achieving a GDP growth of 7.2% for the fiscal year 2016-17. Over the long-range however, the government's 7th Five-Year Plan has set a target of achieving an average GDP growth of 7.4% though the country's Finance Ministry is targeting a growth rate of about 8% over the next two years. Seven core values drive SME Department in delivering results to our CMSME clients and the community we operate in. Pursuing and living up to these values is a responsibility we take great pride in. we act with integrity. We act consistently based on a set of values, ethical standards and principles. We conduct all our activities with fairness, honesty and integrity.

We work carefully to build a deeper level of trust with our clients and fund providers through appropriate investment ideas and value added services. We create a caring, engaged and enabled work environment that recognizes both individual and team contributions in pursuit of high performance. We believe that a good team in an entrepreneurial environment results in achieving target. We are open, honest and fair in what we say and do and accountable to all including the community for our actions and inactions. We are focused on the highest level of transparency providing timely and accurate information about company's performance and financial results to meet the CMSME client expectation. We aspire to achieve excellence in all that we do. We deliver what we promise and add value beyond expectations. We pursue continued growth and strive to achieve the highest levels of performance in all endeavors. We welcome a challenge; we show strength of character, remain positive, even when things are tough; we see difficulty as an opportunity to demonstrate our ability. Our values and standards are the basis of our success. They always have been. They always will be. They shape the culture and define the character of our company. They guide how we behave and make decisions. About half of the population of Bangladesh is women. Empowering of the women through SME finance is another priority of UFIL. Each branch of UFIL has a 'dedicated woman entrepreneur Help Desk' for the convenience of the female entrepreneurs. During the year 2016, UFIL financed BDT 254.17 million to the women entrepreneurs.

Some other current trends shaping the industry include the following:

- All-time high market liquidity, resulting in lower interest rates and signaling an encouragement for entrepreneurs to avail more facilities from financial institutions;
- With interest rates trending downwards, banks/NBFIs are focusing more on retail clients and are investing significantly in technology with a view to reach out to and serve clients on a larger scale;

- Technological upgrades, particularly in agro commodity and other manufacturing sectors, have a visibly positive impact on efficiency, which could, in turn, foster local demand and exports;
- Growing exports on the back of a stronger perception among foreign buyers augured by rising compliance with international production standards. Throughout the year 2017, exports continued to gain strength, especially in the second half of the year wherein exports registered a 4.4% growth Year over Year (YoY) (source: Export Promotion Bureau);
- The annual development plan (ADP) implementation was better than that of the last year with a 41% YoY growth.

Overall, 27% of the total ADP outlay was invested in the first half of FY 2017-18 with the government fast tracking some infrastructure projects.

Risks facing the business-

- Declining interest rates;
- Rising non-performing loans;
- Funding risks;
- Rising competitive intensity;
- Customer takeover attempts and poaching of employees by new entrants in the segment Outlook;
- We expect to focus on business growth along with maintaining portfolio quality and strengthening the UFIL SME brand in SME financing;
- Strengthening human capital to enhance productivity to optimal levels through extensive training;
- Introducing new products and modifying the existing products to meet the evolving market demand;
- Implementing web/app-based client service to better serve our customers as well as create an institutional memory;
- Providing training to women entrepreneurs of different districts with a view to enhance their capacities and capabilities;
- Tying-up with local and multi-lateral agencies to work towards the development of marginal sectors that possess significant growth potential;
- Focus more on SME customer-engagement activities.

Sustainable Finance

Sustainable finance refers to any form of financial service integrating environmental, social and governance (ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large.

A sustainable financial institution is a financial marketplace that, as a whole, contributes to sustainable development and value creation in economic, environmental and social terms. In other words, one that ensures and improves economic efficiency, prosperity and economic competitiveness both today and in the long-term, while contributing to protecting and restoring ecological systems and enhancing cultural diversity and social well-being.

Activities that fall under the heading of sustainable finance, to name just a few, include sustainable funds, green bonds, impact investing, microfinance, active ownership, credits for sustainable projects and development of the whole financial system in a more sustainable way.

Some activities of Sustainable Finance Committee and Sustainable Finance Unit:

- Financing in line of Green banking policies;
- Implementing Corporate Social Responsibility (CSR) instructed by Bangladesh Bank;
- To prepare and responsible to implement of Environmental and Social Risk policy;
- To prepare and responsible to implement of sector wise Environmental and Social Risk management;
- To prepare and responsible to implement of Green Office Guide;
- To prepare and responsible to implement of Green Strategic Planning;
- Measuring Carbon Footprint (yearly basis);
- Create and operate of climate risk fund;
- Ascertain Green Marketing;
- Ascertain Collaborative CSR relating activities in financial sector;
- To prepare and responsible to implement of submitting Sustainability Reporting;
- Implementation in Sustainable Development Goals time to time relating to Bangladesh Government and Bangladesh Bank's Guidance activities;
- Implementing guidelines of Bangladesh bank relating to environmental banking, CSR, Sustainable banking and Sustainable financing.
- Submitting all kinds of reports and statements relating to environmental and CSR to Bangladesh bank;

- To communicate with Bangladesh Bank, relating to all kinds of sustainable financing;
- Performing participation agreement signature and activities of Re-finance/Pre-Finance/ Reimbursements application of the department of Bangladesh Bank's Sustainable Finance Departments area of On-Lending/On-Blending (Refinance / Pre-Finance / Reimbursement) Scheme / Fund / Facility/Project;
- Innovating Financial Instrument and approval activities of Bangladesh Bank under Green Finance and Sustainable Finance;
- Conducting minimum 1 (one) meeting per month submitting to finance committee of its improvement statement;
- Preparing yearly budget of Green Finance, CSR, Climate Risk Fund, and Green marketing and approve from Board of Directors by the Sustainable Finance Committee;
- Submitting minimum quarterly report to Executive Committee about its Units activities improvement;
- Ascertaining conduct training of Officials/Staffs relating to environmental banking, CSR, Sustainable finance;
- Supporting to Internal control & compliance Department when performing environmental banking, CSR, Sustainable Banking and Sustainable finance related Inspection by Bangladesh Bank.

AMAR STOCK

UTTARA FINANCE AND INVESTMENTS LIMITED
DISCLOSURES ON
CAPITAL ADEQUACY AND MARKET DISCIPLINE (CAMD) - PILLAR III

as on 31 December 2017

This disclosure is given as per the requirement of Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline (CAMD) for Financial Institutions. The disclosure framework of the company containing the key pieces of information on the assets, risk exposures, risk assessment processes, and the capital adequacy to meet the risks is given below:

A. Scope of application

Qualitative Disclosure	A. The name of the top corporate entity in the group to which this guidelines applies.	**Uttara Finance and Investments Limited (UFIL)**
	B. An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted).	UFIL have no Subsidiaries.
	C. Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable.
Quantitative Disclosures	d. The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are Deducted and the name(s) of such	Not Applicable.

B) Capital structure

Qualitative Disclosure	a. Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	As per Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions, Tier-1 Capital of UFIL consists of - **1. Tire -1 Capital includes:** a. Paid-up capital; b. Statutory reserves; c. General reserves; d. Share Premium; e. Dividend equalization fund; f. Retained earnings. **1. Tire -2 Capital includes:** General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) of Credit Risk.

Quantitative Disclosures	b. The amount of Tier 1 capital, with separate disclosure of:	**Particulars**	**Amount in BDT Crore**	
			Solo	**Consolidated**
		Paid up capital	125.22	125.22
		Non-repayable share premium account	52.80	52.80
		Statutory	155.45	155.45
		General reserve	180.00	180.00
		Retained earnings	29.36	29.36
		Dividend equalization account	80.00	80.00
		Total Tire-1 Capital	**622.83**	**622.83**
	c. The total amount of Tier 2 capital.	**Tire-2 Capital**	**37.83**	**37.83**
	d. Other deductions from capital	Other deductions from	-	-
	e. Total eligible capital	**Total eligible capital**	**660.66**	**660.66**

C) Capital Adequacy

Qualitative Disclosure	a. A summary discussion of the FI's approach to assessing the adequacy of its capital to support current and future activities.	UFIL has adopted Standardized Approach for computation of capital charge for credit risk and market risk, and Basic Indicator Approach for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank.

Qualitative Disclosure	**Disclosures**	**Amount in BDT Crore**	
		Solo	**Consolidated**
	Capital requirement for Credit Risk	302.66	302.66
	Capital requirement for Market Risk	27.64	27.64
	Capital requirement for Operational Risk	28.24	28.24
	Total and Tier 1 capital ratio:		
	Total Capital ratio	18.43%	18.43%
	Tire-1 Capital ratio	17.37%	17.37%

D) Credit Risk

Qualitative Disclosure	a. The general qualitative disclosure requirement with respect to credit risk, including:	**" Definitions of past due and impaired (for accounting purposes):** As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market

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

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

UFIL required to maintain the following general and specific provision in respect of classified and unclassified loans and advances/ investments on the basis of Bangladesh Bank guidelines issued from time to time:

Particulars	Rate
General provision on unclassified (STD) Small and Medium Enterprise (SME) financing	0.25%
General provision on unclassified loans and advances (Standard)	1.00%
General provision on unclassified loans and advances (Special Mentioned Account-SMA)	5.00%
Specific provision on Sub-Standard (SS) loans & advances	20.00%
Specific provision on Doubtful Loans (DF) & advances	50.00%
Specific provision on Bad/Loss (BL) loans & advances	100.00%

- Discussion on FI's credit risk management policy:
- Implementation of various strategies to minimize risk:

- To encounter and mitigate credit risk the following control measures are taken place at UFIL;
- Looking into payment performance of customer before financing;
- Annual review of clients;
- Adequate insurance coverage for funded assets;
- Vigorous monitoring and follow up by Special Assets Management and collection Team;
- Strong follow up of compliance of credit policies by Credit Administration Department;
- Taking collateral and performing valuation and legal vetting on the proposed collateral;
- Seeking legal opinion from internal and external lawyer for any legal issues;
- Maintaining neutrality in politics and following arm's length approach in related party transactions;
- Regular review of market situation and industry exposure;
- Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets.
- Discussion on FI's credit risk management policy:
- Implementation of various strategies to minimize risk:
- To encounter and mitigate credit risk the following control measures are taken place at UFIL;
- Looking into payment performance of customer before financing;
- Annual review of clients;
- Adequate insurance coverage for funded assets;
- Vigorous monitoring and follow up by Special Assets Management and collection Team;
- Strong follow up of compliance of credit policies by Credit Administration Department;

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- Taking collateral and performing valuation and legal vetting on the proposed collateral;
- Seeking legal opinion from internal and external lawyer for any legal issues;
- Maintaining neutrality in politics and following arm's length approach in related party transactions;
- Regular review of market situation and industry exposure;
- Sector-wise portfolio is maintained within specific limits to ensure diversification of loan assets.

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

Approved Credit Policy by the Board of Directors

The Board of Directors has approved the Credit Policy for the company where major policy guidelines, growth strategy, exposure limits (for particular sector, product, individual company and group) and risk management strategies have been described/stated in detail. Credit Policy is regularly updated to cope up with the changing global, environmental and domestic economic scenarios.

Separate Credit Administration Department

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

Special Recovery and Collection Team

A strong recovery team monitors the performance of the loans and advances, identifies early sign of delinquencies in portfolio and takes corrective measures to

mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

Independent Internal Compliance Department

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

Credit Evaluation

The Credit Evaluation Committee (CEC) regularly meets to review the market and credit risk related to lending and recommend and implement appropriate measures to counter associated risks. The CEC critically reviews projects considering the current global financial crisis and its probable impact on the project. Risk Grading Model (RGM) helps a Financial Institution to understand the various dimensions of risks involved in transactions related to small business clients who are plying their businesses in various geographical locations across the country. UFIL has been developing and managing RGM to promote the safety and soundness of the Company by facilitating informed decision-making. This model measures credit risk and differentiate individual credits and groups of credits by the risk they pose. This allows management and examiners to monitor changes and trends in risk levels. The process also allows the management to manage risk to optimize returns. To mitigate credit risk, UFIL search for credit report from the Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by CRM and CEC to understand the liability condition and repayment behavior of the client. Depending on the report, banker's opinions are taken from client's banks. Suppliers' and buyers' opinion are taken to understand the market position and reputation of our proposed customers.

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Credit Approval Process

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

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

Early Warning System

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

Methods used to measure Credit Risk

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

NPL Management

UFIL measures its loan portfolio in terms of payment arrears. The impairment levels on the loans and advances are monitored regularly.

As per FID Circular No. 3 dated March 15, 2007:

1. Loan/Lease, classified as bad/loss and with 100% provision, an only be written-off;
2. Approval from the Board of Directors has to be taken before write-off;
3. The financial institutions should constantly try to recover the loan/lease written-off amount. If legal action has not been taken against the client, legal charges should be placed before the write off;
4. To expedite the legal settlement or collection of the due amount, third party agents can be appointed by the financial institutions;

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5. A separate ledger should be maintained for the written off loans/leases and the accumulated written off value should be disclosed separately under the heading of "notes to the account" in the annual report/balance sheet of the financial institutions;
6. Even if the loan/lease has been written off, the client should be classified as defaulter and reported to CIB accordingly;

Detail records for all such write off accounts are meticulously maintained and followed up.

Quantitative Disclosures

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

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Lease Finance	1,539.95	1,539.95
Term Finance Institutions	1,127.70	1,127.70
Term Finance Personal loan	0.73	0.73
Margin Loan	220.73	220.73
Housing Finance	160.79	160.79
Total	**3,049.90**	**3,049.90**

c. Geographica1 distribution of exposures, broken down in significant areas by major types of credit exposure.

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Dhaka	2,083.68	2,083.68
Chittagong	938.88	938.88
Bogra	27.34	27.34
Sylhet	-	-
Barisal	-	-
Rajshahi	-	-
Total	**3,049.90**	**3,049.90**

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

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Agriculture	25.67	25.67
Cement and allied Industry	145.34	145.34
Electronics & electrical Products	21.15	21.15
Food production & processing industry	379.39	379.39

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Garments and Knitwear	151.40	151.40
Glass & ceramics	100.32	100.32
Housing	169.21	169.21
Iron Steel and Engineering	340.12	340.12
Jute and Jute products	9.10	9.10
Leather and Leather goods	2.02	2.02
Margin loan	220.73	220.73
Paper printing and packaging	68.27	68.27
Pharmaceuticals and Chemicals	70.12	70.12
Plastic	90.11	90.11
Power, Gas Water and Sanitary	142.76	142.76
Ship Manufacturing Industry	30.69	30.69
Telecommunicatio	18.76	18.76
Textile	301.53	301.53
Trade and commerce	122.58	122.58
Transport and Aviation	389.72	389.72
Others	250.91	250.91
Total	**3,049.90**	**3,049.90**

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

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Payable on demand	588.86	588.86
Over 1 month but not more than 3 months	29.11	29.11
Over 3 months but not more than 1 year	537.65	537.65
Over 1 year but not more than 5 years	1,686.31	1,686.31
Over 5 years	207.97	207.97
Total	**3,049.90**	**3,049.90**

	(g) Gross Non Performing Assets(NPAs)	**Non Performing Assets (NPAs) to Outstanding Loans & advances Movement of Non Performing Assets (NPAs)**

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Opening Balance	170.70	170.70
Additions	116.06	116.06
Reductions	105.06	105.06
Closing Balance	181.71	181.71

Movement of specific provisions for NPAs

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Opening balance (A)	89.07	89.07
Provisions made during the period (B)	38.49	38.49
Write-off	-	-
Write-back of excess provisions	-	-
Closing balance (A+B)	**127.57**	**127.57**

E) Equities: banking book positions

Qualitative Disclosures	**(a) The general qualitative disclosure requirement with respect to equity risk, including:**	Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices. Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. Mutual funds have been valued at 85% of latest published NAV available as on December, 2017. On the other, unquoted share is valued at cost price or book value as per latest audited accounts.

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

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Quoted shares (Market price)	137.59	137.59
Quoted shares (Cost Price)	147.89	147.89
Unquoted shares	-	-

Breakup of Total Investments

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Marketable Securities	147.89	147.89
Non- Marketable Securities	0.26	0.26
Merchant Banking Unit	66.09	66.09
Total	**214.24**	**214.24**

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

Particulars	Amount in BDT Crore	
	Solo	Consolidated
Cumulative realize gain	20.16	20.16
Total unrealized gains (Losses)	19.09	19.09

G) Market risk

Qualitative Disclosures	**(a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.**	Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis. UFIL measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate.
Quantitative Disclosures	**b. The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to**	Interest Rate Risk-Increase in Interest Rate: (BDT in Crore) Where applicable

management's method for measuring interest rate risk broken down by currency (as relevant).

Maturity wise Distribution of Assets-Liabilities

Particulars	1 to 30/31 day (1 month)	Over 1 month to 2 Months	Over 2 month to 3 month	Over 3 months to 6 month	Over 6 month to 1 year
A. Total Rate Sensitive Liabilities (A)	190.63	123.53	146.42	452.34	465.49
B. Total Rate Sensitive Assets (B)	409.25	224.16	218.29	551.80	534.41
C. Mismatch	218.62	100.63	71.87	99.46	68.92
D. Cumulative Mismatch	218.62	319.25	391.12	490.58	559.50
E. Mismatch (%)	114.69%	81.46%	49.08%	21.99%	14.81%

Interest Rate Risk

Magnitude of Shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio	0.50	0.99	1.49
Net Interest Income	11.19	22.38	33.57
Revised Regulatory Capital	672.35	684.03	695.72
Risk Weighted Assets	3,585.37	3,585.37	3,585.37
Revised CAR (%)	18.75%	19.08%	19.40%

G. Market Risk

Qualitative Disclosures

a) Views of BOD on trading/investment activities

All the Market risk related policies/guidelines are duly approved by BOD. The BOD sets limits, reviews and updates the compliance on regular basis aiming to mitigate market risk.

• Method used to measure Market risk

Market risk is the probability of losing assets in balance sheet and off-balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of securities. In order to calculate the market risk for trading book purposes the company uses Standardize (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is not applicable to our

company as because we do not have such balance sheet items.

• Market Risk Management System

A system for managing Market Risk is in place where guideline has been given regarding long-term, short-term funding, liquidity contingency plan, local regulatory compliance etc. Treasury manages the Market risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following manner:

• Interest Risk Management

Treasury Department reviews the risk of changes in the income of the company as a result of movements in the market interest rates. In the normal course of business, UFIL tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

• Market analysis

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

• GAP analysis

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

• Continuous Monitoring

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

• Equity Risk Management

Equity Risk is the risk of loss due to adverse change in the market place of equities held by the Company.

Equity Risk is managed by the following manner:

UFIL minimizes the equity risks by portfolio diversification as per investment policy of the Company.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision are maintained as per terms and conditions of regulatory authority. Mutual funds have been valued at 85% of latest published NAV available as on December, 2017. On the other, unquoted share is valued at cost price or book value as per latest audited accounts.

Quantitative Disclosures

(b) The capital requirements for Market Risk:

Particulars	Amount in BDT
Interest rate risk	-
Equity position risk	18.38
Foreign Exchange Position and Commodity risk (If any)	-

H) Operational Risk:

Qualitative Disclosures

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

All the policies and guidelines of internal control and compliances are established as per advice of the Board. The Board delegates its authority to Executive Committee and Managing Director. Audit Committee of the Board oversees the activities of internal Control and compliance as per good governance guideline issued by Securities and Exchange Commission.

• Performance gap of executives and staff

UFIL's recruitment policy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent.

Favorable job responsibilities are increasingly attracting greater participation from different level of employees in the UFIL family. We aim to foster a sense of pride in working for UFIL and to be the employer of choice. As such there exists no performance gap in UFIL.

• Potential external events

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

Policies and Procedure for mitigating operational risk UFIL has established a strong Internal Control Department to address operational risk and to frame and implement policies to deter such risks. Internal Control Department assesses operational risk across the company and ensures that appropriate framework exists to identify, assess and manage operational risk.

• Approach to calculating capital charge for operational risk:

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

Quantitative Disclosures

Capital requirement for operational risk:

Particulars	Amount in BDT
Capital requirement for operational risk	28.24

REPORT ON FUND MANAGEMENT

Our Fund Management:

Maximizing Return, Minimizing Risk

Overview

In a financial institution, fund management function is traditionally known as treasury activities. The management of the cash flow of a financial institution is more important than its other activities. The fund manager ensures that the maturity schedules of the deposits and credit lines coincide with the demand for loans. To do this, the manager looks at both the liabilities and the assets which influence the institutions' ability to issue credit.

Funding and transaction processing are the key activities of treasury department and therefore, it is known as the heart of the Company and equally important for both internal & external stake-holders. In Bangladesh where money market is very volatile, a fund manager must also pay close attention to cost and risk in order to really capitalize on the cash flow opportunities. A financial institution runs on the ability to offer credit to customers. Ensuring the proper liquidity of the funds is a crucial aspect of the fund manager's position.

Funds management can also refer to the management of fund assets mainly focused on:
a) Improving the rates of interest
b) Access to funds on same day
c) Diversifying bank credit risk

Money Market Scenario of Bangladesh for financial institutions

The Bangladesh economy is within the mainstream of the continuously changing global financial system. Financial system has developed here consisting mainly of the capital and the money market. Capital markets are essentially about matching the needs of investors with those that need capital for development. The money market currently existing has also developed due to certain needs. In general, these needs can be termed as need for short term liquidity within our financial system, to carry out the day to day economic activities and obviously to meet and match need for short term lending and borrowing of the participants within the financial system. T-bill market is by far the largest component of the money market in Bangladesh.

At present, main fixed income financial products are bank deposits, bank loans, government savings certificates, term loans, treasury bills and government bonds.

Treasury Functions of Uttara Finance

The treasury department of Uttara Finance ensures liquidity at an optimum cost and also explores new funding avenues to minimize the Cost of Funds (COF). Through management of liquidity, bank credit line operations and relevant risk, the treasury department of Uttara Finance puts its emphasis on the following attributes:

- Forecasting of fund demand
- Raising of fund through diversified channel
- Projection analysis
- Day to day fund management
- Processing of transactions
- Planning about contingent liquidity
- Conducting monthly ALCO meeting
- Asset-liability risk analysis
- Interest rate risk analysis
- Money laundering and terrorist financing risk analysis

Year 2017 was comparatively less stable than the year 2016. The commercial banks faild to manage its fund management activities than the year 2016 due to liquidity crisis in the money market. Interest rates on all types of deposits and borrowings-lending gone up in the last part of 2017. The call money rate also moved up further.

Taking lesson from market volatility due to huge borrowings by the government for meeting different development expenditures following steps have already been taken:

- Ensure sufficient liquidity
- Maintain minimum dependency on call money
- Contain cost of funds within tolerable limits, and
- Ensure strong Asset Liability Management

Liquidity Management

In Uttara Finance liquidity management involves forecasting of fund requirements, maintaining sufficient capacity to meet the financial needs and accommodating fluctuations in asset and liability levels which are required to ensure sufficient funds to meet all financial commitments in time and in a cost effective manner.

In the year 2017 Uttara Finance managed its fund in a very effective manner to meet its funding objectives and enhanced its liquidity position to ensure adequate liquidity in an adverse market scenario. The disbursement requirement, maturity of credit line installments, term deposit maturity, and other payment obligations of the Company regularly monitored by the ALCO and accordingly strategized well poised plans to meet the liquidity requirements from dependable funding avenues in desired time buckets.

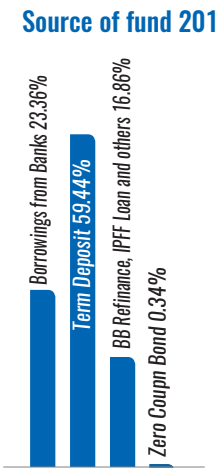
Sources of borrowed fund

The prime funding source of Uttara Finance has been term deposit for the last couple of years, increasing day by day due to investors' confidence on the company. As of December 31, 2017 total term deposit amount was BDT 15,722.23 million which was BDT 15,368.54 million in the year 2016 which means the growth rate of deposit is 2.30 percent. During the year of reporting BDT 6,215.16 million deposits received as against BDT 2,731.49 million in 2016 whereas BDT 5,861.47 million paid on maturity which was BDT 1,572.73 million in the previous year.

The treasury department of the Company has been trying to reduce reliance on conventional borrowing from the commercial banks. In the year 2017 the deposit borrowing ratio was 68:32 while deposits contributed 68 percent funding portfolio.

Besides deposits and bank borrowings strong focus was laid on utilization of Bangladesh Bank's (BB) refinancing windows and loan from IPFF through Bangladesh Bank which is the lowest cost funding avenue of the Company. Uttara Finance is currently participating in Small and Medium Enterprise (SME) refinancing schemes, women entrepreneur refinance scheme and Agro refinancing scheme of Bangladesh Bank. At the end of 2017 balance of Bangladesh Bank refinance scheme was BDT 391.52 million and balance of loan through IPPF was 287.46 million against BDT 294.81 million and BDT 314.82 million of 2016 respectively. The company also issued Zero Coupon Bond balance of which at the end of 2017 was BDT 90.00 million against 120.00 million of 2016. A schedule of different sources of fund is given below:

Source of Fund	Balance as on 31 December 2017		Balance as on 31 December 2016	
	Amount	%	Amount	%
Borrowings from Banks and FIs	6,177,707,585	23.36	3,524,993,074	17.96
Term Deposit Receive	15,722,230,571	59.44	15,368,538,027	78.31
BB Refinance, IPFF Loan and others	4,459,588,032	16.86	609,625,422	3.11
Zero Coupon Bond	90,000,000	0.34	120,000,000	0.62
Total	**26,449,526,188**	**100.00**	**19,623,156,523**	**100.00**





Cost of borrowings (COB)

During the year most of the Banks and NBFIs paid comparatively lower amount of interest due to reduced rate of interest of borrowings and deposits. In the year 2017 the average rate of interest was comparatively lower than the previous year. During the year the company charged total financial cost BDT 2,140,710,245 Which was BDT 2,384,320,411 in the year 2016. The average cost of borrowings for the year 2017 was 8.38 percent against 7.82 percent of 2016.

Taking into consideration of very limited sources of fund and absence of low cost funds like banks, Uttara Finance performed well in managing its cost of borrowings (COB) as well as funds (COF). A number of policy measures have already been adopted by ALCO to manage the cost of funds throughout the year.

Asset-Liability Management

Among different risks, liquidity risks and interest rate risks are major two risks of financial institutions for which a system is required to detect them to ensure sustainability of the organization in the long run. The Asset Liability Committee (ALCO) comprised of Senior Management of the organization is responsible to establish approved Asset Liability Management (ALM) Policy. Key responsibility of the committee is to review and manage potential liquidity risks and interest rate risks which may arise from market movements, regulatory changes and/or changes in economic/political environment and to ensure compliance with the regulations of Bangladesh Bank in respect of statutory obligations. The committee also reviews and set deposit-pricing and asset-pricing strategy and determine deposits and assets growth for better Asset Liability Management (ALM) of the Company.

Conclusion

After the money market unrest during last six months of 2017 the situation is going to be quit natural and it is expected that the condition gradually come to normal within this fiscal. The Government of Bangladesh and Bangladesh Bank have taken several steps to outlive the situation and it is expected that interest will come again down to single digit.

Private investment have been raising day by day due to favourable business condition exist.

Lastly, we thank our honorable investors, shareholders, stake-holders for being with us.

INTERNAL CONTROL SYSTEM OF UTTARA FINANCE AND INVESTMENTS LIMITED

Internal control is an integral process of UFIL that is caring by the management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit, the following general objectives are being achieved

- Executing orderly, ethical, economical, efficient and effective operations;
- Fulfilling accountability obligations;
- Complying with applicable laws and regulations;
- Safeguarding resources against loss, misuse and damage.

Internal control is a dynamic integral process of UFIL that is continuously adapting to the changes organization is facing. Management and personnel at all levels are involved in this process to address risks and to provide reasonable assurance of the achievement of the entity's mission and general objectives.

Internal control is not one event or circumstance, but a series of actions that permeate activities. These actions take place throughout UFIL's operations on an ongoing basis. Internal control is therefore different from the perspective of some observers who view it as something added on to UFIL's activities, or as a necessary burden. The internal control system is intertwined with UFIL's activities and is most effective when it is built into the UFIL's infrastructure and is an integral part of the essence of the organization.

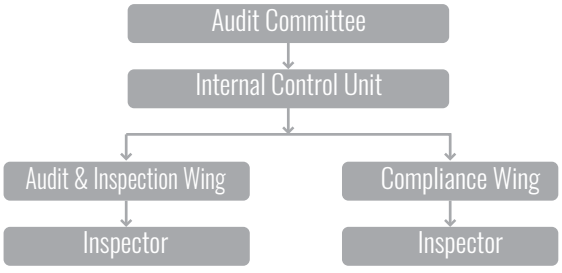
An internal control system oversight the whole process in relation with the policies, processes, laws, regulations, tasks, behaviors and other aspects of UFIL to facilitate effective and efficient operation by enabling it to respond appropriately ICC Risk Management Guidelines to significant business, operational, financial, compliance and other risks to achieving of UFIL's objectives. Effective internal controls strengthen the base of safe and sound operations. Internal control is a process, rather than a structure. It is a continuing series of activities planned, implemented and monitored by the board of directors and management at all levels within an organization. It provides only reasonable assurance, not absolute assurance, with regard to achievement of the organization's objectives.

Structure of the Internal Control Unit

For an effective control system a separate organizational structure is also set by UFIL

- The audit committee of the board the contact point for the internal control unit. The unit adequately staffed so that it can perform its duty properly. In order to ensure that availability of efficient people with internal control, UFIL make it mandatory for all middle to senior management staff to spend at least two years with internal control for understanding the duty properly;
- The head of internal control unit report directly to the Audit Committee of the Board. He is responsible for the both compliance and control related tasks which include compliance with laws and regulation, audits and inspection, monitoring activities and risk assessment;
- The audit team of the internal control unit performs periodic and special audit and inspection.
- The compliance unit responsible to ensure that UFIL complies with all regulatory requirements while conducting its business.

Structure of Internal Control Unit



Internal Control Environment

The control environment of UFIL reflects the overall attitude, awareness and actions of the board and management concerning the importance of internal control. It is the framework under which internal controls are developed, implemented and monitored. It consists of the mechanisms and arrangements that ensure internal and external risks to which UFIL is exposed to. Control environment factors include integrity, ethical values and competence of the employees, management's philosophy and operating style, the way management assigns authority and responsibility and how it

organizes and develops human resources. The appropriate and effective internal controls are developed and implemented to sound and prudently manage these risks, reliable and comprehensive systems are to be put in place to appropriately monitor the effectiveness of these controls. The factors which together comprise the control environment are:

- Board of directors actively concerned with sound corporate governance and that understands and diligently discharges its responsibilities by ensuring that the company is appropriately and effectively managed and controlled;
- Management actively manages and operates the company in a sound and prudent manner;
- Organizational and procedural controls supported by an effective management information system to sound and prudently manage the company's exposure to risk; and
- Independent audit mechanism to monitor the effectiveness of the organizational and procedural controls.

Risk Assessment

Risk assessment is the process of identifying and analyzing relevant risks to the achievement of the UFIL's objectives and determining the appropriate response. It implies

1. Risk identification
   - related to the objectives of UFIL;
   - comprehensive;
   - includes risks due to external and internal factors, at both the UFIL and the activity levels;
2. Risk evaluation
   - estimating the significance of a risk;
   - assessing the likelihood of the risk occurrence;
3. Assessment of the risk appetite of the organization;
4. development of responses.
   - our types of responses to risk must be considered transfer, tolerance, treatment or termination; of these, risk treatment is the most relevant to these guidelines because effective internal control is the major mechanism to treat risk;
   - The appropriate controls involved can be either detective or preventive.

As governmental, economic, industry, regulatory and operating conditions are in constant change, risk assessment an ongoing interactive process. It implies identifying and analyzing altered conditions and opportunities and risks and modifying internal control to address changing risk. As stressed in the definition, internal control provides only reasonable assurance that the objectives of the organization are being achieved. Risk assessment as a component of internal control, plays a key role in the selection of the appropriate control activities to undertake. It is the process of identifying and analyzing relevant risks to the achievement of UFIL's objectives and determining the appropriate response. Consequently, setting objectives is a precondition to risk assessment. Objectives are defined before management can identify the risks to their achievement and take the necessary actions to manage those risks. That means having in place an ongoing process for evaluating and addressing the impact of risks in a cost effective way and having staff with the appropriate skills to identify and assess the potential risks. Internal control activities are a response to risk in that they are designed to contain the uncertainty of outcome that has been identified.

Control Activities

Control activities are the policies and procedures established to address risks and to achieve the UFIL's objectives. Effective, control activities are appropriate, function consistently according to plan throughout the period, and cost effective, comprehensive, and reasonable and directly relate to the control objectives.

Control activities occur throughout UFIL, at all levels and in all functions. It includes a range of detective and preventive control activities as diverse, such are

1. authorization and approval procedures;
2. segregation of duties;
3. controls over access to resources and records;
4. verifications;
5. reconciliations;
6. reviews of operating performance;
7. reviews of operations, processes and activities;
8. supervision

UFIL reach an adequate balance between detective and preventive control activities. Corrective actions are a necessary complement to control activities in order to achieve the objectives. Control activities are the policies and procedures established and executed to address risks and to achieve the UFIL's objectives.

Information and Communication

Information and Communication Systems are systems established to ensure proper capture of data and information and generates reports that would make it possible to control of UFIL. Information and Communication systems produce report covering operational issues, financial information, control compliance, strategic information and staff

accountability to the control system. Monitoring ensure that audit findings and recommendations are adequately and promptly resolved. Internal control system is monitored. Monitoring involves a process of assessment of the quality of the system's performing overtime. Monitoring is achieved by

i. Ongoing monitoring includes regular management and supervisory activities and other actions personnel take in performing their duties; and

ii. Specific separate evaluations cover the evaluation of the effectiveness of the internal control system and ensure that internal control achieves the desired results based on predefined methods and procedures. Internal control deficiencies are reported to the appropriate level of management.

Monitoring

Monitoring of UFIL ensures that audit findings and recommendations are adequately and promptly resolved. Internal control system needs are monitored. Monitoring involves a process of assessment of the quality of the system's performance overtime.

Identification of the risks UFIL is exposed to both internally and externally

Risk is the element of uncertainty or possibility of loss that prevails in any business transaction in any place, in any mode and at any time. Risk is an integral part of the financing business. Risk management entails the adoption of several measures to strengthen the ability of an organization to cope with the complex business environment in which it operates.

As a financial institution, UFIL is exposed to number of risks, among which the major ones include

- Credit risk; · Market risk; · Liquidity risk;
- Operational risk; etc.

A more detailed discussion of these risk and strategies adopted to manage and mitigate these are given in the statement of Risk management portion of the report. The adequacy of the system of internal controls is reviewed by the Board of Directors as well.

Board of Directors of UFIL, acknowledges its overall responsibility for maintaining the adequacy and effectiveness of the company's system of the view that the internal control framework is designed to manage the company's risks within an acceptable risk profile, rather than completely eliminate the risk of failure to achieve the policies, goals and objectives of the company. The Board therefore believes that it can provide only reasonable, rather than absolute, assurance regarding effectiveness against material misstatement of management and financial information or against financial losses and fraud.

Subject to the caveats of reasonable assurance mentioned above, the Board confirms that it has reviewed and assessed the company's system of internal controls with regard to its adequacy and effectiveness in providing reasonable assurance regarding the achievement of objectives relating to the effectiveness and efficiency of operations, reliability of both external and internal financial and non-financial reporting and compliance will applicable laws and regulations.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the objectives mentioned in the preceding paragraphs.

Management Committee (MANCOM)

UFIL already having a management committee, the meetings of which are presided over by Managing Director. MANCOM reviews and recommends all policies and strategies, which are forwarded to the Board for approval/ratification and after being prepared by the concerned related departmental heads. The Senior Management reviews the reports of internal & external audit, reports of regulatory bodies and takes appropriate steps to remove the irregularities, for compliance.

The success of UFIL within such a short time is the result of hard working and efficiency of the work force of the company. UFIL has a team of well-educated, distinct and experienced executives who have been contributing substantially in the continued progress of the organization. The assistance of the work force enables the management of the company to run their business smoothly and with the highest zeal.

Our Management Committee (MANCOM)

S. M. Shamsul Arefin, M. Com., MBA, Managing Director & CEO

Md. Jakir Hossain, FCA, DMD & Company Secretary

Anil Chandra Das, SEVP

Uttam Kumar Saha, EVP

Credit Evaluation Committee

The activities of Credit Evaluation Committee of UFIL-

1. Approving transactions and setting and communicating credit;
2. Monitoring compliance with established credit exposure limits;
3. Assessing the likelihood that a counter-party will default on its payment obligations;

4. Measuring the UFIL's current and potential credit exposure and losses resulting out of counter-party default;
5. Reporting of credit exposure to the senior management, the Board and regulators. Use of credit risk litigators including collateral;
6. Communication and collaboration with other independent control and support functions such as operations, legal and compliance.

Remuneration Committee-

UFIL's remuneration committee is established to ensure that remuneration arrangements supports the strategic aims of a business and enable the recruitment, motivation and retention of senior executives while also complying with the requirements of regulation.

The remuneration committee delegated responsibility for setting remuneration for all executive directors and the chairman, including pension rights and any compensation payments. The committee also recommends and monitors the level and structure of remuneration for senior management. The definition of senior management for this purposes determined by the Board but normally includes the first layer of management below board level.

The CEO and Managing Director (MD) is the chairman of the committee and all members of the MANCOM are members of the Committee.

Frequency of holding meetings

Meetings of the HR and compensation committee are in-principle called by the head of human resources. The committee shall meet as often as required for its proper functioning and to review the company's overall human resource strategy and make recommendations to the Board/Management for changes and improvements in this regard.

Attendance

Only members are entitled to attend the meetings of the HR and Compensation Committee, other department heads may attend the meetings on invitation by the committee from time to time.

Responsibilities

The responsibilities and functions of the committee are as follows

- Review the competitiveness of the company's executive compensation programmers to ensure
  - i. Attraction and retention of quality staff;
  - ii. Motivation of employees to achieve the company's overall business objectives;
  - iii. Alignment of interests of the key leadership with the long-term interests of the company's shareholders.
- Review trends in management compensation, oversee the development of new compensation planed and when necessary, approve the revision of existing plans;
- Review the performance of the management system;
- Approve salaries, bonus and other compensation for all employees. The committee will recommend appropriate salaries, bonus and other compensation to the Board for approval;
- Review and approve developmental activities for employees;
- Review and make recommendations concerning long-term incentive compensation plans and policies.

Risk Management Forum (RMF)

The Risk Management Forum was constituted in accordance with the Bangladesh Bank's DFIM Circular No. 01 dated 07 April 2013 to introduce proactive risk management procedure in line with international best practices framework.

Responsibilities of RMF

i. Designing overall risk management strategy of UFIL;
ii. Communicating views of the Board and senior Management regarding the Risk Management Culture and Risk Appetite all over UFIL;
iii. Prepare risk management policies and procedures;
iv. Monitor prescribed/threshold limits of Risk Appetite set by the regulator and/or by the UFIL;
v. Develop, test, and observe the use of models to measure and monitor the risks;
vi. Develop and observe implementation of stress testing;
vii. observe the Capital Management functions in accordance with the Risk Based Capital Adequacy measurement accord i.e. BASEL-II/ CAMD;
viii. Determined the most cost-effective way to minimize the risks;
ix. Highlight the risky portfolios and deficiencies of the UFIL's timely manner and reporting these analyses to the Managing Director as well as the Board of Directors with specific recommendations and suggestions;
x. Review the market conditions, identifying the external threats and providing with recommendations for precautionary measures accordingly; and
xi. Develop overall information system/MIS to support risk management functions of UFIL.

Members of Risk Management Forum

Uttam Kumar Saha, EVP
Kazi Arifuzzaman, VP
Md. Mainuddin, VP
Md. Mesbah Uddin Mahmud, VP
Nizamul Haque, AVP

Risk Analysis Unit (RAU)

Risk analysis is the review of the risks associated with a particular event and action. It is applied to projects, information technology, security issues and any action where risks are analyzed on a quantitative and qualitative basis. Risk analysis is a component of risk management.

Function of Risk analysis Unit

- Collect all relevant data from different models and information systems for analyzing risk;
- Assess the quality, completeness and correctness of all relevant data/information needed to analyze risks;
- Highlight risky portfolios and deficiencies of the bank on timely manner with recommendations and suggestions;
- Analyze data / information through preparation of paper named Risk Management paper;
- Identify, evaluate/measure, control and monitor major risks in line with the standard set in the policy guideline to avoid unnecessary loss and ensure the UFIL's in pricing all risk correctly;
- Oversee the capital management function of the UFIL's in consistency with the Risk Based Capital Adequacy Measurement Accord (Basel-II);
- Identify, Assess and quantify key transaction risks inherent in a given transaction to ensure that the quality of the assumption are tested against due diligence carried out by different operational business units;
- Review market conditions and take precautionary measures towards facing abnormal market situation and vulnerability of investments of the UFIL;
- Analyze the bank's own resilience capacity towards facing financial difficulties of the bank;
- Ensure through independent oversight that different risks are identified, evaluated, monitored, and reported within the established risk management framework;
- Take necessary steps to bring the position within limit and also assess and measure volatility of market and vulnerability of investment from time to time;
- Conduct periodic stress tests so that any errors/mistakes/lapses are eliminated gradually during daily operations of the Bank; and
- Exercise governance and oversight over the bank's risk rating systems to ensure that they are fit for purpose and adequately utilized to control risk in the bank.

Members of Risk Analysis Unit

Md. Aershad Hossian Khan, AVP
Rajib Kumar Saha, SPO
Abu Kawsar, SPO

Integrity Committee

In order to comply the Bangladesh Bank requirement followed by HR-1(O&D) FOCAL-1/2013-2, dated 10 October 2013, the below-mentioned responsible executives are engaged to be the member of the Integrity Committee
Anil Chandra Das, SEVP (Focal point)
Kazi Arifuzzaman, VP
Md. Mesbah Uddin Mahmud, VP
Md. Mainuddin, VP
Md. Nizamul Haque (Liton), AVP

Functions

The functions of the Committee

- Create awareness on the code of integrity and good governance across the Company;
- Identify the scope where employee efficiency can be developed and arrange appropriate training in this regard;
- Amend existing policies and procedures as per requirements;
- Evaluate and reward respective employees for integrity and good work;
- Improve the e-governance system;
- Develop a complaint management system;
- Implement the Code of Conduct.

Central Compliance Unit (CCU)

Members of Central Compliance Unit (CCU) have been attending the meeting of Central Task Force and others meetings arranged by Bangladesh Bank and other agencies. Anti-Money laundering Division is very much adhere to the existing law/regulation & always ready to fully comply with the rules & regulations of Central Bank as well as other regulatory authorities.

Following members are responsible to perform the activities according to Anti Money Laundering Guidelines as "Central Compliance Unit (CCU)"

Md. Mainuddin, VP

Kamruzzaman Molla (Baker), SPO

Responsibilities of the Committee

CCU is the prime mover of UFIL for ensuring the compliance of AML & CFT measures. Its main responsibilities are to

- Develop UFIL's policy, procedure and strategies in preventing ML, TF & PF;
- Coordinate UFIL's AML & CFT compliance initiatives;
- Coordinate the ML & TF risk assessment of the UFIL and review thereon;
- Present the compliance status with recommendations before the CEO or MD on half yearly basis;
- Rearward STR/SAR and CTR to BFIU in time and in proper manner;
- Report summary of self assessment and independent testing procedure to BFIU in time and in proper manner;
- Impart training, workshop, seminar related to AML & CFT for the employee of UFIL;
- Take required measures to submit information, report or documents in time.

For shouldering these responsibilities UFIL's authority may consider to give the following authority to CCU

- appointment of BAMLCO and assign their specific job responsibilities;
- requisition of human resources and logistic supports for CCU;
- Make suggestion or administrative sanction for non compliance by the employees.

Basel II Implementation

UFIL came under the Basel-II accord from January 2012 aiming at consolidating capital base of the financial institutions. We've taken the move to strengthen financial base of the NBFIs and ensure management efficiency in the long run through maintaining the global practice. Now it has become obvious for the financial institutions to implement the advices as prescribed in the Basel accord, which will act as a guide to develop a risk-adjusted asset and liability portfolio and capital structure. It has also prepared an action plan for implementation of the Basel-II framework properly.

The Basel-II implemented with three specific approaches - standardized approach, standardized rule-based approach and basic indicator approach - as initial steps. The standardized approach will used for calculating risk- weighted amount against credit risk supported by external credit assessment institutions.

The standardized rule-based approach measure market risk and the basic indicator approach for the operational risk.

Responsibilities of BASEL Committee

The role and responsibilities of BASEL Committee

i. Apply the action plan of Basel II in UFIL and review there-of;

ii. Communicate issues related to Basel II implementation of UFIL Management;

iii. Capacity Building program and training according to Training Need Assessment (TNA) for the concerned officials;

iv. Establish planning and supervisory review as required by pillar-II of Basel II framework.

Communication and relationship with shareholders

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

- Be factual and subject to internal vetting and authorization before issue;
- Not omit material information;
- Express information in a timely, clear and objective manner.

UFIL strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives. The company's website www.uttarafinance.biz displays, inter-alia, the annual report, half yearly report, monthly business review, product offerings, recent announcements, presentations and events updates

The Company reports to its shareholders four times a year through quarterly and half-yearly report. All shareholders have the right to attend the Annual General Meeting (AGM) where they can meet and express their views regarding the Company's business, its future prospects and other matters of interest. The shareholders are always encouraged to attend the meetings or if they are unable to attend, to appoint proxies.

All disclosures required by the Bangladesh Securities and Exchange Commission, Listing Regulations of the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited and the Bangladesh Bank are made adequately and promptly. In addition to ensuring timely compliance, this also enables dissemination of information to all stakeholders and the public.

Preparation and presentation of financial statements and the Director's responsibility

Financial statements are prepared and presented by the management. The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud and/or other

irregularities, selecting suitable accounting policies and applying those policies consistently and making reasonable and prudent judgments and estimate where necessary.

Ethics and compliance

UFIL remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in the Company's Code of conduct which covers, among other issues, in the following areas

- Their relationship with and responsibilities to UFIL;
- Their relationship with and responsibilities to customers;
- Compliance with laws and regulations;
- Acting in a professional and ethical manner;
- Protection of business assets;
- Disclosure of conflicts of interest;
- Prohibition of any conduct involving dishonesty, fraud, deceit or misrepresentation including insider trading;

Existence of effective anti-fraud programmes and controls

In recent times, the Company has come to identify the risk of fraud as one of the emerging issues in the overall risk management framework.

Planned anti-fraud initiatives include the introduction of a whistle-blower mechanism. A whistle-blower policy has already been formulated additionally, emphasis is placed on strengthening existing processes or activity levels and anti-fraud controls are embedded within the overall system of internal controls.

Redress of investor complaints

UFIL has a formal complaint management process that is open to all stakeholders including both investors and customers. A dedicated complaints cell is headed by mid level officer for dealing with complaint boxes kept at all UFIL branches.

Members of Complain cell Unit

Abu Kawsar, SPO

Md. Imranul Haque, PO

Hosne Ara, PO

At UFIL, we embrace a uniquely distinct concept for environmental and social initiatives that are focused on bringing forth measurable results at the grassroots- for societies and communities whose basic needs remain unmet. Hence, we believe that aligning our corporate social responsibility (CSR) initiatives with strategies and efforts that create the maximum impact captures our deep sense of compassion towards humanity at large.

AMAR STOCK

REPORT ON ABILITY TO CONTINUE AS GOING CONCERN

Going concern is a fundamental accounting concept and assumption in the preparation of financial statements. As per Bangladesh Accounting Standard (BAS) 1, financial statements of a Company are required to be prepared on the basis of going concern concept. Under going concern concept it is assumed that the Company will continue its business indefinitely and will not cease trading or liquidate and therefore, the Company must be able to generate and/or raise enough resources to stay operational.

Since preparation of financial statements is Management's responsibility, it has to make an assessment of an entity's ability to continue as a going concern. As per Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 regarding corporate governance issued by Bangladesh Securities and Exchange Commission, the Board of Directors are to report on going concern.

Every year the management of Uttara Finance and Investments Limited made assessment to find out material uncertainties that may raise reasonable doubt about the Company's ability to continue as going concern. The assessment was made by the management on the basis of financial results for the year ended December 31, 2017, relating events after the Balance Sheet date, creditors' behavior, business plan, future expected outcome and inherent risk involved in business. Management has considered following factors to judge whether the Company is running as going concern and also to prepare financial statements for the year ended 31 December 2017 based on going concern assumption:

Financial Factors

Current Assets

The amount of current assets and current liabilities of Uttara Finance and Investments Limited as on 31 December 2017 is Tk. 30,538.97 million and Tk. 25,116.93 million means net current assets Tk. 5,422.04 million. Positive current assets represents the ability to meet its short-term obligations from its short-term assets.

Fixed Term Deposits with excellent repayment records

During the year ended 31 December 2017 the Company received fixed term deposits Tk. 6,215.16 million and on maturity repaid amount was Tk. 5,861.47 million. At the end of 2017 outstanding balance of fixed term deposit amount of the Company was Tk. 15,722.23 million (2016-Tk. 15,368.54 million) which is yet to mature for payment to the depositors on due date and based on past experience it may be assured that major part of the present outstanding amount would be renewed further due to lenders confidence on the Company.

Short Term Borrowings

The nil balance of short term borrowings of the Company as on 31 December 2017 indicates company's less dependency on short term borrowings.

Consistent support by lenders

Borrowings from different banks are the main source of funds of the Company and it has excellent track record in repayment of instalments/ matured amount. During the year 2017 the Company received against credit facility Tk. 6,695.74 million and repaid Tk. 193.06 million. Outstanding balance of borrowed amount as on 31 December 2017 was Tk. 10,637.30 million. Very good and competitive terms of allowed credit facility in the year 2017 and outstanding amount at the end of the year against credit line indicates lender's confidence with easy and fair accessibility of the Company to the funding sources to meet increasing need for growth.

Positive operating cash flows

Cash flow statement of the Company for the year ended 31 December 2017 was showing positive operating cash flows of Tk. 1,508.86 million and statement of liquidity also showing positive liquidity meaning the Company has strong ability to meet current and future obligations.

Key financial ratios

Key financial ratios of the Company of last five years given in the page 'historical database' page no. 25 of this Annual Report is indicating Company's sound financial strength and growth prospects.

Consistent payment of dividends

Since inception the Company has been paying dividend in the form of cash or stock to its Shareholders. The Company paid average dividend @ 31.00 percent during the five years period from 2013 to 2017 reflecting Company's commitment to its Shareholders.

Credibility in payment of obligations

There was no such instance that the Company had requested to its lenders for rescheduling or extension of term loan which proved Company's excellent track record in repayment of its loan liabilities.

In the 2017 the Company never had requested to its lenders for rescheduling or extension of term loan which proved Company's excellent track record in repayment of its loan liabilities.

Operating performance growth

During the year 2017 total disbursement of the Company was Tk. 20,385.79 million against approval of Tk. 23,781.19 million which in the year 2016 was Tk. 16,810.36 million and Tk. 19,008.56 million showing business growth of 21.27 percent and 25.11 percent respectively over last year whereas operating revenue of the Company for the year 2017 was Tk. 4,218.52 million which was in 2016 Tk. 3,911.03 million. During the year ended 31 December 2017 the Company earned net profit after tax of Tk. 907.71 million which was Tk. 829.37 million in the year 2016. All those indicators showed Company's continuance in foreseeable periods.

Strong equity base

As on 31 December 2017 total equity of the Company stood at Tk. 6,228.31 million which was Tk. 5,696.26 million in 2016 reflects company's long-term viability. Uttara Finance and Investments Limited has been enhancing its equity gradually with very prudent dividend policy for long term sustainability of the Company.

Timely disclosure of financial results

Uttara Finance and Investments Limited is committed for transparent disclosure of quarterly, half yearly and annual financial results within the time frame given by regulatory bodies and as stated in the respective laws.

Operating Factors

Expansion of business

Uttara Finance and Investments Limited has been continually expanding its operations through increasing its products and services and also by new business territory considering the demand of its existing and potential customers as well as for enhancing its earnings stream.

Corporate environment and employees' satisfaction

A good working environment is most important for every company to ensure its success for employees' job satisfaction. Uttara Finance and Investments Limited is an excellent working place with friendly and corporate environment that always attracts qualified candidates and encourages existing employees to continuously enhance their skills and excel in their fields. The Company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. Communication among the employees is very excellent. The Company pays a very competitive compensation package and there exists a good number of employees benefits like transport benefit, health check-up, life insurance benefit, maternity benefit, performance related bonus, gratuity, etc. which are considered to be instrumental for employees satisfaction.

Other Factors

Maintenance of sufficient capital

Owners' equity of the Company as on 31 December 2017 stands at Tk. 6,228.31 million and the same was Tk. 5,696.26 million in 2016. At the end of 2017 the paid up capital of the Company was Tk. 1,252.2048 million while the minimum paid-up capital requirement of Bangladesh Bank is Tk. 1,000.00 million.

CAMEL Rating

Bangladesh Bank, the central bank of the country and the license authority of the Company use CAMEL rating as a tool for evaluating the strength and performance. The composite CAMEL rating adjudged by Bangladesh Bank after reviewing the financial statements of Uttara Finance and Investments Limited for the year ended 31 December 2017 signified satisfactory performance and there was no adverse material observation on the activities of the Company.

Corporate governance is the way of direction and control by the Management through processes, customs, policies and laws and also relationship among the Stakeholders like Shareholders, creditors, employees, customers and suppliers to achieve the goals for which the organization is governed. An organization is a legal entity created by law that defines the existence of its own. Corporate governance guidelines summerize certain principles promoting the function of the board and its committees and the effective governance of the company. Corporate governance disclosure mainly related with five broad categories namely:

- Auditing
- Board and management structure and process
- Corporate responsibility and compliance
- Financial transparency and information disclosure
- Ownership structure and exercise of control rights

Principles and codes of corporate governance have been developed and issued from regulatory bodies with the support of governments. Weaknesses of the institutions are highlighted in absence of corporate governance mechanisms.

Parties to corporate governance

The most influential party involved in corporate governance is the Board of Directors and its committees. Besides the Board of Directors, the Chief Executive Officer, other executives and line Management, Shareholders, auditors, different

government agencies and authorities, stock exchanges, influential Stakeholders like lenders, suppliers, employees, creditors, customers and the community at large are also related party of corporate governance.

All parties to corporate governance have an interest, whether direct or indirect, in the financial performance of the Company. Employees receive salaries & benefits, lenders expect specified interest payments and equity investors want to receive dividend & to make capital gains on their stock. On the other hand customers are concerned with the quality services. These parties provide value to the company in the form of financial, physical, human and other forms of capital. Many parties may also be concerned with corporate social performance.

Principles of corporate governance

The following are the principles of corporate governance:

- Rights and equitable treatment of shareholders
- Interests of other stakeholders
- Role and responsibilities of the board
- Integrity and ethical behavior
- Disclosure and transparency

Composition of Board of Directors

The Board of Directors of the Company consists of 9 non Executive Directors excluding two Independent Directors. Generally the vacancies of Directors are filled up in the Annual General Meeting every year by the Shareholders after having Board of Directors' consent in the Board Meeting. As per Article 62 of the Company one-third of the total number of Directors are to retire by rotation every year and can be reelected if eligible.

The Managing Director is also appointed by the Board following the respective section of companies act and after having permission from Bangladesh Bank and Shareholders' approval in the AGM, if required. Without prior permission of central bank the Board cannot remove the Managing Director from his position.

Responsibility of Board of Directors

The Board of Directors is expected to play a key role in corporate governance. In Uttara Finance the Board of Directors is responsible for endorsing the organization's strategy, developing directional policy, appointing, supervising and remunerating chief and senior executives and ensuring accountability of the organization to its investors and authorities.

Stress Test

Uttara Finance and Investments Limited passed the stress test done by Bangladesh Bank in 2015 on the capital adequacy statement as prepared by the Company on the basis of audited financial statements for the year ended 31 December 2016 means that there is no requirement for additional capital.

Credit Rating

The Company was rated as AA+ (Double A Plus) in the long run and ST-1 for short term by National Credit Ratings Ltd. that reflected strong capacity for timely serving of financial obligations offering high safety. Such institutions carry very low risk. ST-1 reflects strong capacity for timely payment of financial commitments and carries lowest credit risk.

Changes in Government Policy

Management anticipates no significant change in legislation or government policy, which may materially affect the business of the Company.

Management Assumptions

Taking into consideration the above mentioned factors the Management thinks that during the period of assessment there was no such event or conditions the outcome of which may increase any uncertainty about the continuance of the Company's business.

Besides considering the nature, size and complexity of business, the Management opines that there were no such external factors that might affect Management assessment regarding continuance of business.

Conclusion

Based on the above indications, directors feel it is appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements and therefore the Management has prepared the financial statements on a going concern basis having concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on ability to continue as a going concern over the period of assessment. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

The above matters may individually or collectively cast significant doubt about the going concern assumption for any entity. This listing is not all-inclusive nor does the existence of one or more of the items always signify that a material uncertainty exists. The Director's assessment of whether the Company is a going concern entity involves making appropriate inquiries of all the above matters including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the above indications, which give reasonable assurance as to Company's continuance as a going concern for the foreseeable future.

REPORT OF THE MANAGING DIRECTOR & CEO AND THE CHIEF FINANCIAL OFFICER TO THE BOARD OF DIRECTORS

The Financial Statements namely Balance Sheet, Profit & Loss Account, Cash Flow Statement, Statement of Changes in Equity and Notes to the Accounts of Uttara Finance and Investments Limited for the year ended 31 December 2017 which have audited by M/S. K. M. Hasan & Co., Chartered Accountants have been reviewed by us.

Based on our review of the Financial Statements for the year ended 31 December 2017 which have audited by M/S. K. M. Hasan & Co., Chartered Accountants and the internal control system of the Company we jointly certify that to the best of our knowledge and belief:

i) The Financial Statements have been prepared and presented fairly in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations;

ii) The Financial Statements prepared by the Management of the Company are fairly presented and do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

iii) The financial statements present a true and fair view of the company's affairs;

iv) Proper Books of Accounts have been maintained;

v) Expenditures are incurred for the purposes of the Company's business;

vi) Fraudulent transactions not made by the company;

vii) Adequate provisions have been made for leases/loans and advances, investments and other assets which are, in our opinion, doubtful of recovery;

viii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates have also been made based on reasonable and prudent judgment;

ix) Effectively implemented and monitored internal control system is sound;

x) Subject to appliance of various measures regarding going concern the Board has no doubt about the ability of the company to continue its operation in foreseeable future;

xi) There is no significant deviation in operating results in comparison with last year;

Uttam Kumar Saha
EVP & CFO

S. M. Shamsul Arefin
Managing Director & CEO

AMARSTOCK

CORPORATE GOVERNANCE

Independent Director

The securities and Exchange Commission vide its circular no, SEC/CMRRCD/2006-158/134/ Admin/44, dated August 07, 2012 directed that one fifth of total number of Directors of the Board should be Independent Director and also given some criterion about Independent Director. Since total number of the Board of Directors of Uttara Finance and Investments Limited is eight, the Board taking into consideration of the above said circular, pleased to appoint Independent Directors.

Members of the Board and its Committees

There are two Committees formed by the Board namely Executive Committee and Board Audit Committee. Two separate persons are Chairman of these two Committees and responsible for different types of activities with different scopes and terms of references. Both the Committees are responsible for reporting to the Board. All the Members of both the Committees are non Executive Director. The Board and its Committees' Members name and position for the year 2016 are given hereunder:

Name of Directors	Position in the Board	Position in Executive Committee	Position in Board Audit Committee
Rashidul Hasan	Chairman	-	-
Matiur Rahman	Vice Chairman	-	-
Mujibur Rahman	Member	Chairman	Member
Mehdadur Rahman	Member	Member	Member
Kazi Imdad Hossain	Member	Member	-
Zakia Rahman	Member	-	-
Tahmina Rahman (Tina)	Member	Member	-
NG Chin Keong	Member	-	-
Nayeemur Rahman	Member	Member	-
Md. Showkat Hossain, FCA	Independent Director	-	-
A. T. K. M. Ismail	Independent Director	Member	Chairman
S. M. Shamsul Arefin, M. Com., MBA	Managing Director	Member	-

Directors' attendance in the meetings

During the year 2017 the Board of Directors met 7 times and the Executive Committee of the Directors met 6 times. Most of the Directors were present in all the meetings. The Company Secretary and Chief Financial Officer were also present in all the meetings. Each honourable Member of the Board of Directors and Executive Committee are entitled to receive Tk. 8,000.00 (Taka eight thousand) only for attending each meeting. Other than meeting attendance fee the non Executive Member of the Board has not received any amount as remuneration, allowances, honorarium etc. from the Company.

Chairman of the Board

The Chairman is the key person of the Board of Uttara Finance and Investments Limited appointed by the Members of the Board each year for a period of one year. The key responsibility of the Chairman is directing and organizing the business of the Board, setting Board meeting's agendas, signing papers like minutes, Board of Directors report, Chief Executive Officer's appointment letter etc. on behalf of the Board. The Chairman of the Company has no engagement and does not interfere in the day-to-day business of the Company.

Executive Committee of the Board

The Chairman of the Executive Committee plays very important role since he is the key person of the Committee formed by the Board to assist the Board of Directors. Including one Independent Director and Managing Director there are seven Members in the Committee. Key responsibility of the Committee Chairman is setting meeting's agendas, directing and organizing the business of the Committee meeting. The Committee works within the Board's given area and the Chairman of the Committee has no engagement and does not interfere in the day-to-day business of the Company.

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Board Audit Committee

The Board Audit Committee including its Chairman is a three Members Committee where one Independent Director A. T. K. M. Ismail, Rtd. Secretary of the Government is the Chairman. The Committee is mainly responsible for internal control activities, recommendations to approve the quarterly, half yearly and annual financial statements by the Board, looking after the activities of internal and external auditors, recommendation to the Board about appointment of external auditor, appointment of the chief of internal auditor, etc. The Terms of Reference (ToR) of the Audit committee of the Company is fixed as per DFIM Circular no. 13, dated October 26, 2010. The Committee is responsible to report to the Board and to the regulatory bodies, if needed.

Managing Director

The Chief Executive Officer of the Company known to all as Managing Director (MD) is the leader of the Management and is responsible to look after Company's day-to-day affairs to implement the Board of Directors' policy and strategy, setting financial targets and to give effort to achieve the same. The Managing Director is the controlling authority of the Management and accountable to the Board.

Chairman and Managing Director of the Company are separate persons

The Chairman of the Company Rashidul Hasan is a non Executive Director and the Managing Director Shamsul Arefin is the Chief Executive of the Company appointed by the Board of Directors after having approval from Central Bank.

Directors' Independence

The Board of Directors and Managing Director of the Company have been working for Uttara Finance and Investments Limited with vast experience in financial sectors. All the Directors of the Company are independent in mind to take any decision and pass judgment.

Management Committee

The Managing Director is the Chairman of Management Committee where another top three executives of the Company are the Members. The Management Committee of the Company is responsible for strategic decisions to ensure the governance. The role of the Committee is to look after all matters related to day-to-day operation of the Company.

Company Secretary and CFO

The Company Secretary and Chief Financial Officer (CFO) of the Company are separate persons. The Company Secretary Mr. Jakir Hossain is a fellow Chartered Accountant appointed by the Board of Directors responsible for arranging meetings of the Board and its Committees and to ensure submission of papers relating with respective meetings after collecting the same from the Senior Management. The Secretary is also responsible to inform the Board of different Governance related matters. The CFO of the Company Uttam Kumar Saha mainly responsible for record keeping and preparing financial report to submit to the Board Audit Committee. Both Company Secretary and CFO are used to be present in all meetings of Board of Directors, Executive Committee and Board Audit Committee.

Minutes of the Board of Directors, Executive Committee and Board Audit Committee submission to Bangladesh Bank

As per Bangladesh Bank DFIM circular Letter no. 07, dated 14 February 2014 and DFIM circular number 13 dated 26 October 2011 the minutes of Board of Directors meeting, Executive Committee meeting and Board Audit Committee are required to be submitted to Bangladesh Bank within five working days of the meeting held.

Price Sensitive Information disclosure

The Board of Directors and Management are always aware about the price sensitive information of the Company. As per regulatory requirement the company disseminates all of its price sensitive information within 30 minutes of having every decision/information to the Securities and Exchange Commission and Stock Exchanges through fax and thereafter by sending the hard copy by special messenger or by courier service. At the same time the Company publishes the same sensitive information in widely circulated one Bangla and one English daily newspapers.

Shareholders information in the 22nd Annual General Meeting

The 22nd Annual General Meeting of Uttara Finance and Investments Limited was held on Monday, May 22, 2017 in Spectra Convention Centre (Queens Hall), House # 19, Road # 7, Gulshan-1, Dhaka- 1212, Bangladesh at 10:30 am. Due notice having been given and a quorum being present the meeting was duly convened and constituted. The meeting was called to order by Mr. Rashidul Hasan, Chairman of the Board of Directors of the Company. The company is grateful and taking the opportunity to pass heartiest thanks to 123 number of Shareholders for their kind presence in the meeting.

Disclosure of Financial Statements

The Company, as per requirement of the regulatory bodies, gives high priority to circulate and publish financial statements, financial data etc. in time. In the year 2017 one annual report were circulated to the shareholders and one half yearly statement and two quarterly statements had been published in one bangla and one english daily news papers. The Balance Sheet as on December 2016 was also published in newspapers. All of the above were also available in the web site of the company **www.uttarafinance.biz.**

Related party disclosure

The Company made its related party transactions on arm's length basis. The company entered into transaction with other related entities in normal course of business that fall within the defination of related party as per Bangladesh Accounting Standard (BAS) 24; "Related Party Disclosures". 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 do not involve more than a normal risk.

Report from Management and annual budget

Each year a report of Management is placed before the Board of Directors meeting. The report contains last year's business targets, achievement and business plan for the coming year. Considering the achieved target, socio economic condition and other related aspects the Board finalizes new business targets. Besides a detailed budget of income and expenditure is placed before the Executive Committee and the committee considering the last year's budget, variations and coming year targets approve a new budget for the coming year.

Securities and Exchange Commission vide its Notification no. SEC/CMMRRCD/2006-158/134/Admin/44 dated August 07, 2012 and Bangladesh Bank vide DFIM Circular no. 7 dated September 25, 2007 have issued guidance for corporate governance practice. Uttara Finance and Investments Limited has been operating its activities with full compliance of SEC notification and Bangladesh Bank circular. The compliance status of SEC notification including auditors report thereon and Bangladesh Bank circular is given hereafter.

EMARKET STOCK

PROFESSIONAL CERTIFICATE ON COMPLIANCE OF CONDITIONS ON CORPORATE GOVERNANCE UTTARA FINANCE AND INVESTMENTS LIMITED

Certificate on the Compliance with Corporate Governance

We have examined the compliance with Corporate Governance of Uttara Finance and Investments Limited (the company) for the year ended 31 December 2017 as stipulated in notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission.

The compliance with Corporate Governance is the responsibility of the management of the company. Our examination was limited to the procedures and implementation thereof as adopted by the company for ensuring the compliance with Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned notification.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Dhaka, Bangladesh
Dated, 23 April 2018

S. F. AHMED & CO
Chartered Accountants

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Annexure-1

Uttara Finance and Investments Limited Details of Compliance with Corporate Governance For the year ended 31 December 2017

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission vide notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Report under condition no. 7.00 of the above referred notification

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.	**BOARD OF DIRECTORS:**			
1.1	Board's Size: Board members should not be less than 5 (five) and more than 20 (twenty).	✓		No. of Directors of the Board are 9 (nine). page no. 37
1.2	**Independent Directors**			
1.2 (i)	Appointment of Independent Directors: at least 1/5th of total no. of directors.	✓		No. of Independent Directors of the Board are 2 (two). page no. 37
1.2 (ii)	Independent Director means a Director.	✓		
1.2 (ii) a)	Independent Director should not hold any share in the company or hold less than one percent (1%) shares of the total paid-up shares of the Company.	✓		States in the page no. 39 & 90
1.2 (ii) b)	Independent Director should not be a sponsor of the company and is not connected with the company's sponsors or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company.	✓		
1.2 (ii) c)	Independent Director does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		
1.2 (ii) d)	Independent Director is not a member, director or officer of any Stock Exchange.	✓		
1.2 (ii) e)	Independent Director is not a shareholder, director or officer of any member of Stock Exchange or an intermediary of the Capital Market.	✓		
1.2 (ii) f)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm.	✓		
1.2 (ii) g)	Independent Director shall not be an independent director in more than 3 (three) listed Companies.	✓		
1.2 (ii) h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	✓		
1.2 (ii) i)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	✓		

Condition No.	Title	Compliance Status (Put ✓in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		States in the page no. 38
1.2 (iv)	Post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		States in the page no. 38
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		States in the page no. 38
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		States in the page no. 38
1.3	**Qualification of Independent Director (ID)s**			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		States in the Directors profile page no. 52
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences.	✓		States in the Directors profile page no. 52
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	NA	NA	NA
1.4	**Chairman of the Board and Chief Executive Officer**			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		Chairman & CEO are separate person. States in the Directors profile page no. 37
1.5	**The Directors' Report to Shareholders**			
1.5 (i)	Industry outlook and possible future developments in the industry.	✓		States in the BOD Report page no. 86
1.5 (ii)	Segment-wise or product-wise performance.	✓		States in the BOD Report page no. 87
1.5 (iii)	Risks and concerns.	✓		States in the BOD Report page no. 90
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	N/A	N/A	N/A
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	N/A	N/A	N/A
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5 (vii)	Utilisation of proceeds from public issues, rights issues and/or through any others instruments.	N/A	N/A	N/A
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A	N/A	N/A

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Condition No.	Title	Compliance Status (Put ✓in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	✓		States in the BOD Report page no. 88
1.5 (x)	Remuneration to directors including independent directors.	✓		States in the BOD Report page no. 89
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		States in the BOD Report page no. 88
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		States in the BOD Report page no. 88
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		States in the BOD Report page no. 91
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		States in the BOD Report page no. 91
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		States in the BOD Report page no. 91
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		States in the BOD Report page no. 91
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		States in the BOD Report page no. 88
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		States in the BOD Report page no. 89
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A	N/A	N/A
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		States in the BOD Report page no. 89
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by-	✓		
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	N/A	N/A	N/A
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		States in the BOD Report page no. 90
1.5 (xxi) c)	Executives;	✓		States in the BOD Report page no. 90
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		States in the BOD Report page no. 90 & 18-20

Condition No.	Title	Compliance Status (Put ✓in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xxii) a)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-	✓		States in the BOD Report page no. 89 & 45-53
	A brief resume of the director;			States in the BOD Report page no. 89 & 45-53
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	✓		States in the BOD Report page no. 89 & 45-53
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2	**CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS):**			
2.1	**Appointment** The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		States in the BOD Report page no. 55
2.2	**Requirement to attend the Board Meetings**			
	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		States in the BOD Report page no. 89
3	**AUDIT COMMITTEE:**			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		States in the BOD Report page no. 43
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		States in report of the Audit Committee Report page no. 93-94
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		States in report of the Audit Committee Report page no. 93-94
3.1	**Constitution of the Audit Committee**			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		States in report of the Audit Committee Report page no. 93-94
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		States in report of the Audit Committee Report page no. 93-94
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	✓		States in report of the Audit Committee Report page no. 93-94

Condition No.	Title	Compliance Status (Put ✓in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	✓		No such vacancy occoured in the year of reporting
3.1(v)	The company secretary shall act as the secretary of the Committee.	✓		States in report of the Audit Committee Report page no. 93
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		States in the page no. 43
3.2	**Chairman of the Audit Committee**			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		Chairman of Audit Committee was present in the 22nd AGM.
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		States in the Audit Committee Report page no. 93-94
3.3	**Role of Audit Committee**			
3.3 (i)	Oversee the financial reporting process.	✓		States in the Audit Committee Report page no. 93-94
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		States in the Audit Committee Report page no. 93-94
3.3 (iii)	Monitor Internal Control Risk management process.	✓		States in the Audit Committee Report page no. 96-97
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		States in the Audit Committee Report page no. 93-94
3.3 (v)	Review along with the management, the annual financial statements before submission to the Board for approval.	✓		States in the Audit Committee Report page no. 93-94
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		States in the Audit Committee Report page no. 93-94
3.3 (vii)	Review the adequacy of internal audit function.	✓		States in the Audit Committee Report page no. 93-94
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		States in the Audit Committee Report page no. 93-94
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		States in the Audit Committee Report page no. 93-94
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A	N/A	N/A
3.4	**Reporting of the Audit Committee**			

Condition No.	Title	Compliance Status (Put ✓in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.4.1	**Reporting to the Board of Directors**			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	✓		
3.4.1 (ii) a)	report on conflicts of interests;	✓		No such event found
3.4.1 (ii) b)	suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		No such event found
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	✓		No such event found
3.4.1 (ii) d)	any other matter shall be disclosed to the Board of Directors immediately.	✓		No such event found
3.4.2	**Reporting to the Authorities**			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	✓		No such event found
3.5	**Reporting to the Shareholders and General Investors** Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		No such event found
4	**EXTERNAL/STATUTORY AUDITORS:**			
	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-			Auditor M/S K.M. Hasan & Co., Chartered Accountants are not any how related with the Company.
4(i)	Appraisal or valuation services or fairness opinions.	✓		
4(ii)	Financial information systems design and implementation.	✓		
4(iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4(iv)	Broker-dealer services.	✓		
4(v)	Actuarial services.	✓		
4(vi)	Internal audit services.	✓		
4(vii)	Any other service that the Audit Committee determines.	✓		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		

Condition No.	Title	Compliance Status (Put ✓in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4(ix)	Audit/certification services on compliance of corporate government as require under clause (i) of condition no. 7.	✓		
5	**SUBSIDIARY COMPANY:**			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A	N/A	N/A
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A	N/A	N/A
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A	N/A	N/A
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	N/A	N/A	N/A
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A	N/A	N/A
6	**DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):**			
	The CEO and CFO shall certify to the Board that:-			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		States in page no. 135
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
7	**REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:**			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		States in page no. 136-148
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		

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Annexure- II

Compliance report on good governance guideline issued by Bangladesh Bank

For good governance Bangladesh Bank vide DFIM Circular no. 7 dated September 25, 2007 issued guidelines for financial institutions. Uttara Finance and Investments Limited has taken necessary steps in compliance of the guidelines. A compliance report on said guidelines is given below.

Sl. No.	Particulars	Compliance
1.	**a. Responsibility and Scope of Directors:**	
	i. Vision /mission will be set by directors. For expanding business and for achieving quality and efficiency directors will set goals and will set tactics and plan for achieving the goals. They will change, modify even deduct the tactics and plan in specific interval. But for any change or replacement of organization it is necessary to discuss with management.	Complied
	ii. For future success, Directors will make analysis of success/failure and will include this comparative analysis in the annual report. Based on this they will set future activities and tactics and will inform it to shareholders in AGM.	Complied
	iii. The Board of Directors will determine key performance indicators of Chief Executor and other employees of higher level and will evaluate it in 6 month interval.	Complied
	b. Establishment of Associated Committee: For taking urgent decision executive committee can be established jointly by directors and management. But there will not be any alternative directors in such kind of committee.	Complied
	c. Financial Management:	
	i. According to Director's own decision, the annual budget and related report will be finalized.	Complied
	ii. Different related statements Ð income-expenditure, loan/lease statement, liquidity management, adequacy of capital, preservation of provision, law related works and directors will judge steps that will be taken if default occurs in collecting loan/lease.	Complied
	iii. The rules of purchase and procurement will be determined by Directors and based on this, they will determine the expenditure. For contraction of budget within different scope, the execution power of expenditure will be vested on Directors & related higher authority.	Complied
	iv. The execution of bank account will be determined by Director. For transparency a group will be formed based on combined effort of Director and management and they will execute the account according to their joint signature.	Complied
	d. Loan/Lease/Investment Management:	
	i. According to Directors discretion, the evaluation of the proposal of loan / lease/investment, disbursement of loan / lease/ investment, regular collection and monitoring related rules will be set. Director will distribute this power efficiently and distribution of similar power will be held upon Chief Executor and concerned employees.	Complied
	ii. No Director will interfere directly or indirectly in granting loan; especially in times of related party transaction they will not give any opinion.	Complied
	iii. Director will give decision about syndicated loan / lease / investment.	Complied
	e. Risk Management: Risk Management Guideline based on 'Core Risk Management Guideline' will be permitted and checked by the audit committee	Complied
	f. Internal Audit & Compliance Management: For achieving quality and efficiency and to establish internal control as well as compliance, a regular audit committee to build up and will be permitted by the board. Internal audit report, External report and BB inspection report will be submitted to the board through Audit Committee.	Complied
	g. Human Resource Management: Principles & Service Rule regarding Human Resource Management of financial institution (Such as: Appointment, promotion, training, transfer, discipline, punishment system etc.) would be approved by the board. As per service rule, the board of directors cannot be involved in case of the appointment, promotion, transfer and punishment etc. The board can only involve based on service rule in the recruitment, provision of Managing Director, Deputy Managing Director and GM or Equivalent position to GM. No one of the board directors can involve in the selection committee of other personnel of the organization appointment and promotion except the above.	Complied

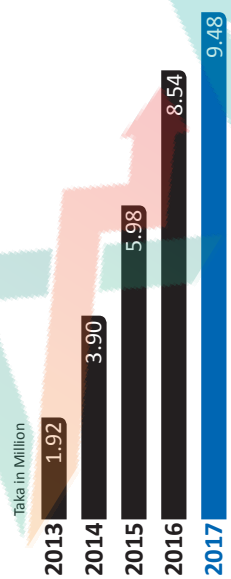
Sl. No.	Particulars	Compliance
	h. Appointment of CEO & MD and his remuneration as well as increasing allowance: An efficient CEO will be recruited and his remuneration & increase of allowances will be approved by board through permitted by Bangladesh Bank.	Complied
	i. Various facilities provided to the Chairman: An office room, P.A, a telephone and vehicle facilities can be provided to the chairman for the interest of the company. Thus, the board will be approved regarding this.	Complied
2.	**Responsibilities and Scope of Chairman:**	
	i. As the chairman of the board would not take the executive capacity so he can not involve the administrative and operational activities.	Complied
	ii. The chairman will sign and approved the minutes of board meeting.	Complied
	iii. Appointing CEO and the increase of allowances approval related activities and papers will be signed by chairman.	Complied
3.	**Responsibilities and Scope of CEO:**	
	i. The CEO will perform the responsibilities regarding financial, business and administrative. The CEO will report to the board for achieving the goal of business and to enhance of business through business plan and implementation of the plan.	Complied
	ii. He will ensure that the Financial Institution act.1993 and its related circular, rules & regulation will comply duly in the daily activities of the financial institution.	Complied
	iii. All employees' appointment and promotion except DMD and GM or equivalent position will be decided by the CEO. Thus, approval of the board of written HR policy and service rule must be followed.	Complied
	iv. The activities and job responsibilities of the employees will be restructured.	Complied
	v. All employees' transfer and punishment except DMD and GM or equivalent to GM' will be controlled by the CEO.	Complied
	vi. He will sign all papers and report which is sent to Bangladesh Bank	Complied

VALUE ADDED STATEMENT

The valued added statement appended below Is the details of total value addition by Uttara Finance and Investments Limited and distribution thereof. The distribution of added value reveals how the Company contributed for socio-economic development by paying salaries and allowance to the employee, dividend to the Shareholders, taxes to the Government and some amount for growth and safety.

	2017		2016	
	Taka	%	Taka	%
Revenues	4,250,488,007		3,952,443,698	
Financial expenses	(2,140,710,245)		(2,384,020,124)	
	2,109,777,762		1,568,423,574	
Provision	(284,053,932)		73,317,519	
Operating expenditure excluding salary, allowances and depreciation	(100,953,732)		(87,660,565)	
	1,724,770,098		**1,554,080,528**	
Distribution of added value				
Salary and allowances	112,464,474	6.52	106,144,764	6.83
Provision for tax	685,000,000	39.72	600,000,000	38.61
Dividend	375,661,440	21.78	375,661,440	24.17
Statutory reserve	181,542,373	10.52	165,873,564	10.67
General reserve	150,000,000	8.70	150,000,000	9.65
Dividend equalization fund	100,000,000	5.80	100,000,000	6.43
Retained earnings and depreciation	120,101,811	6.96	56,400,760	3.63
	1,724,770,098	**100.00**	**1,554,080,528**	**100.00**
No. of employees	**182**		**182**	
Value added per employee	**9,476,759**		**8,538,904**	

YEAR WISE VALUE ADDED PER EMPLOYE



ECONOMIC VALUE ADDED STATEMENT

Economic Value Added (EVA) statement is a financial performance indicator that reflects economic achievement of a Company for a particular period. It helps the user of the financial statements who required data regarding economic achievement of the Company. An investor of the Company knowing the EVA can determine how well the Company is running and also can compare with its peers. Companies which show higher percentage of positive added value are attractive for the investors of the sector.

Economic Value Added (EVA) is nothing but the surplus amount of profit after tax but before provision less cost of average equity.

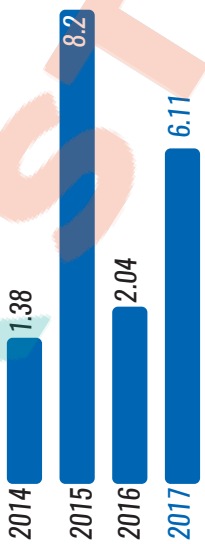
The mathematical equation of economic value added (EVA) is as given below:

EVA = (Profit after tax + provision made during the year) - Cost of average equity.

The rate of cost of average equity is the expected risk free return on investment plus risk premium on investment. Bangladesh Government Sanchaya Patra rate is taken as risk free rate and investment risk premium is assumed on the basis of calculated risk.

In the table given hereunder shows the economic added value of Uttara Finance and Investments Limited for the following years ended December 31.

PERCENTAGE OF ECONOMIC VALUE ADDED ON CAPITAL EMPLOYED



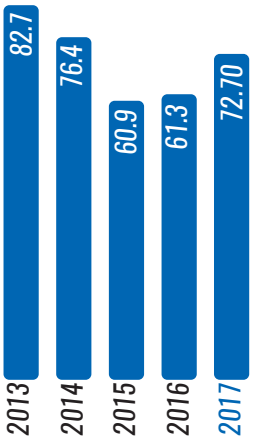
Amount in Taka

Sl. No.	Particulars	2017	2016	2015	2014
1	**Profit before provision but after tax:**				
2	Profit before provision and tax	1,876,765,796	1,356,050,303	1,502,784,062	1,028,210,584
3	Tax expenses	685,000,000	600,000,000	350,000,000	360,000,000
4	Profit before provision but after tax (4 = 2-3)	1,191,765,796	756,050,303	1,152,784,062	668,210,584
5	**Charges for average capital employed:**				
6	Average capital employed (calculation note no. 1)	8,220,586,836	7,667,340,228	7,014,590,566	6,418,588,631
7	Percentage of cost of average capital employed	8.38%	7.82%	8.23%	9.03%
8	**Cost of average capital employed (8 = 6*7)**	**688,885,177**	**599,586,006**	**577,300,804**	**579,598,553**
9	**Economic value added (9 = 4-8)**	**502,880,619**	**156,464,297**	**575,483,259**	**88,612,031**
10	**Percentage of EVA on average capital employed**	**6.11%**	**2.04%**	**8.20%**	**1.38%**
11	**Percentage of EVA on operating revenue**	**11.92%**	**4.00%**	**14.60%**	**2.54%**
12	**Percentage of PAT on average capital employed**	**11.04%**	**10.82%**	**7.86%**	**2.75%**
	Calculation no. 1				
a	Shareholders equity	6,228,307,142	5,696,256,718	5,242,550,336	4,918,534,932
b	Accumulated provision for doubtful accounts and future loss	2,355,331,872	2,161,277,941	2,234,595,460	1,633,500,403
c	Total capital employed (c = a + b)	8,583,639,014	7,857,534,659	7,477,145,796	6,552,035,335
d	Last year capital employed	7,857,534,659	7,477,145,796	6,552,035,335	6,285,141,926
e	Average capital employed (c + d)/2	8,220,586,836	7,667,340,228	7,014,590,566	6,418,588,631

MARKET VALUE ADDED STATEMENT

Market value added is simply the difference between the market value of fully paid up shares and book value/nominal value of shares. Market value added statement reflects Company's performances evaluated by the market through market price of shares and therefore it is external evaluation. The acceptance of the Company to the Investor than other companies of the sector can easily be understood by market value added Statement. Different financial factors like earning per share, net asset value, dividend pay out, revenue growth, profit growth etc. and non financial factors like future prospects of products, Board of Directors, number of shares available in the market, government policy for the sector etc. works behind the market value of shares. Investors always expect positive market value added.

CLOSING MARKET PRICE PER SHARE OF TK. 10



The statement of market value added of Uttara Finance and Investments Limited for the year ended December 31, 2017 and 2016 is appended below:

Amount in Taka

Particulars	2017	2016
Market value of outstanding shares	9,103,528,896	7,676,015,424
Book value of outstanding shares	1,252,204,800	1,252,204,800
Market value added	7,851,324,096	6,423,810,624
Total no. of outstanding shares of Tk.10	125,220,480	125,220,480
Market value added per share of Tk. 10	62.70	51.30
Market price per share of Tk. 10	72.70	61.30

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FINANCIAL HIGHLIGHTS AS PER BANGLADESH BANK FORMAT

Amount in Taka

Sl. No.	Particulars	2017	2016
1	Paid-up Capital	1,252,204,800	1,252,204,800
2	Total Assets	38,599,039,295	30,214,466,173
3	Total Deposits	15,722,230,571	15,368,538,027
4	Total Loans and Advances	30,498,975,437	23,666,715,179
5	Total Contingent Liabilities and Commitments	-	-
6	Credit Deposit Ratio	193.99%	153.99%
7	Percentage of Classified Loans Against Total Loans and Advances	5.96%	7.21%
8	Profit After Tax and Provision	907,711,864	829,367,822
9	Amount of Classified Loans During Current Year	1,817,060,071	1,707,027,693
10	Provisions Kept Against Classified Loans	871,644,369	557,412,320
11	Provision Surplus against classified loan	-	-
12	Cost of Fund	8.38%	7.82%
13	Interest Earnings Assets	30,498,975,437	23,666,715,179
14	Non-interest Earnings Assets	8,100,063,858	6,547,750,994
15	Return on Investment (ROI)	2.98%	3.50%
16	Return on Assets (ROA)	2.35%	2.74%
17	Income from Investment	31,385,613	41,227,402
18	Earnings per Share	7.25	6.62
19	Net Income per Share	7.25	6.62
20	Price Earnings Ratio	10.07	13.82

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POINT TO POINT GROWTH PATTERN OF **EACH 5 (FIVE) YEARS** AND AVERAGE YEARLY GROWTH OF **LAST 10 (TEN) YEARS**



	Year	Amount (Million Taka)	Growth of five years	Average yearly grwoth
1.	**Revenue**			
	2017	4,250.49	145.20%	
	2012	2,927.30	196.60%	**28.55%**
	2007	1,488.93		
2.	**Total assets**			
	2017	38,599.04	199.32%	
	2012	19,365.21	214.57%	**42.77%**
	2007	9,025.32		
3.	**Investment in lease and term finance-cumulative**			
	2017	30,498.98	226.04%	
	2012	13,492.96	184.77%	**41.76%**
	2007	7,302.71		
4.	**Shareholders' equity**			
	2017	6,228.31	126.18%	
	2012	4,935.88	335.72%	**42.36%**
	2007	1,470.24		
5.	**Fixed assets**			
	2017	114.75	(31.92%)	
	2012	168.55	370.92%	**25.25%**
	2007	45.44		
6.	**Yearly business contract**			
	2017	23,781.19	229.41%	
	2012	10,366.04	307.11%	**70.46%**
	2007	3,375.30		
7.	**Yearly disbursement**			
	2017	20,385.79	219.70%	
	2012	9,278.97	271.72%	**59.70%**
	2007	3,414.92		
8.	**Cumulative investment**			
	2017	34,217.33	219.26%	
	2012	15,605.99	207.45%	**45.49%**
	2007	7,522.78		
9.	**Cumulative deposit**			
	2017	15,722.23	236.38%	
	2012	6,651.34	215.31%	**50.89%**
	2007	3,089.21		

AMAR STOCK

INDICATORS OF COMPANY'S DIFFERENT GROWTH THAN THE PREVIOUS YEAR i.e. 2017

Growth of profit after tax 9.45%
Profit after tax for the year 2017-Tk. 907,711,864 & 2016-Tk. 829,367,822

Growth of interest income 9.21%
Interest income for the year 2017-Tk. 3,843,002,209 & 2016-Tk. 3,518,909,100

Growth of net interst income 34.60%
Net interst income (interest income-financial expenses) for the year 2017-Tk. 1,816,137,585 & 2016-Tk. 1,349,239,516

Growth of profit before TAX 11.43%
Profit before TAX for the year 2017-Tk. 1,592,711,864 & 2016-Tk. 1,429,367,822

Growth of total investment in lease and TF 28.87%
Total investment in lease and TF for the year 2017-Tk. 30,498,975,435 & 2016-Tk. 23,666,715,179

Growth of term deposit 2.30%
Term deposit at end of 2017-Tk. 15,722,230,571 & 2016-Tk. 15,368,538,027

Growth of investment in finance 22.12%
Investment in finance at end of 2017-Tk. 15,099,470,722 & 2016-Tk. 12,364,657,867

Growth of lease investment 36.36%
Refinance from BB at year end of 2017-Tk. 15,399,504,711 & 2016-Tk. 11,302,057,312

Growth of net asset value 9,34%
Net asset valu as on December 31, 2017-Tk. 49.74 & 2016-Tk. 45.49

Growth of earning per share 9.51%
Per share earning for the year 2017-Tk. 7.25 & 2016-Tk. 6.6

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Growth of shareholders equity 9.34%

Shareholders equity as on 31 December 2017-Tk. 6,228,307,142 & 2016-Tk. 5,696,256,718

Growth of business targets achievement 25.10%

Business targets achievement for the year 2017-Tk. 23,781.19 million & 2016-Tk. 19,008.56 million

Growth of disbursement 21.27%

Disbursement in 2017-Tk. 20,385.79 million & 2016-Tk. 16,810.36 million

Growth of total investment 25.97%

Disbursement in 2017-Tk. 34,217.33 million & 2016-Tk. 27,163.45 million

Growth of total value added 10.98%

Disbursement in 2017-Tk. 1,724.77 million & 2016-Tk. 1,554.08 million

AMARSTOCK

CONTRIBUTION TO GROSS DOMESTIC PRODUCT (GDP)



Uttara Finance and Investments Limited as a non banking financial institution has been contributing to the national economy by providing financial services for industrialization and capital market development of the country. As on December 31, 2017 total number of active clients of the Company was around 1500 and outstanding amount of lending in lease and term finance was Tk. 30,498.98 million. Most of the investments of the Company in the form of lease & term loan were for procuring capital machineries and the Company also provided working capital loan. Besides, the Merchant Banking Unit of the Company has been working for the capital market by giving managerial service, underwriting and margin loan.

As a Bangladesh Bank licensed company Uttara Finance and Investments Limited is a renowned and dependable place of cash investment for a minimum period of three months to maximum one hundred fifty six months. By taking term deposit from individuals and institutions the company has been helping the national economy to increase national savings. During the year 2017 the company received total Tk. 6,215.16 million as deposit and the cumulative balance of deposit as on December 31, 2017 is Tk. 15,722.23 million which was Tk. 15,368.54 million as on December 31, 2016.

Uttara Finance and Investments Limited always has been working for creating employment opportunity directly to the company and by investing in different potential projects. The company recruited total 8 employees in different discipline in the year 2017 which in 2016 was 8. The Company made a good amount of investment for development of urban transport which also helped the national economy by giving facility for moving people and goods faster and also created employment opportunity for people of lower income group.

During the year of reporting Uttara Finance and Investments Limited directly contributed to the national economy by paying Direct Tax, Source Tax, Excise Duty and Value Added Tax (VAT). In the year 2017 the Company paid Direct Tax Tk. 501.04 million, Source Tax Tk. 121.11 million and VAT Tk. 616.14 million which were Tk. 520.00 million, Tk. 94.77 million and Tk. 4.29 million respectively in the year 2016.

For its contribution to the national economy through payment of tax, the Company has been awarded by the National Board of Revenue (NBR) of the Government of Bangladesh for the consequtive third year as best tax payer Financial Institution of the country. The Company also been honoured by Bangladesh Bank, the Central Bank of the country for having the award from NBR.


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UTTARA FINANCE











Pictures of different project financed by Uttara Finance































Greetings from Chairman & MD to Hohourable VC of UFIL on the occasion of receiving the "Atish Dipankar Gold Medal"

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF **UTTARA FINANCE AND INVESTMENTS LIMITED**

We have audited the accompanying financial statements of UTTARA FINANCE AND INVESTMENTS LIMITED which comprise the balance sheet as at 31 December 2017, 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 of UTTARA FINANCE AND INVESTMENTS LIMITED is responsible for the preparation and fair presentation of these financial statements of the Company in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the Company 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 of the Company give a true and fair view of the financial position as at 31 December 2017, its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994 the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that:

(i) we have obtained all 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 and found them satisfactory;

(ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

(iii) the balance sheet and profit or loss account of the company together with annexed notes from 1 to 41 dealt with this report are in agreement with the books of account;

(iv) the expenditure incurred was for the purposes of the Company's business;

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

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(vi) the financial statements of the Company have been drawn up in conformity with the Financial Institution Act 1993 and in accordance with the accounting rules and regulations issued by Bangladesh Bank to the extent applicable to the Company;

(vii) the records and accounts of the branches have been properly maintained and consolidated in the financial statements;

(viii) adequate provisions have been made for leases and advances and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;

(ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;

(x) taxes and other duties collected and deposited to Government treasury by the Company as per Government instructions found satisfactory;

(xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;

(xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions issued by Bangladesh Bank and other regulatory authorities have been complied properly;

(xiii) the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible fraud, forgery and internal policies are being followed appropriately;

(xiv) The instructions of 'First Schedule' of Bank Company Act, 1991 (revised up to 2013) are properly complied while preparing financial statement of the Uttara Finance and Investment Limited;

(xv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/ leases found satisfactory;

(xvi) the financial statements of the Company conform to the prescribed formats and standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting body of Bangladesh;

(xvii) we have reviewed over 80% of the risk weighted assets of the Company during the course of our audit and we have spent over 1,950 person hours for the audit of books and accounts of the Company;

(xviii) all other issues which are important for the stakeholders of the Company have been adequately disclosed in the audit report;

Place: Dhaka
Dated: 5 April 2018

K. M. HASAN & CO.
Chartered Accountants

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FINANCIAL STATEMENTS



ANNUAL STOCK

UTTARA FINANCE AND INVESTMENTS LIMITED

BALANCE SHEET

As at 31 December 2017

	Notes	2017 Amount in Taka	2016 Amount in Taka
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)		2,006	114,727
Balance with Bangladesh Bank and its agent			
(including foreign currencies)		354,732,018	379,584,049
		354,734,024	**379,698,776**
Balance with other banks and financial institutions	4		
In Bangladesh		3,612,223,429	2,350,906,110
Outside Bangladesh		-	-
		3,612,223,429	**2,350,906,110**
Money at call and short notice	5	300,000,000	200,000,000
Investments	6		
Government		-	-
Others		2,142,379,879	1,831,718,771
		2,142,379,879	**1,831,718,771**
Leases, loans and advances	7		
Leases, loans, cash credits, overdrafts etc.		30,498,975,437	23,666,715,179
Bills purchased and discounted		-	-
		30,498,975,437	23,666,715,179
Fixed assets including premises, furniture and fixtures	8	114,754,253	120,411,908
Other assets	9	1,575,972,273	1,665,015,429
Non-financial institutional assets		-	-
Total Assets		**38,599,039,295**	**30,214,466,173**
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	10,637,295,617	4,134,618,496
Deposits and other accounts	11		
Current deposits		-	-
Bills payable		-	-
Savings bank		-	-
Term Deposits		15,722,230,571	15,368,538,027
Other deposits		-	-
Bearer certificate of deposit		-	-
		15,722,230,571	15,368,538,027
Other liabilities	12	6,011,205,965	5,015,052,932
Total Liabilities		**32,370,732,153**	**24,518,209,455**
Capital/Shareholders' Equity			
Paid-up capital	13	1,252,204,800	1,252,204,800
Statutory reserves	14	1,554,486,003	1,372,943,630
General reserves	15	1,800,000,000	1,650,000,000
Share Premium	16	528,000,000	528,000,000
Dividend equalization fund		800,000,000	700,000,000
Retained earnings	17	293,616,339	193,108,288
Total Shareholders' Equity		**6,228,307,142**	**5,696,256,718**
Total Liabilities and Shareholders' Equity		**38,599,039,295**	**30,214,466,173**

AMARSTOCK

UTTARA FINANCE AND INVESTMENTS LIMITED

BALANCE SHEET

As at 31 December 2017

	Notes	2017 Amount in Taka	2016 Amount in Taka
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements		-	-
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	-
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total Off-Balance Sheet Items including Contingent Liabilities		**-**	**-**

These financial statements should be read in conjunction with the annexed notes.

Mujibur Rahman
Director

S. M. Shamsul Arefin
Managing Director

Uttam Kumar Saha
Chief Financial Officer

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 5 April 2018

K. M. HASAN & CO.
Chartered Accountants

AMAR STOCK

UTTARA FINANCE AND INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

	Notes	2017 Amount in Taka	2016 Amount in Taka
Interest income	19	3,843,002,209	3,518,909,100
Interest paid on deposits, borrowings etc.	20	(2,054,999,284)	(2,275,621,210)
Net interest income		**1,788,002,925**	**1,243,287,890**
Investment income	21	31,385,613	41,227,402
Commission, exchange and brokerage	22	-	-
Other operating income	23	28,134,660	105,951,626
Total operating income (A)		**1,847,523,198**	**1,390,466,918**
Salary and allowances	24	97,514,474	92,694,764
Rent, taxes, insurance, electricity etc.	25	38,064,717	32,187,348
Legal expenses	26	2,574,486	3,520,853
Postage, stamp, telecommunication etc.	27	2,964,138	5,858,487
Stationery, printings, advertisements etc.	28	6,081,652	9,152,205
Managing Director's salary and allowances	29	14,950,000	13,450,000
Directors' fees	30	882,233	872,660
Auditors' fees	31	521,334	386,500
Depreciation and repair of company's assets	32	23,116,504	21,648,838
Other expenses	33	33,059,170	21,005,282
Total operating expenses (B)		**219,728,708**	**200,776,937**
Profit before provision (leasing) (C=A-B)		1,627,794,490	1,189,689,981
Profit transferred from merchant banking operation		248,971,306	166,360,322
Total profit before provision (D)		**1,876,765,796**	**1,356,050,303**
Provision against leases, loan and advances	34	384,939,395	(209,352,738)
Provision for diminution in value of investments	35	(190,885,463)	(18,893,970)
Other provisions	36	90,000,000	154,929,189
Total provision (E)		284,053,932	(73,317,519)
Profit before taxes (D-E)		**1,592,711,864**	**1,429,367,822**
Provision for taxation			
Current tax	12.3.3	680,000,000	600,000,000
Deferred tax		5,000,000	-
		685,000,000	600,000,000
Net profit after tax		**907,711,864**	**829,367,822**
Retained earnings brought forward		193,108,288	155,275,470
		1,100,820,152	**984,643,292**
Appropriations			
Statutory reserve		181,542,373	165,873,564
General reserve		150,000,000	150,000,000
Dividend equalization fund		100,000,000	100,000,000
Cash dividend		375,661,440	375,661,440
Retained surplus for the year		293,616,339	193,108,288
		1,100,820,152	**984,643,292**
Earnings per share (EPS)	37	7.25	6.62

These financial statements should be read in conjunction with the annexed notes.

Mujibur Rahman
Director

S. M. Shamsul Arefin
Managing Director

Uttam Kumar Saha
Chief Financial Officer

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 5 April 2018

K. M. HASAN & CO.
Chartered Accountants

UTTARA FINANCE AND INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

Merchant Banking Operation

	2017 Amount in Taka	2016 Amount in Taka
Operational income		
Commission income	12,633,807	7,084,388
Capital gain on sale of Securities	201,624,595	99,838,747
Dividend income	21,877,998	21,359,188
Interest on loan to investors	102,202,445	150,538,953
Portfolio management fees	8,079,599	6,998,836
Documentation fees	969,175	194,750
Underwriting Commission	-	150,000
	347,387,619	**286,164,862**
Operational expenses		
Financial expenses	85,710,961	108,398,914
Management expenses	13,283,258	11,596,334
	98,994,219	119,995,248
Profit from operation	**248,393,400**	**166,169,614**
Non-operational income		
Interest on deposits	577,906	190,708
Net profit transferred to profit and loss account (main operation)	**248,971,306**	**166,360,322**

These financial statements should be read in conjunction with the annexed notes.

Mujibur Rahman
Director

S. M. Shamsul Arefin
Managing Director

Uttam Kumar Saha
Chief Financial Officer

Signed in terms of our separate report of even date annexed.

Place: Dhaka
Dated: 5 April 2018

K. M. HASAN & CO.
Chartered Accountants

UTTARA FINANCE AND INVESTMENTS LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2017

	2017 Amount in Taka	2016 Amount in Taka
(A) Cash Flows from Operating Activities		
Interest receipts	3,766,013,934	3,848,859,076
Interest payments	(2,090,220,834)	(2,083,620,658)
Dividend receipts	31,385,613	62,586,590
Capital gain from sale of securities	201,624,595	99,838,746
Cash payments to employees	(112,464,474)	(115,186,098)
Cash payments to suppliers and Management expenses	(72,690,474)	(67,022,897)
Income tax paid	(538,315,233)	(553,843,004)
Receipt from other operational activities	323,524,449	411,352,553
Cash generated before changes in operating assets and liabilities	1,508,857,576	1,602,964,308
Increase/(decrease) in operating assets and liabilities		
Net Loans and advances to customers	(6,832,260,255)	(984,853,391)
Loans and deposits from banks and other customers	6,856,369,665	368,406,081
Investment in call money	(100,000,000)	(200,000,000)
Bank Overdraft	-	(292)
Cash generated from operating assets and liabilities	(75,890,590)	(816,447,602)
Net cash generated from operating activities	**1,432,966,986**	**786,516,705**
(B) Cash Flows from Investing Activities		
Acquisition of fixed assets	(13,936,105)	(5,030,897)
Redemption of Zero Coupon Bond	(30,000,000)	(990,000,000)
Investments in Treasury bills	-	-
Sale of Securities	601,120,478	1,192,966,290
Investment in Securities	(399,495,883)	(1,093,127,544)
Net Cash used in investing activities	**157,688,490**	**(895,192,151)**
(C) Cash Flows from Financing Activities		
Dividend paid	(354,302,909)	(354,717,466)
Issuance of shares	-	-
Net cash (used in) investing activities	**(354,302,909)**	**(354,717,466)**
(D) Net increase in cash and cash equivalents (A+B+C)	1,236,352,566	(463,392,912)
(E) Effects of exchange rate changes on cash and cash equivalents	-	-
(F) Cash and cash equivalents at beginning of the year	2,730,604,886	3,193,997,798
(G) Cash and cash equivalents at the end of the year (D+E+F)	**3,966,957,453**	**2,730,604,886**
Cash and Cash equivalents at end of the year represents		
Cash in hand (including foreign currencies)	2,006	114,727
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	354,732,018	379,584,049
Balance with other Banks and financial institutions	3,612,223,429	2,350,906,110
Total cash and cash equivalents	**3,966,957,453**	**2,730,604,886**

Mujibur Rahman
Director

S. M. Shamsul Arefin
Managing Director

Uttam Kumar Saha
Chief Financial Officer

Place: Dhaka
Dated: 5 April 2018

UTTARA FINANCE AND INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

Amount in Taka

Particulars	Paid up capital	Share Premium	Statutory reserve	General reserve	Dividend equalization fund	Retained earnings	Total
Balance on 01 January 2017	1,252,204,800	528,000,000	1,372,943,630	1,650,000,000	700,000,000	193,108,288	5,696,256,718
Transfer to statutory reserve	-	-	181,542,373	-	-	(181,542,373)	-
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency transaction difference	-	-	-	-	-	-	-
Net gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-
Net profit for the year 2017	-	-	-	-	-	907,711,864	907,711,864
Dividend paid in cash	-	-	-	-	-	(375,661,440)	(375,661,440)
Bonus dividend for 2016	-	-	-	-	-	-	-
Dividend equalization fund	-	-	-	-	100,000,000	(100,000,000)	-
Transfer to general reserve	-	-	-	150,000,000	-	(150,000,000)	-
Balance as at 31 December 2017	**1,252,204,800**	**528,000,000**	**1,554,486,003**	**1,800,000,000**	**800,000,000**	**293,616,339**	**6,228,307,142**
Balance on 01 January 2016	1,252,204,800	528,000,000	1,207,070,066	1,500,000,000	600,000,000	155,275,470	5,242,550,336
Transfer to statutory reserve	-	-	165,873,564	-	-	(165,873,564)	-
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency transaction difference	-	-	-	-	-	-	-
Net gains/(losses) not recognized in the income statement	-	-	-	-	-	-	-
Net profit for the year 2016	-	-	-	-	-	829,367,822	829,367,822
Dividend paid in cash	-	-	-	-	-	(375,661,440)	(375,661,440)
Bonus dividend for 2015	-	-	-	-	-	-	-
Dividend equalization fund	-	-	-	-	100,000,000	(100,000,000)	-
Transfer to general reserve	-	-	-	150,000,000	-	(150,000,000)	-
Balance as at 31 December 2016	**1,252,204,800**	**528,000,000**	**1,372,943,630**	**1,650,000,000**	**700,000,000**	**193,108,288**	**5,696,256,718**

Mujibur Rahman
Director

S. M. Shamsul Arefin
Managing Director

Uttam Kumar Saha
Chief Financial Officer

Signed in terms of our separate report of even date annexed.

K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Dated: 5 April 2018

UTTARA FINANCE AND INVESTMENTS LIMITED

STATEMENT OF LIQUIDITY ANALYSIS (MATURITY OF ASSETS AND LIABILITIES)

As at December 2017

Amounts in Taka

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	above 5 years	Total
Assets						
Cash in hand	2,006	-	-	-	-	2,006
Balance with Bangladesh Bank and its agent bank(s)	354,732,018	-	-	-	-	354,732,018
Balance with banks and other financial institutions	825,223,429	2,667,000,000	120,000,000	-	-	3,612,223,429
Money at call and short notice	300,000,000	-	-	-	-	300,000,000
Investments	-	-	2,139,810,429	2,569,450	-	2,142,379,879
Leases, loans and advances	5,888,619,067	291,124,901	16,376,477,407	5,863,054,458	2,079,699,604	30,498,975,437
Fixed assets including premises, furniture and fixtures	-	-	-	114,754,253	-	114,754,253
Other assets	-	1,575,972,273	-	-	-	1,575,972,273
Non-financial institutional assets	-	-	-	-	-	-
Total assets (A)	**7,368,576,520**	**4,534,097,174**	**18,636,287,836**	**5,980,378,161**	**2,079,699,604**	**38,599,039,295**
Liabilities						
Borrowings from banks, other financial institutions and agents	50,659,756	339,519,091	8,024,051,780	2,044,722,287	178,342,703	10,637,295,617
Deposits	1,801,883,622	4,100,564,127	4,789,048,418	3,505,386,954	1,525,347,450	15,722,230,571
Other deposits	-	90,000,000	-	-	-	90,000,000
Provision and other liabilities	191,503,970	-	5,729,701,994	-	-	5,921,205,964
Total Liabilities (B)	2,044,047,348	4,530,083,218	18,542,802,192	5,550,109,241	1,703,690,153	32,370,732,152
Net Liquidity Gap (A - B)	**5,324,529,172**	**4,013,956**	**93,485,644**	**430,268,919**	**376,009,451**	**6,228,307,142**

Mujibur Rahman
Director

S. M. Shamsul Arefin
Managing Director

Uttam Kumar Saha
Chief Financial Officer

Place: Dhaka
Dated: 5 April 2018

STOCK

UTTARA FINANCE AND INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Background of the Company

1.1 Corporate information

Uttara Finance and Investments Limited was registered with the registrar of Join Stock Companies on 07 August 1995 and commenced its operations in Bangladesh on 08 August 1995 as a public limited company under the Companies Act 1994 after obtaining license from Bangladesh Bank under the Financial Institutions Act 1993 and Its shares are quoted in the Dhaka and Chittagong Stock Exchanges since 1987 and obtained license of Merchant Operations from the Securities and Exchange Commission on 25 March 1998. The Company has its Head Office and Head Office-Extension in Dhaka and Branch Office in Chittagong through out the country.

1.2 Principal activities and nature of operation

The company extends lease financing, as its core business, for all type of machinery and equipment including vehicles for industrial, commercial and private purpose. It has also expended its activities into Short-Term Finance, Term Finance and merchant banking operation.

1.3 Its products and services

1.3.1 Lease financing

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

1.3.2 Documentary Credit

UFIL imports the lease asset(s) from foreign suppliers through establishment of letters of credit.

1.3.3 Term financing

UFIL provides loan within the period series from one year to five years to the customers. The Company also extends financing in the processing industries of the agricultural products depending on the nature of a product, profitability of the project and socioeconomic factors.

1.3.4 Small and Medium Enterprise (SME) refinancing

UFIL provides refinance in the SME sectors after compliance with the terms and conditions of the Company. It also encourages women entrepreneurs by providing loan facilities under this scheme as per the rules and regulations provided through Bangladesh Bank as per ACSPD circular no. 01, dated 07 January 2016.

1.3.4a Small enterprise

Small enterprise does not include ideally any Public Limited Company and which do not fulfill the following criteria such as;

For service and business concerns

Total fixed assets excluding land and building is within Tk. 500,000 to 10,000,000 and employed personnel are 10-49 .

For manufacturing concern

Total fixed assets excluding land and building is within Tk. 50,000,000 to 100,000,000 and employed personnel are 25-99.

1.3.4b Medium enterprise

Medium enterprise does not include ideally any Public Limited Company and which do not fulfill the following criteria such as;

For service and business concerns

Total fixed assets excluding land and building is within Tk. 10,000,000 to 150,000,000 and employed personnel are 50-100.

For manufacturing concern

Total fixed assets excluding land and building is above Tk. 100,000,000 to but not more than 300,000,000 and employed personnel are 100-250.

1.3.5 Working capital financing

UFIL offers also working capital financing which is essential to any business for operation and development. It helps to keep the business current and competitive within the market. Any commercial real estate or equipment that produces an income for the business, can obtain working capital financing from UFIL that can help to pay down credit lines or accounts payable, freeing up money for growth opportunities.

1.3.6 Merchant banking activities

UFIL is operating merchant banking activities after obtaining license from the Securities and Exchange Commission (SEC) since 1998 and at now its activities are in the following grounds;

i. Securities trading in secondary market;
ii. Margin loan;
iii. Investor portfolio;
iv. Issue management;
v. Underwriting of issues;
vi. Financial consultancy; and
vii. Project counseling.

2. Significant accountings policies

2.1 Basis of preparation

The financial statements have been prepared on the basis of going concern concept under historical cost conventions in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS).

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis.

2.3 Compliance with local laws

The Financial Statement have been prepared in compliance with the requirements of the Companies Act 1994, the Financial Institutions Act, 1993, Guidelines from Bangladesh Bank, Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchange and other relevant local laws as applicable. Cash flows from operating activities are computed under direct method as prescribed by the Securities and Exchange Rules 1987.

2.4 Functional, presentational and reporting currency

The presentation of financial statements has been made in accordance with the DFIM Circular No. 11 dated 23 December 2009 of Bangladesh Bank. These financial statements have been presented in Bangladesh Taka (BDT) which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka. The financial statements are stated in Taka unless or otherwise signified.

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of liabilities, income and expenses. Actual results may differ from these estimates and these are reviewed on an ongoing basis.

2.6 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17, 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 leasee as per agreement. Accordingly the aggregate lease receivables including un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost constitutes the unearned lease income. The unearned lease income is amortized to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, in respect of lease are charged in the year in which such costs are incurred.

2.7 Property, plant and equipment

2.7.1 Recognition and measurement

Items of property, plant and equipment are measured at original cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Fully depreciated assets are carried in the books at one/zero percent of their original cost.

2.7.2 Leased assets

Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2.7.3 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. Maintenance expenses of the property, plant and equipment are recognized in the profit and loss account as incurred.

An item of property, plant and equipment is de-recognized 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.

2.7.4 Depreciation

Depreciation is provided on the straight-line method with a pro-rata charge based on the date of acquisition. Depreciation on addition of fixed assets is charged on the date of acquisition of assets and depreciation is charged at the end of disposal of assets on concerned date. The depreciation rates per annum applicable to different categories of property, plant and equipment are as follows:

Asset category	Rate of depreciation (%)
Land and Building	0
Building and Premises	10
Furniture and fixtures	15
Office equipment	15
Computer	15
Office decoration	20
Motor vehicles	20

2.8 Revenue recognition

2.8.1 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 on a pattern reflecting a constant return on the net investment. In case of structured lease,

finance income is recognized on the basis of lease structure. Earned finance income due over ninety days is not recognized as revenue rather it is recognized as interest suspense. Suspended interest is recognized as income on cash basis when it is received.

2.8.2 Income from long term and short term finance

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

2.8.3 Income from bank deposits

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

2.8.4 Fee based income

Fee based income are recognized as revenue when it is received.

2.9 Merchant Banking Operations

The Unit is engaged in Merchant Banking Operations under a license granted by Securities and Exchange Commission and maintains its accounting records from which accounts are prepared according to applicable directives issued by Securities and Exchange Commission. Operational income is recognized on accrual basis considering the establishment of right to receive the same.

2.10 Intangible assets

Software is generally charged off as revenue expenditure but considering the ability of generation of future economic benefits and the cost incurred to procure software, sometimes it is shown as intangible asset, which is amortized on a straight-line basis over a period of five years.

2.11 Interest suspense account

Interest income outstanding over ninety days is not recognized as revenue rather it is recognized as interest suspense account as per FID circular no. 03, dated 03 May 2006 of Bangladesh Bank. Suspended interest is recognized as revenue when it is being received.

2.12 Borrowing cost

Borrowing costs are recognized as expense in the year in which they are incurred.

2.13 Account receivable

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

2.14 Provision for doubtful assets

Provisions, specific and general, are made on the basis of end review by the management as per policy of the Company and of 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. A minimum appropriate general provision for unclassified leases and loans to the extent of 1% of the outstanding receivables is provided. The Company maintains full provision against leases and loans in case of payments outstanding for over three months irrespective of the status of classification. The Company also maintains special provision for regular leases and loans where management has doubt about recovery.

2.15 Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The company qualifies as a "Financial Institutions"; hence the applicable tax rate is 40%.

Deferred tax is recognized using balance sheet liability method, providing for all temporary timing differences

between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax has not been provided in the financial statements. The management has determined that deferred tax will be computed as per BAS-12 and in compliance with DFIM circular no. 07 dated 31 July 2011 for the year ended 31 December 2017.

2.16 Provision for accrued expenses

Provisions have been recognized in the balance sheet as follows:

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

2.17 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability 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 recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.18 Cash and cash equivalents

Cash flow statement is prepared principally in accordance with BAS-7 "Cash Flow Statement" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules, 1987 and the considering the provisions of Paragraph 18(b) of BAS which prescribed that Enterprise of changes encourage to report Cash Flow Statement from operating activities using the direct method. Cash and cash equivalents consist of cash in hand and cash at bank, that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

2.19 Cash Reserve Requirements and Statutory Liquidity Ratio

The Company maintains cash reserve requirements and statutory liquidity ratio with the Bangladesh Bank current account as per FID circular no. 06, dated 06 November 2003 and subsequent in FID circular no. 02, dated 10 November 2004 for statutory cash reserve requirements. The Company meets the terms of CRR and SLR in a satisfactory way in accordance with Section-19 of the Financial Institutions Act 1993 and Clause-05 of the Financial Institution Regulations 1994.

2.20 Statutory reserve

This represents 20% to its reserve fund before declaration of dividend based on profit after tax set aside in compliance with clause 6 of the Financial Institution Regulations, 1994.

2.21 Director of the Company

At the end of the year under audit, there were nine Directors in the Board of Directors of the Company excluding the Managing Director and two Independent Director. The Managing Director is the Chief Executive and Ex-officio Director of the Company.

2.22 Related party disclosure

The Company transacts with 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.

2.23 Impairment of assets

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is

any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit and loss.

2.24 Earnings per share

The company presents basic earnings per share (EPS) data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

2.25 Reporting period

These financial statements cover one year from 01 January 2017 to 31 December 2017.

2.26 Events after the Reporting period

As per BAS -10 "Events after balance sheet date" Events after balance sheet date are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) Those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

There were no materials events have occurred after the reporting period which could affect the values stated in the financial statements.

2.27 Proposed Dividend

The proposed dividend are not recognized as a liability in the balance sheet in accordance with the BAS 10: Events after the balance sheet date. Dividend payable to the company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

BAS 1: Presentation of financial statements also requires the dividend proposed after the balance sheet date but before the financial statements are authorized for issue, be disclosed in the notes to the financial statement.

2.28 Comparative information

Comparative information has been disclosed in respect of the year 2016 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

		Notes	2017 Amount in Taka	2016 Amount in Taka
3.	**Cash**			
3.1	**Cash in hand (including foreign currencies)**			
	In local currency		2,006	114,727
	In foreign currency		-	-
			2,006	**114,727**
3.2	**Balance with Bangladesh Bank and its agent**			
	In local currency		354,732,018	379,584,049
	In foreign currency		-	-
			354,732,018	**379,584,049**

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

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993 Financial Institutions Regulations 1994 and FID Circular No. 06 dated 06 November 2003 and FID circular No. 02 dated 10 November 2004 issued by Bangladesh Bank.

"Cash Reserve Requirement (CRR) has been calculated at the rate of 2.5% on Total Term Deposit which is preserved in current account maintained with Bangladesh Bank.'Total Term Deposit' means Term of Fixed Deposit Security Deposit against Lease/Loan and other Term Deposits Received from individuals and institutions (Except Banks and Financial Institutions)."

Statutory Liquidity Ratio (SLR) has been calculated at the rate of 5.0% on total liabilities (including CRR of 2.5%) on Total Liabilities (excluding deposits from Banks and Financial Institutions). SLR is maintained in liquid assets in the term of cash in hand (notes & coins in BDT) balance with Bangladesh Bank and other Banks and Financial Institutions investments at call unencumbered treasury bill prize bond savings certificate and any other assets provided by Bangladesh Bank.

Both the reserves as maintained by the Company are shown below:

		Notes	2017 Amount in Taka	2016 Amount in Taka
(a)	**Cash Reserve Requirement**			
	Required reserve (2.5% of term deposits)		342,694,000	369,984,000
	Actual reserve maintained		354,732,018	379,584,049
	Surplus		**12,038,018**	**9,600,049**
(b)	**Statutory Liquidity Ratio**			
	5% of total liabilities			
	Required reserve (including CRR)		1,149,974,000	1,011,238,081
	Actual reserve maintained (including CRR)	3.4	3,966,957,453	2,730,604,886
	Surplus		**2,816,983,453**	**1,719,366,805**
	Total required reserve		1,149,974,000	1,011,238,081
	Actual reserve held		3,966,957,453	2,730,604,886
	Total surplus		**2,816,983,453**	**1,719,366,805**

3.4 Actual reserve maintained (including CRR)

Cash in hand		2,006	114,727
Balance with Bangladesh bank and its agent		354,732,018	379,584,049
Balance with other banks and other financial institutions	4	3,612,223,429	2,350,906,110
		3,966,957,453	**2,730,604,886**

4. Balance with Other Banks and Financial Institutions

In Bangladesh			
Current account	4.1	14,937,778	14,242,293
Short-term deposit accounts	4.2	810,285,651	381,663,817
Fixed deposit receipts		2,787,000,000	1,955,000,000
		3,612,223,429	**2,350,906,110**
Outside Bangladesh		-	-
		3,612,223,429	**2,350,906,110**

		Notes	2017 Amount in Taka	2016 Amount in Taka
4.1	**Current account**			
Name of Banks	**Bank Account No.**			
Commercial Bank of Ceylon Plc	CD-1805001865		120	1,000
IFIC Bank Ltd	CD-1017124285001		(706,293)	503,000
Uttara Bank Ltd	CD-154512200211912		31,050	32,488
Rupali Bank Ltd	CD-200085087		2,912	4,120
State Bank of India	CD-05120043520001		12,735	12,735
The City Bank Ltd	CD-1102004981001		874,929	263,808
Mercantile Bank Ltd	CD-110111110351207		1,002	2,382
Eastern Bank Ltd	CD-1011060011025		875,961	922,342
UCBL	CD-0432101000003442		499,289	298,324
Standard Chartered Bank	CD-01284919401		12,057,748	11,041,857
BRAC Bank Ltd	CD-1501200132042001		1,137,026	1,005,948
The City Bank Ltd	CD-1102351488001		62,055	62,745
Shahajalal Islami Bank Ltd	CD-400111100014280		76,024	77,174
Premier Bank Ltd	CD-10711100100164		13,220	14,370
			14,937,778	**14,242,293**
4.2	**Short-term deposit accounts**			
Name of Banks	**Bank Account No.**			
AB Bank Ltd	SND-4005231614430		380	1,475
Bank Alfalah Ltd	SND-03700011		669,018	24
Bank Asia Ltd	SND-00536000571		47,106,563	179,372,291
Bank Asia Ltd	SND-00336000903		1,067,459	2,556,585
Bank Asia Ltd	SND-03236000061		11,442,845	9,427,148
Bank Asia Ltd	SND 06336000003		56,674,626	(318,713,966)
Bank Asia Ltd	SND-00236000639		56,729,107	82,320,639
Bangladesh Commerce Bank Ltd	SND-005-0320000070		66,196,418	3,179,284
NCC Bank Ltd	SND-00270325000261		1,409,693	31,473,862
Dhaka Bank Ltd	SND-0201150000001033		73,203	38,707
Dutch Bangla Bank Ltd	SND-0110120000000146		376,791	369,082
Dutch Bangla Bank Ltd	SND-1071200000984		28,245,915	13,123,573
Exim Bank Ltd	SND-00113100049022		95,806,031	145,833
Eastern Bank Ltd.	SND-1011360478935		57,232,904	-
First Security Bank Ltd	SND-010113100001397		8,514	9,331
Farmers Bank Ltd.	SND-0113000001482		2,401,595	546,672
IFIC Bank Ltd	SND-1017127135041		128,067,330	137,883,963
IFIC Bank Ltd	SND-2045171125041		2,698,363	1,385,133
IFIC Bank Ltd	SND- 1017347635041		58,729	58,806
IFIC Bank Ltd	SND-1013-127135-041		93,013	92,473
IFIC Bank Ltd Corporate Plus	SND-0000127135021		4,571,760	-
Islami Bank Bangladesh Ltd	SND-20501090900003210		(607,274)	2,425,162
Habib Bank Ltd.	SND-2622070003204		7,461,344	-
Jamuna Bank Ltd	SND-00060320000515		21,310	22,181
Midland Bank Ltd.	SND-0004-1090000079		137,858	135,983
Modhumoti Bank Ltd.	SND-112313500000011		161,038	-

		Notes	2017 Amount in Taka	2016 Amount in Taka
Mercantile Bank Ltd	SND-11191310776065		119,622	120,989
Mercantile Bank Ltd	SND-1101131101016468		31,556	10,301
Mutual Trust Bank Ltd	SND-00030320001651		13,104	26,396
National Bank Ltd	SND-1048000662898		50,642,023	(18,948,522)
One Bank Ltd	SND-0125080101009		503,608	1,302,084
One Bank Ltd	SND-005015398002		9,746,620	41,169,975
One Bank Ltd	SND-0145117007008		659,744	1,523,461
One Bank Ltd	SND-0195153652009		56,458	326,430
The Premier Bank Ltd	SND-012413100000117		3,643	6,400
The Premier Bank Ltd	SND-13100000005		90,445	132,476
Prime Bank Ltd	SND-2104317006202		6,235,304	3,342,230
Prime Bank Ltd	SND-3108319003433		1,170,984	809,663
Prime Bank Ltd	SND-3108318004762		30,189,977	41,206,031
Pubali Bank Ltd	SND-3555102-2450		794,254	36,201
Shahjalal Islami Bank Ltd	SND-400413100000229		55,470	55,129
Social Islami Bank Ltd	SND-03113600000081		38,846,091	525,461
Social Islami Bank Ltd	SND-03113600000107		46,453	47,435
Social Islami Bank Ltd	SND-02713600000017		(2,735,644)	(66,135,236)
Sonali Bank Ltd	SND-000236002496		2,042,149	3,150,970
Southeast Bank Ltd	SND-002713100000102		255,390	242,282
Standard Bank Ltd	SND-00236001357		487,952	478,315
Standard Chartered	SND-02284919401		614,692	30,027,169
SBA & Commerce Bank	SND-0010130000307		75,767,944	-
The City Bank Ltd	FCD-5122021030001		530,102	506,363
The City Bank Ltd	SND-3102004981001		(646,357)	1,148,590
United Commercial Bank Ltd	SND-001713200001226		8,774,941	8,630,674
United Commercial Bank Ltd	SND-094131000000050		17,716,171	186,019,616
United Commercial Bank Ltd	SND-005613200000511		1,344	2,445
Trust Bank Limited	SND-0053-0320000161		41,574	46,248
Woori Bank Limited	NDA-923000359		125,504	-
			810,285,651	**381,663,817**

4.3 Maturity grouping of balance with other banks and financial institutions

Payable on demand		1,179,957,453	775,604,886
Up to 1 month		-	-
Over 1 month but not more than 3 months		2,667,000,000	1,925,000,000
Over 3 months but not more than 1 year		120,000,000	30,000,000
Over 1 year but not more than 5 years		-	-
Over 5 years		-	-
		3,966,957,453	**2,730,604,886**

5. Money at call and short notice

Premier Leasing & Finance Ltd.		100,000,000	-
Phoneix Finance & Investments Ltd.		50,000,000	
Lanka Bangla Finance & Investments Ltd.		150,000,000	
Jamuna Bank		-	200,000,000
		300,000,000	**200,000,000**

		Notes	2017 Amount in Taka	2016 Amount in Taka
6.	**Investments**			
	Government securities			
	Treasury bills		-	-
	National investments bond		-	-
	Bangladesh Bank bill		-	-
	Government notes/ bonds		-	-
	Prize bonds		-	-
	Others		-	-
			-	-
	Other investments			
	Investment in marketable securities	6.1	1,478,931,853	1,605,800,706
	Investment in non-marketable securities	6.2	2,569,450	2,569,450
	Investment in merchant banking unit		660,878,576	223,348,615
			2,142,379,879	**1,831,718,771**

6.1 Investment in marketable securities

This represents investment made by the Company in different companies' shares listed in the stock exchanges. The sector-wise investment as on 31 December 2017 was as under:

	No. of company	Market value (Closing 2017)	2017	2016
Quoted				
Bank and FIs	16	338,802,000	338,106,142	485,994,969
Insurance	11	276,603,555	373,628,949	368,061,152
Investment	3	105,870,000	90,101,690	45,024,325
Power and energy	6	102,575,700	118,280,869	52,483,581
Manufacturing and others	32	552,040,882	558,814,203	554,236,700
	68	**1,375,892,137**	**1,478,931,853**	**1,505,800,727**
Unquoted				
Shandhani Life Growth fund	1	-	-	99,999,979
Green Delta Mutual Fund	1	-	-	-
PHP First Mutual Fund	1	-	-	-
	3	-	-	99,999,979
	71	**1,375,892,137**	**1,478,931,853**	**1,605,800,706**

6.2 Investment in non-marketable securities

CDBL	1	5,711,810	2,569,450	2,569,450
	72	**1,381,603,947**	**1,481,501,303**	**1,608,370,156**

All investments in marketable securities valued on an aggregate portfolio basis at the lower of cost and market value at the balance sheet date.

Market price for securities not listed as on reporting date has been shown at cost for calculation purpose.

Provision has been made against all investment in marketable securities after net off gain/loss from market price of shares as per DFIM Circular # 02; date: 31.01.2012.

7.	**Loans Advances and Leases**			
	Inside Bangladesh			
	Lease Finance	7.1	15,399,504,715	11,302,057,312
	Term Finance Institutions	7.2	11,276,972,671	8,215,556,588
	Term Finance Personal loan	7.3	7,254,163	7,803,326
	Margin Loan	7.4	2,207,330,026	2,131,785,584
	Housing Finance	7.5	1,607,913,862	2,009,512,369
			30,498,975,437	**23,666,715,179**

		Notes	2017 Amount in Taka	2016 Amount in Taka
7.1	**Lease Finance**			
	Balance at January 1		11,302,057,312	11,369,037,232
	Add: Addition during the year		8,794,167,545	6,615,101,477
			20,096,224,857	**17,984,138,709**
	Less: Realization during the year		4,696,720,142	6,682,081,397
	Balance at December 31		**15,399,504,715**	**11,302,057,312**
			15,399,504,715	**11,302,057,312**
	Aging analysis of lease finance			
	Payable on demand		2,658,300,367	916,647,904
	Over 1 month but not more than 3 months		16,136,738	65,474,136
	Over 3 months but not more than 1 year		11,725,547,962	2,459,164,545
	Over 1 year but not more than 5 years		322,698,480	7,860,770,727
	Over 5 years		676,821,168	-
			15,399,504,715	**11,302,057,312**
7.2	**Term Finance Institutions**			
	Balance at January 1		8,215,556,588	7,546,171,392
	Add: Disbursement made during the year		12,324,714,242	5,261,683,744
			20,540,270,830	**12,807,855,136**
	Less: Realization during the year		9,263,298,159	4,592,298,548
	Balance at December 31		**11,276,972,671**	**8,215,556,588**
	Aging analysis of Term finance			
	Payable on demand		1,021,575,039	1,218,078,628
	Over 1 month but not more than 3 months		274,986,349	1,010,187,809
	Over 3 months but not more than 1 year		4,580,946,050	2,253,185,723
	Over 1 year but not more than 5 years		4,323,990,774	2,676,171,408
	Over 5 years		1,075,474,459	1,057,933,020
			11,276,972,671	**8,215,556,588**
7.3	**Term Finance Personal loan**			
	Balance at January 1		7,803,326	7,047,191
	Add: Disbursement made during the year		3,715,157	4,660,000
			11,518,483	**11,707,191**
	Less: Realization during the year		4,264,320	3,903,865
	Balance at December 31		**7,254,163**	**7,803,326**
	Aging analysis of Term finance-personal loan			
	Payable on demand		1,413,635	1,000,000
	Over 1 month but not more than 3 months		1,818	267,905
	Over 3 months but not more than 1 year		404,326	648,938
	Over 1 year but not more than 5 years		5,434,384	5,886,483
	Over 5 years		-	-
			7,254,163	**7,803,326**
7.4	**Margin Loan to portfolio investors**			
	Balance at January 1		2,131,785,584	1,994,854,749
	Add: Disbursement made during the year		75,544,442	136,930,835
			2,207,330,026	**2,131,785,584**
	Less: Realization during the year		-	-
	Balance at December 31		**2,207,330,026**	**2,131,785,584**

	Notes	2017 Amount in Taka	2016 Amount in Taka

Margin loan to portfolio investors are provided by the merchant bank division of the Company as part of their normal business activities and the Company considers this as having similar characteristics of retail/personal lending. Based on detailed review the Company note that shortfall if any on individual client's portfolio and margin lending exposure are temporary in nature and any potential shortfall is expected to be recouped in near future. Moreover the Company is also continuing its recovery efforts by requesting those clients to bring in additional fund to cover shortfall. Nevertheless the Company is closely monitoring this matter and if it become obvious that additional provision is required it shall be provided for in due course. However as per BSEC notification - SEC/CMRRCD/2009-193/155 dated 09 December 2013. Taka 15,49,29,189 provision made in the year 2016 as much as required and amounting Taka 9,00,00,000 provision made in the year 2017 as much as rquired, thus 100% provision made.

7.5	**Housing Finance**		
	Balance at January 1	2,009,512,369	2,064,751,224
	Add: Disbursement made during the year	760,785,655	1,410,000,000
		2,770,298,024	3,474,751,224
	Less: Realization during the year	1,162,384,162	1,465,238,855
		1,607,913,862	2,009,512,369
	Balance at December 31	**1,607,913,862**	**2,009,512,369**
	Ageing analysis of Housing finance		
	Payable on demand	-	-
	Over 1 month but not more than 3 months	-	500,000,000
	Over 3 months but not more than 1 year	69,579,068	-
	Over 1 year but not more than 5 years	1,210,930,818	1,509,512,369
	Over 5 years	327,403,976	-
		1,607,913,862	**2,009,512,369**
7.6	**Maturity grouping of investments are as follows:**		
	Payable on demand	5,888,619,069	4,267,512,116
	Over 1 month but not more than 3 months	291,124,901	1,575,929,851
	Over 3 months but not more than 1 year	16,376,477,406	4,712,999,206
	Over 1 year but not more than 5 years	5,863,054,456	12,052,340,986
	Over 5 years	2,079,699,605	1,057,933,020
		30,498,975,437	**23,666,715,179**
7.7	**Loans Advances & Leases on the Basis of Significant**		
	Advance to allied concerns of Directors	-	-
	Advance to Chief Executive Officer Other Senior Executives and Staffs	7,254,166	7,803,326
	Advances to industries	28,284,391,245	21,527,126,269
	Margin loan	2,207,330,026	2,131,785,584
		30,498,975,437	**23,666,715,179**
7.8	**Advances to Customers for more than 15% of FI's Total Capital**		
	Number of clients	10	8
	Amount of outstanding advances	14,535,733,046	10,172,163,661
	Amount of classified advances	-	238,458,808
	Measures taken for recovery	n/a	n/a

		Notes	2017 Amount in Taka	2016 Amount in Taka
7.9	**Industry-wise loans Advances and Leases**			
	Agriculture		256,671,318	18,857,949
	Cement and allied Industry		1,453,432,716	600,578,279
	Electronics & electrical Products		211,533,867	19,948,156
	Food production & processing industry		3,793,854,701	3,090,243,496
	Garments and Knitwear		1,513,981,743	1,519,969,823
	Glass & ceramics		1,003,179,730	97,229,730
	Housing		1,692,066,604	2,009,512,369
	Iron Steel and Engineering		3,401,155,948	2,714,564,403
	Jute and Jute products		90,951,153	92,277,652
	Leather and Leather goods		20,183,333	118,676,299
	Margin loan		2,207,330,026	2,131,785,584
	Paper printing and packaging		682,711,709	1,176,433,814
	Pharmaceuticals and Chemicals		701,224,953	320,569,405
	Plastic industries		901,144,222	276,491,907
	Power.Gas Water and Sanitary services		1,427,639,461	455,644,493
	Ship Manufacturing Industry		306,877,338	963,704,523
	Telecommunication		187,629,693	304,640,269
	Textile		3,015,306,577	200,988,138
	Trade and commerce		1,225,815,656	2,631,262,419
	Transport and Aviation		3,897,177,738	1,835,009,080
	Others		2,509,106,951	3,088,327,392
			30,498,975,437	**23,666,715,180**
7.10	**Geographical Location-wise (Division)**			
	In Bangladesh			
	Dhaka		20,836,691,319	16,409,088,825
	Chittagong		9,388,838,949	7,063,026,015
	Bogra		273,445,169	194,600,339
	Sylhet		-	-
	Barisa		-	-
	Rajshahi		-	-
			30,498,975,437	**23,666,715,179**
7.11	**Classification as per Bangladesh bank rules**			
	Unclassified			
	Standard		23,308,413,470	16,551,521,066
	SMA		3,166,171,867	3,276,380,835
			26,474,585,337	**19,827,901,901**
	Classified			
	Sub-standard		412,287,641	535,508,303
	Doubtful		209,505,876	515,358,101
	Bad		1,195,266,556	656,161,290
			1,817,060,073	**1,707,027,694**
	Total		28,291,645,410	21,534,929,595
	Margin loan		2,207,330,027	2,131,785,584
	Total		**30,498,975,437**	**23,666,715,179**

		Notes	2017 Amount in Taka	2016 Amount in Taka
7.12	**Particulars of loans advances and leases**			
i)	Loans/investments considered good in respect of which the bank is fully secured;		8,954,157,062	8,689,217,904
ii)	Loans/investments considered good for which the bank holds no security other than the debtors personal security;		21,544,818,375	14,977,497,275
iii)	Loans/investments considered good and secured by the personal security of one or more parties in addition to the personnel security of the debtors;		-	-
iv)	Loans/investments adversely classified provision not maintained there against		-	-
			30,498,975,437	**23,666,715,179**
v)	Loan/investments due by directors of the FI or any of them either severally or jointly with any other persons;		-	-
vi)	Loans and investments due by Companies or firms in which the directors of the FI are interest as directors partners or managing agents or in case of private Companies as member;		-	2,150,661
vii)	Maximum total amount of advances/investments including temporary advances made at any time during the year to directors or managers or officers of the FI or any of their either separately or jointly with any other person;		-	-
viii)	Maximum total amount of advances/investments including temporary advances/investment granted during the year to the Companies or firms in which the directors of the FI are interested as directors partners or managing agents or in case of private directors partners or managing agents or in case of private Companies as member;		-	2,160,000
ix)	Due from other banking companies		-	-
x)	Total amount of Classified loans and advances/ investments on which interest is not credited to income.		1,847,058,384	1,707,027,693
	a) Movement of classified loans and advances Opening balance on January 01 2016		1,707,027,693	1,729,505,895
	Increase/(decrease) during the year		140,030,691	(22,478,202)
	b) Amount of provision kept against loan classified as Bad/loss on the reporting date of Balance Sheet;		-	-
	c) Interest creditable to the interest suspense account		-	-
xi)	Written off loans During the year		-	-
	Cumulative to-date (as per Bangladesh Bank guidelines)		-	-
	Cumulative to-date (in amicable settlement)		-	-
	The amount of written off loans for which lawsuits have been filed for its recovery		-	-
	The amount of written off loans for which lawsuits have been filed for its recovery		-	-

8. Fixed assets including premises, furniture and fixtures

Amounts in Taka

PARTICULARS	COST					DEPRECIATION				Written down value at 31 Dec. 2017
	Balance as at 01 Jan. 2017	Addition during the year	Disposals/ adjustment during the year	Balance as at 31 Dec. 2017	Rate (%)	Balance as at 01 Jan. 2017	Charged during the year	Adjustment during the year	Balance as at 31 Dec. 2017	
Land and Building	74,710,370	147,277	-	74,857,647	0%	-	-	-	-	74,857,647
Building and Premises	121,338,500	-	-	121,338,500	10%	91,076,088	12,133,850	-	103,209,938	18,128,562
Furniture and fixtures	5,380,629	356,400	-	5,737,029	15%	4,715,999	246,374	-	4,962,373	774,656
Office equipment	14,101,035	6,293,706	-	20,394,741	15%	8,891,745	1,981,741	-	10,873,486	9,521,255
Computer	8,362,902	840,035	-	9,202,937	15%	7,005,972	578,841	-	7,584,813	1,618,124
Office decoration	20,918,650	3,450,287	-	24,368,937	20%	16,701,086	2,225,694	-	18,926,780	5,442,157
Motor vehicles	19,199,515	2,848,400	-	22,047,915	20%	15,208,803	2,427,260	-	17,636,063	4,411,852
At 31 December 2017	**264,011,601**	**13,936,105**	**-**	**277,947,706**		**143,599,693**	**19,593,760**	**-**	**163,193,453**	**114,754,253**
At 31 December 2016	**259,290,704**	**5,030,897**	**310,000**	**264,011,601**		**125,042,452**	**18,567,942**	**10,701**	**143,599,693**	**120,411,908**

STOCK

		Notes	2017 Amount in Taka	2016 Amount in Taka
9.	**Other Assets**			
	Interest receivable	9.1	99,378,834	184,737,251
	IDCP receivable	9.2	187,218,453	395,541,085
	Advance Deposits and Prepayments	9.3	1,289,374,986	1,084,737,093
	Zero Coupon Bond issue expenses	9.4	-	-
			1,575,972,273	**1,665,015,429**
9.1	**Interest receivable**			
	Interest receivable on term finances	9.1.1	15,937,707	126,465,480
	Interest receivable on lease income earned	9.1.2	54,460,599	40,435,452
	Interest receivable on FDR	9.1.3	28,680,528	17,667,986
	Interest receivable on call money	9.1.4	100,000	168,333
	Interest receivable on treasury Line	9.1.5	200,000	-
			99,378,834	**184,737,251**
9.1.1	**Interest receivable on term finances**			
	Opening balance		126,465,480	152,239,451
	Add: Addition during the year		15,937,707	126,465,480
			142,403,187	278,704,931
	Less: Received / adjustment		126,465,480	152,239,451
	Closing balance		**15,937,707**	**126,465,480**
9.1.2	**Interest receivable on lease income earned**			
	Opening balance		40,435,452	159,772,030
	Add: Addition during the year		54,460,599	40,435,452
			94,896,051	**200,207,482**
	Less: Received / adjustment		40,435,452	159,772,030
	Closing balance		**54,460,599**	**40,435,452**
9.1.3	**Interest receivable on FDR**			
	Opening balance		17,667,986	16,351,319
	Add: Addition during the year		28,680,528	17,667,986
			46,348,514	34,019,305
	Less: Received / adjustment		17,667,986	16,351,319
	Closing balance		**28,680,528**	**17,667,986**
9.1.4	**Interest receivable on call money**			
	Opening balance		168,333	-
	Add: Addition during the year		100,000	168,333
			268,333	168,333
	Less: Received / adjustment		168,333	-
	Closing balance		**100,000**	**168,333**
9.1.5	**Interest receivable on Treasury Line**			
	Opening balance		-	-
	Add: Addition during the year		200,000	-
			200,000	-
	Less: Received / adjustment		-	-
	Closing balance		200,000	-

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		Notes	2017 Amount in Taka	2016 Amount in Taka
9.2	**IDCP receivable**			
	Opening balance		395,541,085	121,149,467
	Add: Addition during the year		187,218,453	395,541,085
			582,759,538	516,690,552
	Less: Received / adjustment		395,541,085	121,149,467
	Closing balance		**187,218,453**	**395,541,085**
9.3	**Advance Deposits and Prepayments**			
	Advance			
	Advance Income Tax	9.3.1	1,248,938,112	710,621,879
	Rent		4,629,628	11,882,448
			1,253,567,740	**722,504,327**
	Deposits			
	security deposit		26,500	26,500
	Prepayments			
	Opening balance		362,206,266	950,248,321
	Add: Addition during the year		62,050,700	450,000,000
	Less: Received / adjustment		(388,476,220)	(1,038,042,055)
	Closing balance		35,780,746	362,206,266
			1,289,374,986	**1,084,737,093**
9.3.1	**Advance Income Tax**			
	Advance corporate tax	9.3.1.1	1,138,667,466	638,667,466
	Advance income tax at source		110,270,646	71,954,413
			1,248,938,112	**710,621,879**
9.3.1.1	**Advance corporate tax**			
	Opening balance		638,667,466	900,626,049
	Add: Paid during the year		500,000,000	170,371,992
			1,138,667,466	1,070,998,041
	Less: Adjustment		-	432,330,575
	Closing balance		**1,138,667,466**	**638,667,466**
9.4	**Zero Coupon Bond issue expenses**			
	Opening balance		-	-
	Add: Addition during the year		62,500	125,000
			62,500	125,000
	Less: Received/adjustment		62,500	125,000
	Closing balance		**-**	**-**

Management has taken decision that the zero coupon bond are written off and charged to profit and loss account for the financial year of 2017 because there is no any physical existence of the said carrying amount.

10.	**Borrowings from Other Banks Financial Institutions and Agents**			
	In Bangladesh	10.1	10,637,295,617	4,134,618,496
	Outside Bangladesh		-	-
			10,637,295,617	**4,134,618,496**
	Opening balance		4,134,618,496	4,924,979,225
	Add: Addition during the year		6,695,738,541	3,530,315,000
			10,830,357,037	**8,455,294,225**
	Less: Repayments made during the year		(193,061,420)	4,320,675,729
	Closing balance		**10,637,295,617**	**4,134,618,496**

		Notes	2017 Amount in Taka	2016 Amount in Taka
10.1	**In Bangladesh**			
	Secured long term loans			
	BRAC Bank Limited			20,833,333
	United Commercial Bank Limited		87,186,876	149,129,936
	Prime Bank Limited		1,212,103,754	-
	Bank Alfalah Limited		29,166,665	45,833,333
	Southeast Bank Limited		434,748,240	354,457,347
	Mutual Trust Bank Ltd.		422,868,897	222,594,664
	Pubali Bank Ltd.		923,592,921	-
	Habib Bank Ltd.		200,000,000	-
	Woori Bank Ltd.		160,000,000	-
	Eastern Bank Limited		779,344,144	845,833,334
	Dutch Bangla Bank Limited		290,733,096	488,185,505
	The Trust Bank Ltd.		195,969,972	290,247,179
	Sabinco		132,730,532	178,707,558
	Bank Asia Ltd.		339,720,029	273,786,330
	Modhumoti Bank Ltd.		287,975,037	153,931,321
	Standard Chartered Bank Ltd.		203,150,000	250,408,333
	NCC Bank Ltd.		478,417,422	251,044,901
			6,177,707,585	**3,524,993,074**
	Unsecured long term loans		**4,459,588,032**	**609,625,422**
			10,637,295,617	**4,134,618,496**
10.2	**Analysis by security**			
	Secured loan		6,177,707,585	3,524,993,074
	Unsecured loan		4,459,588,032	609,625,422
			10,637,295,617	**4,134,618,496**
10.3	**Nature of repayment**			
	Repayable on demand		6,177,707,585	3,524,993,074
	Repayable on maturity		4,459,588,032	609,625,422
			10,637,295,617	**4,134,618,496**
11.	**Deposits and other accounts**			
	Current deposits		-	-
	Bills payable		-	-
	Savings bank deposit		-	-
	Term deposits	11.1	15,722,230,571	15,368,538,027
	Bearer certificates of deposits		-	-
	other deposits		-	-
			15,722,230,571	**15,368,538,027**

		Notes	2017 Amount in Taka	2016 Amount in Taka
11.1	**Term deposits**			
	Household		2,332,118,613	2,468,048,192
	Corporate		12,908,098,962	12,194,571,135
	Insurance		482,012,996	705,918,700
			15,722,230,571	**15,368,538,027**

These represent deposits taken from individuals and institutions under the Company's term deposit schemes for a period of not less than six months for institutions and one year for individuals and interest rates range from 8.00% to 10.50%. Deposits are of revolving in nature and renewed for further periods.

Balance on 01 January		15,368,538,027	14,209,771,217
Receipt during the year		6,215,157,981	2,731,495,995
Adjustment during the year		(5,861,465,437)	(1,572,729,185)
Balance at 31 December		**15,722,230,571**	**15,368,538,027**

Maturity analysis

Upto one month		1,801,883,622	1,436,535,518
Over one month but not more than 3 months		4,100,564,127	1,790,754,424
Over 3 months but not more than 1 year		4,789,048,419	7,479,235,325
Over one year but not more than 5 years		3,505,386,953	4,657,462,760
Over 5 years		1,525,347,450	4,550,000
		15,722,230,571	**15,368,538,027**

12.	**Other liabilities**			
	Accumulated provision for loans advances and leases	12.1	1,275,654,613	890,715,219
	Interest suspense account	12.2	445,153,121	550,749,273
	Provisions	12.3	2,622,914,098	2,038,799,561
	Provision for gratuity		15,000,000	-
	Unclaimed dividend		115,314,015	93,955,480
	Advance rental and discount payables		40,499,995	
	Zero Coupon Bond		90,000,000	120,000,000
	Accrued Liabilities	12.4	1,406,670,123	1,280,333,404
			6,011,205,965	**5,015,052,932**

12.1 Accumulated provision for loans advances and leases

Status	Outstanding	Base for provision	Rate	Provision	Provision
General provision					
Standard - excluding SME	25,180,843,660	25,180,843,660	1%	251,808,437	183,131,694
Standard - SME	334,899,839	334,899,839	0.25%	837,250	925,343
Special mention account	3,166,171,868	3,027,291,162	5%	151,364,558	149,245,862
	28,681,915,367			**404,010,244**	**333,302,899**
Specific provision					
Sub-standard	412,287,640	337,243,416	20%	67,448,683	77,762,956
Doubtful	209,505,876	180,725,100	50%	90,362,550	128,249,180
Bad/loss	1,195,266,555	713,833,135	100%	713,833,136	351,400,184
	1,817,060,071			871,644,369	557,412,320
Total	**30,498,975,438**			**1,275,654,613**	**890,715,219**
Total provision required				1,275,654,613	890,715,219
Total provision maintained				1,275,654,613	890,715,219
Total provision surplus				-	-

	Notes	2017 Amount in Taka	2016 Amount in Taka
12.1.1 Movement on unclassified loans advances and lease			
Opening balance		333,302,899	286,767,801
Provision for the year		70,707,345	46,535,098
Closing balance		**404,010,244**	**333,302,899**
12.1.2 Movement on classified loans advances and lease			
Opening balance		557,412,320	813,300,156
Less: Fully provided debts written off during the year		-	-
Add: Recovery of amounts previously written off		-	-
Add: Specific provision made for the year		-	-
Less: Recoveries and provision no longer required		-	-
Add: Net charge to Profit and Loss Account		314,232,049	(255,887,836)
Provision at the end of the year		**871,644,369**	**557,412,320**
12.2 Interest suspense account			
Lease finance	12.2.1	315,209,873	395,882,737
Term finance - institutions		81,313,588	149,214,570
Term finance - Individual		-	-
Housing finance		48,629,660	5,651,966
		445,153,121	**550,749,273**
12.2.1 Lease Finance			
Opening balance		395,882,737	315,839,915
Add: Amount transferred/accrued to "interest suspense" account during the year		-	-
Less: Amount recovered in "interest suspense" account during the year		(80,672,864)	80,042,822
Less: Amount written off during the year		-	-
Balance at the end of the year		**315,209,873**	**395,882,737**
12.3 Provisions			
Provision for margin loan	12.3.1	1,069,779,904	979,779,904
Provision for loss in value of shares	12.3.2	99,897,355	290,782,818
Provision for income tax	12.3.3	1,453,236,839	768,236,839
		2,622,914,098	**2,038,799,561**
12.3.1 Provision for margin loan			
Opening balance		979,779,904	824,850,715
Addition during the year		90,000,000	154,929,189
Less: Adjustment/ Write off		-	-
Closing balance		**1,069,779,904**	**979,779,904**
12.3.2 Provision for loss in value of shares			
Opening balance		290,782,818	309,676,788
Adjustments during the year		(190,885,463)	(18,893,970)
Closing balance		**99,897,355**	**290,782,818**
12.3.3 Provision for income tax			
Opening balance		768,236,839	600,567,414
Add: Provision for current tax during the year		680,000,000	600,000,000
Add: Provision for deferred tax during the year		5,000,000	-
Less: Adjustment during the year		-	432,330,575
Closing balance		**1,453,236,839**	**768,236,839**

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		Notes	2017 Amount in Taka	2016 Amount in Taka
12.4	**Accrued Liabilities**			
	Financial expenses	12.4.1	1,215,355,844	1,259,077,394
	Accrued expenses	12.4.2	1,845,000	3,345,000
	Other payables	12.4.3	189,469,279	17,911,010
			1,406,670,123	**1,280,333,404**
12.4.1	**Financial expenses**			
	Provision for term deposit		1,199,410,944	1,238,639,621
	Provision for Zero Coupon Bond		15,944,900	20,437,773
			1,215,355,844	**1,259,077,394**
12.4.2	**Provision for expenses**			
	Auditor's fees	12.4.2.1	345,000	345,000
	Office maintenance		1,500,000	1,000,000
	Motor vehicle expenses		-	500,000
	Printing and stationery		-	1,500,000
			1,845,000	**3,345,000**
12.4.2.1	**Auditor's fees**			
	Statutory		172,500	172,500
	IPFF		115,000	115,000
	Corporate Governance		57,500	57,500
			345,000	**345,000**
12.4.3	**Other payables**			
	Suspense receipt-others		21,453,503	-
	Withholding tax		1,474,704	17,911,010
	Accounts Payable -Others		166,541,072	-
			189,469,279	**17,911,010**
13	**Share capital**			
	Authorized capital			
	500,000,000 ordinary shares of Taka 10 each		**5,000,000,000**	**5,000,000,000**
	Issued, subscribed and fully paid up capital:			
	125,220,480 ordinary shares of Taka 10 each		1,252,204,800	1,252,204,800
			1,252,204,800	**1,252,204,800**

	% of Holding	Number of shares	Taka	Taka
Sponsor shareholders				
Local	6.01	7,521,345	75,213,450	75,213,450
Foreign	3.91	4,891,425	48,914,250	48,914,250
Company	38.42	48,113,516	481,135,160	481,135,160
	48.34	**60,526,286**	**605,262,860**	**605,262,860**
General:				
Institutions	32.58	40,796,359	407,963,590	382,502,060
General public	15.17	19,005,480	190,054,800	215,516,330
Foreign investors	3.91	4,892,355	48,923,550	48,923,550
	51.56	64,694,194	646,941,940	646,941,940
Total holdings	**100.00**	**125,220,480**	**1,252,204,800**	**1,252,204,800**

	Notes	2017 Amount in Taka	2016 Amount in Taka
Shareholding range on the basis of shareholdings at 31 December 2017:			
	Number of shareholders	**Number of shares**	**In percentage**
Number of share			
01 - 500	4,827	797,962	0.64%
501 - 5,000	2925	4,982,784	3.98%
5,001 - 10,000	329	2,359,107	1.88%
10,001 - 20,000	160	2,219,554	1.77%
20,001 - 30,000	59	1,470,923	1.17%
30,001 - 40,000	27	947,985	0.76%
40,001 - 50,000	23	1,043,531	0.83%
50,001 - 100,000	27	1,898,568	1.52%
100,001 - 1,000,000	80	109,500,066	87.45%
1,000,000 and above	0	-	0.00%
	8,457	**125,220,480**	**100%**

13.1 Name of the Directors, sponsors shareholders and their shareholding as on 31 December 2017:

Sl. No.	Name	Position	2017 Total No. of Shares	2017 Total Value in Tk.	2016 Total No. of Shares	2016 Total Value in Tk.
1	Mr. Rasidul Hasan	Chairman	233,873	2,338,730	233,873	2,338,730
2	Mr.Matiur Rahman	Vice Chairman	809,031	8,090,310	809,031	8,090,310
3	Mr. Jakir Hossain	Company Secretary	-	-	-	-
4	Mr. Mujibur Rahman	Nominee Director	2,603	26,030	2,603	26,030
5	Mr. Nayeemur Rahman	Nominee Director	375,659	3,756,590	375,659	3,756,590
6	Mr. Kazi Imdad Hossain	Nominee Director	5,082	50,820	5,082	50,820
7	Mr. N.G. Chin Keong	Sponsor	4,891,425	48,914,250	4,891,425	48,914,250
8	Ms. N.G. Chin Keong	Sponsor	4,891,425	48,914,250	4,891,425	48,914,250
9	Uttara Automobiles Ltd.	Sponsor	9,786,799	97,867,990	9,786,799	97,867,990
10	Uttara Automobiles Manufactures Ltd.	Sponsor	14,709,135	147,091,350	14,709,135	147,091,350
11	Uttara Apparels Ltd.	Sponsor	10,956,792	109,567,920	10,956,792	109,567,920
12	Uttara Motors Ltd.	Sponsor	6,392,667	63,926,670	6,392,667	63,926,670
13	Uttara Motors Corporation Ltd.	Sponsor	6,268,123	62,681,230	6,268,123	62,681,230
14	Mr. Mehdadur Rahman	Sponsor	2,507,115	25,071,150	2,507,115	25,071,150
15	Ms. Zakia Rahman	Sponsor	2,507,115	25,071,150	2,507,115	25,071,150
16	Ms. Tahmina Rahman	Sponsor	2,507,115	25,071,150	2,507,115	25,071,150
17	Mr. A.T.K.M.Ismail	Independent Director	1,595	15,950	1,595	15,950
Total				**668,455,540**		**668,455,540**

13.2 Capital Adequacy Ratio (CAR):

"As per section 4(gha) of the Financial Institution Rules 1994 the minimum paid up capital of the Financial institution (FI) shall be Tk. 100 crore; provided that the sum of paid up capital and reserves shall not be less than the minimum capital determined by the Bangladesh Bank under the Risk-Based Assets of the company.

The surplus eligible capital of the company close of business on 31 December 2017 were Tk. 3,021,258,066 and 31 December 2016 Tk. 3,022,185,695.

Details are shown below:

Core Capital (Tier-1)/Shareholders Equity			
Paid up capital		1,252,204,800	1,252,204,800
Share premium		528,000,000	528,000,000
Statutory reserves		1,554,486,003	1,372,943,630

	Notes	2017 Amount in Taka	2016 Amount in Taka
General Reserves		1,800,000,000	1,650,000,000
Dividend equalizations reserves		800,000,000	700,000,000
Retained earnings		293,616,339	193,108,288
Non-controlling interest		-	-
(A) Sub- Total		**6,228,307,142**	**5,696,256,718**
Supplementary capital (Tier - II)			
General provision (Unclassified loan up to specified			
limit+SMA+Off Balance sheet exposure)*		378,322,249	308,645,998
Assets Revaluation Reserves up to 50%		-	-
Revaluation Reserve for Securities up to 45%		-	-
All others preference shares		-	-
Others (if any other item approved by Bangladesh Bank)		-	-
(B)Sub-Total		**378,322,249**	**308,645,998**
(C) Total eligible capital		**6,606,629,391**	**6,004,902,716**
Total assets including off-balance sheet exposures		-	-
(D) Total risk weighted assets		35,853,713,249	29,827,170,211
(E) Required capital based on risk weighted assets (10% on D)		3,585,371,325	2,982,717,021
(F) Surplus (C-E)		**3,021,258,066**	**3,022,185,695**
Capital Adequacy Ratio (%)		**18.43%**	**20.13%**

*Limited to 1.25% of RWA as per CDMD guideline.

14 Statutory reserve

As per section 9 of the Financial Institution Act 1993 and the regulation 6 of the Financial Institutions Regulations 1994 20% of post tax profit for the year 2017 has been transferred to Statutory Reserve Fund amounting to Tk. 181,542,373

Balance on 1 January		1,372,943,630	1,207,070,066
Transfer during the period		181,542,373	165,873,564
Balance at 31 December		**1,554,486,003**	**1,372,943,630**

This represents 20% of net profit kept aside after tax in compliance with clause 6 of the Financial Institution Regulations 1994.

15 General reserve

Balance on 1 January		1,650,000,000	1,500,000,000
Transfer during the period		150,000,000	150,000,000
Balance at 31 December		**1,800,000,000**	**1,650,000,000**

16 Share Premium

		528,000,000	**528,000,000**

This represents Tk. 52,80,00,000 receipt from the shareholders @ Tk. 20 per share on 2,64,00,000 shares at the time of Right issue.

17 Retained earnings

Opening balance		193,108,288	155,275,470
Add: Net profit after taxation		907,711,864	829,367,822
Less: Transfer to statutory reserve		181,542,373	165,873,564
Less: Transfer to general reserves		150,000,000	150,000,000
Less: Transfer to Dividend equalization fund		100,000,000	100,000,000
Less: Cash dividend		375,661,440	375,661,440
		293,616,339	**193,108,288**

		Notes	2017 Amount in Taka	2016 Amount in Taka
18.	**Income Statement**			
	Income:			
	Interest discount and similar income	18.1	3,843,002,209	3,518,909,100
	Dividend income		21,877,998	21,359,188
	Fees commission and brokerage		22,260,487	14,618,682
	Gains less losses arising from dealing in securities		201,624,595	99,838,747
	Gains less losses arising from investment securities		-	-
	Gains less losses arising from dealing in foreign currencies		-	-
	Income from non-financial institutional assets		-	-
	Other operating income		201,722,718	297,717,981
	Profit less losses on interest rate changes		-	-
			4,290,488,007	**3,952,443,698**
	Expenses:			
	Interest paid on deposits borrowings etc.		2,230,710,245	2,394,020,124
	Losses on loans and advances		-	-
	Administrative expenses	18.2	176,836,292	159,719,151
	Other operating expenses		33,059,170	21,005,282
	Depreciation and repairs of company's assets		23,116,504	21,648,838
			2,463,722,211	**2,596,393,395**
			1,826,765,796	**1,356,050,303**
18.1	**Interest discount and similar income**			
	Interest income		3,843,002,209	3,518,909,100
			3,843,002,209	**3,518,909,100**
18.2	**Administrative expenses**			
	Salary and allowances		97,514,474	82,694,764
	Rent taxes insurance electricity etc.	25	38,064,717	32,187,348
	Legal expenses	26	2,574,486	3,520,853
	Postage stamp telecommunication etc.	27	2,964,138	5,858,487
	Stationery printings advertisements etc.	28	6,081,652	9,152,205
	Managing Director's salary and allowances	29	14,950,000	13,450,000
	Directors' fees	30	882,233	872,660
	Auditors' fees	31	521,334	386,500
	Other (M.B.Unit)		13,283,258	11,596,334
			176,836,292	**159,719,151**
19.	**Interest Income**			
	Interest income on lease finance		2,106,282,668	1,804,914,414
	Interest income on term finance		1,337,710,818	1,342,286,642
	Interest income on merchant banking unit		85,710,961	108,398,914
	Interest income on FDR		258,085,677	195,113,647
	Interest income on other sources		55,212,085	68,195,483
			3,843,002,209	**3,518,909,100**
20.	**Interest Paid on Deposits Borrowings etc.**			
	Interest on term deposits		1,607,732,081	1,773,194,389
	Interest on loan from financial institutions	20.1	362,327,733	318,082,581
	Interest on Short term loan		54,690,825	37,723,643
	Interest on coupon bond		29,889,895	146,233,208
	Interest on call money		358,750	387,389
			2,054,999,284	**2,275,621,210**

		Notes	2017 Amount in Taka	2016 Amount in Taka
20.1	**Interest on loan from financial institutions**			
	Bangladesh Commerce Bank Limited		-	3,401,745
	Bank Alfalah Limited		3,510,127	1,118,056
	Bank Asia Ltd.		30,194,499	34,639,895
	BRAC Bank Limited		475,339	7,549,815
	Commercial Bank of Ceylon		-	945,834
	Dhaka Bank Limited		-	4,058,862
	Dutch Bangla Bank Limited		32,439,108	46,808,709
	Eastern Bank Limited		65,959,433	21,163,686
	International Leasing Ltd.		-	41,781
	National Finance Limited		-	92,212
	IPFF from Bangladesh Bank		16,344,145	21,646,737
	Mercantile Bank Limited			2,341,747
	Modhumoti Bank Limited		14,624,693	25,335,683
	Mutual Trust Bank Ltd.		22,649,600	27,531,106
	NCC Bank Ltd.		28,413,942	10,684,787
	Premier Bank Ltd.		-	21,735,186
	Prime Bank Limited		17,538,182	1,842,976
	Pubali Bank Limited		32,840,544	-
	Refinance from Bangladesh Bank		20,795,223	16,273,604
	Shahjalal Bank Limited		-	10,583,463
	Social Investment Bank Limited		-	5,530,932
	Southeast Bank Limited		31,323,788	24,388,833
	The Trust Bank Limited		21,706,568	3,095,466
	SABINCO		13,052,646	8,460,114
	United Commercial Bank Limited		10,459,896	18,811,352
			362,327,733	**318,082,581**
21	**Investment Income**			
	Bills		-	-
	Treasury bills		-	-
	Notes		-	-
	Bond		-	-
	Share		31,385,613	41,227,402
	Others		-	-
			31,385,613	**41,227,402**
22.	**Commission Exchange and Brokerage**		**-**	**-**
23.	**Other Operating Income**			
	Commission from letter of credit		208,544	150,000
	Interest during construction period		16,151,489	35,870,651
	Lease income earned		-	46,343,710
	Interest on short term loan		-	194,444
	Delinquent charges		2,515,608	3,403,750
	Interest on call money		1,516,667	1,889,861
	Service charge		2,590,150	2,164,242
	Miscellaneous receipts		5,152,202	15,934,968
			28,134,660	**105,951,626**

AMARSTOCK

		Notes	2017 Amount in Taka	2016 Amount in Taka
24.	**Salary and Allowances**		**97,514,474**	**92,694,764**
25.	**Rent Taxes Insurance Electricity etc.**			
	Rent rates and taxes		12,801,510	7,398,456
	Power and electricity		3,113,549	2,588,336
	Other maintenance		22,149,658	22,200,556
			38,064,717	**32,187,348**
26.	**Legal Expenses**			
	Legal expenses		932,436	1,616,255
	Other professional charges		1,642,050	1,904,598
			2,574,486	**3,520,853**
27.	**Postage Stamps Telecommunication etc.**			
	Postage & courier		90,596	71,954
	Telecommunication and internet etc.		2,873,542	5,786,533
			2,964,138	**5,858,487**
28.	**Stationery Printings Advertisements etc.**			
	Stationery & printing		1,693,385	5,332,614
	Advertisement and publicity		4,388,267	3,819,591
			6,081,652	**9,152,205**
29.	**Managing Director's Salary and Allowances**			
	Basic pay		9,000,000	7,200,000
	Allowance		3,000,000	3,300,000
	Bonus		2,950,000	2,950,000
			14,950,000	**13,450,000**

In addition to remuneration he is also provided with company's cars and cell phone.

30.	**Directors' Fees**			
	Honorarium for attending meeting		584,000	608,000
	Incidental expenses for attending meeting		298,233	264,660
			882,233	**872,660**

Each Director is paid Taka 8,000 per meeting per attendance as per DFIM circular letter no. 13 dated 30 November 2015.

31.	**Auditor's Fees**			
	Statutory audit		172,500	172,500
	Other audit	31.1	348,834	214,000
			521,334	**386,500**
31.1	**Other audit**			
	IPFF		200,000	115,000
	Corporate Governance		148,834	99,000
			348,834	**214,000**
32.	**Depreciation and Repair of Company's Assets**			
	Depreciation	8	19,593,760	18,567,942
	Repairs and maintenance	32.1	3,522,744	3,080,896
			23,116,504	**21,648,838**
32.1	**Repairs and maintenance**			
	For premises and vehicles		2,177,284	1,791,506
	For computer and computers accessories		1,345,460	1,289,390
	Others		-	-
			3,522,744	**3,080,896**

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		Notes	2017 Amount in Taka	2016 Amount in Taka
33.	**Other Expenses**			
	Travelling conveyance and labour	33.1	1,434,892	2,854,540
	Subscriptions and donation	33.2	2,418,334	2,509,145
	Entertainment	33.3	721,117	817,483
	Training and internship	33.4	363,654	302,750
	Car expenses	33.5	4,523,688	6,788,745
	AGM expenses		2,418,928	2,726,729
	Books and periodicals	33.6	64,285	60,047
	Utilities	33.7	222,284	174,119
	Amortization of Zero Coupon Bond issue expenses		62,500	125,000
	Provision for gratuity		15,000,000	-
	Repossessing expenses	33.8	2,197,380	2,264,817
	Levies	33.9	3,632,108	2,381,907
			33,059,170	**21,005,282**
33.1	**Travelling conveyance and labour**			
	Travelling			
	Domestic		545,387	189,616
			545,387	**189,616**
	Foreign		72,383	1,962,244
			72,383	1,962,244
	Total travelling		617,770	2,151,860
	Conveyance		817,122	702,680
			817,122	702,680
			1,434,892	**2,854,540**
33.2	**Subscription and Donation**			
	Donation		785,609	283,000
	DSE and CSE		1,100,882	1,067,043
	Trade license		24,725	101,102
	Asian leasing association fees		20,118	-
	Bangla leasing association fees		200,000	200,000
	CDBL charges		106,000	106,000
	National credit rating		138,000	138,000
	RJSC		-	-
	BAPLC membership fees		30,000	30,000
	Bankers club		13,000	9,000
	ICC Membership fees		-	575,000
			2,418,334	**2,509,145**
33.3	**Entertainment**			
	Office entertainment		721,117	332,244
	Client entertainment		-	485,239
			721,117	**817,483**
33.4	**Training expense**			
	General training		352,240	228,000
	Local seminer/Foreign Seminer		11,414	74,750
			363,654	**302,750**

MARSTOCK

		Notes	2017 Amount in Taka	2016 Amount in Taka
33.5	**Car expenses**			
	Car fuel		3,722,738	3,660,215
	Garage rent		229,000	223,500
	Vehicle parking tolls		35,340	35,615
	Vehicle insurance		368,656	271,974
	Vehicle fitness		21,443	15,061
	Vehicle tax token		146,511	103,757
	Others		-	2,478,623
			4,523,688	**6,788,745**
33.6	**Books and periodicals**			
	Daily newspaper bill		58,615	60,047
	Books		5,670	-
			64,285	**60,047**
33.7	**Utilities**			
	Gas		18,900	-
	Water		203,384	174,119
			222,284	**174,119**
33.8	**Repossessing expenses**			
	Travelling and conveyance		478,295	310,784
	Advertisement		129,450	413,706
	Court fee		2,900	2,268
	Thana police station		235,000	25,300
	Vehicle repossessing bill		593,599	855,526
	Garage Rent		190,000	180,000
	Accommodation and fooding		193,991	152,288
	Recovery expense others		374,145	324,945
			2,197,380	**2,264,817**
33.9	**Levies**			
	Bank charges		289,816	226,749
	Levies excise duties commissions etc.		3,216,924	2,018,749
	Outside bank charges		125,368	136,409
			3,632,108	**2,381,907**
34.	**Provision against leases loan and advances**			
	Provision for classified loans advances and leases		871,644,369	557,412,320
	Provision for unclassified loan advances and leases		404,010,245	333,302,899
			1,275,654,614	**890,715,219**
	Less: Last year provision			
	Provision for classified loans advances and leases		557,412,320	825,727,573
	Provision for unclassified loan advances and leases		333,302,899	274,340,384
			890,715,219	**1,100,067,957**
	Provision made during the year		**384,939,395**	**(209,352,738)**
35.	**Provision for diminution in value of investments**			
	Investment in securities			
	In quoted shares		(190,885,463)	(18,893,970)
	In unquoted shares		-	-
			(190,885,463)	**(18,893,970)**

		Notes	2017 Amount in Taka	2016 Amount in Taka
36.	**Other Provisions**			
	Transfer Price written off		-	-
	Margin loan (negative equity)		90,000,000	154,929,189
	Balance on 31 December		**90,000,000**	**154,929,189**
37.	**Earnings per share**			
	Basic earnings per share have been calculated as follows:			
a)	Earnings attributable to ordinary shares (net profit after tax)		907,711,864	829,367,822
b)	Weighted average number of ordinary shares outstanding during the year		125,220,480	125,220,480
	Earnings per share		**7.25**	**6.62**

38. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting standard (BAS) 24; "Related Party Disclosures". 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 do not involve more than a normal risk.

Details of transactions with related parties and balances with them as at 31 December 2017 as follows:

Amount in crore

Name of the related party	Transaction nature	Relationship	Balance as at 01 January 2017	Addition	Adjustment	Balance at year end receivable/ (Payable)
			Taka	Taka	Taka	Taka
Uttara Motors Ltd.	Term deposit	Sponsor	665.29	379.10	546.67	497.73
Uttara Apparels Ltd.	Term deposit	Sponsor	42.17	41.47	29.60	54.04
Uttara Automobile Manuf. Ltd.	Term deposit	Sponsor	33.75	31.73	30.56	34.92
Uttara Motors Corp.Ltd.	Term deposit	Sponsor	73.72	68.75	50.27	92.20
Uttara Automobile Ltd.	Term deposit	Sponsor	35.82	19.31	9.10	46.03

39 Number of employees

The Company paid an aggregate amount more than Tk.97,514,474 Per annum to 182 employees who were in employment for full year or part of the year.

40 Subsequent events

Dividend for the year 2017

The Board of Directors at the 134th Board meeting held on 05 April 2018 recommended to the shareholders 30% dividend. This will be considered for approval by the shareholders at the 23rd annual General Meeting (AGM) to be held on 24 May 2018.

41 General

41.1 The Company publishes its quarterly accounts as per the Securities and Exchange Commission (SEC) Notification No. SEC/CMRRCD/2008-183/Admin/03-34, dated September 27, 2009.

41.2 The Company does not have any restriction on distribution and payment of dividends.

41.3 During the year under report, no matters were submitted to a vote of shareholders of the Company.

41.4 Previous year's figures have been rearranged where necessary to confirm to current year's presentation.

41.5 Figures have been rounded off to the nearest Taka.

UTTARA FINANCE AND INVESTMENTS LIMITED
Highlights on the Overall Activities

Annexure-A

Amount in Taka

Sl. No.	Particulars	2017	2016
1	Paid-up Capital	1,252,204,800	1,252,204,800
2	Total Assets	38,599,039,295	30,214,466,173
3	Total Deposits	15,722,230,571	15,368,538,027
4	Total Loans and Advances	30,498,975,437	23,666,715,179
5	Total Contingent Liabilities and Commitments	-	-
6	Credit Deposit Ratio	193.99%	153.99%
7	Percentage of Classified Loans Against Total Loans and Advances	5.96%	7.21%
8	Profit After Tax and Provision	907,711,864	829,367,822
9	Amount of Classified Loans During Current Year	1,817,060,071	1,707,027,693
10	Provisions Kept Against Classified Loans	871,644,369	557,412,320
11	Provision Surplus against classified loan	-	-
12	Cost of Fund	8.38%	7.82%
13	Interest Earnings Assets	30,498,975,437	23,666,715,179
14	Non-interest Earnings Assets	8,100,063,858	6,547,750,994
15	Return on Investment (ROI)	2.98%	3.50%
16	Return on Assets (ROA)	2.35%	2.74%
17	Income from Investment	31,385,613	41,227,402
18	Earnings per Share	7.25	6.62
19	Net Income per Share	7.25	6.62
20	Price Earnings Ratio	10.07	13.82

AMAR STOCK

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2018/188

BAPLC

Date of issue : April 23, 2018

Renewed Certificate

This is to certify that

UTTARA FINANCE AND INVESTMENTS LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies *and is entitled to all the rights and privileges appertaining thereto.*

This certificate remains current until 31st December 2018.

Bangladesh Association of Publicly Listed Companies ★ BAPLC

Secretary-General
(Acting)

FINANCIAL STOCK

Note

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UTTARA FINANCE
AND INVESTMENTS LIMITED

Share Department
Uttara Centre (11th Floor), 102 Shahid Tajuddin Ahmed Sarani
Tejgaon, Dhaka-1208, Bangladesh

PROXY FORM

I/we (name)----------

of (address) ----------

being a member of Uttara Finance and Investments Limited and a holder(s) of ---------- shares against registered folio/BO A/c no. | | | | | | | | | | | | | | | | hereby appoint

Mr./Ms---------- of (address) ----------

---

as my/our proxy to attend and vote for me/us and on my/our behalf at the 23rd (twenty third) Annual General Meeting of the Company to be held on Thursday, May 24, 2018 at 10.30 am and at any adjournment thereof.

Signature of the member ..... **Date** .....

Signature of proxy ..... **Date** .....

Please affix
Revenue
Stamp
Tk. 20.00

Notes:

1.00 Proxy form duly completed signed and stamped must be deposited at the **Share Department** of the Company 72 hours before the time appointed for the meeting.

2.00 Signature of the member should agree with the 'specimen signature' available with the Company/BO Account.

UTTARA FINANCE
AND INVESTMENTS LIMITED

Venue, Date & Time of AGM
Spectra Convention Centre
House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh
Monday, May 22, 2017 at 10.30 am

ATTENDANCE SLIP

I hereby record my attendance at the 23rd (twenty third) Annual General Meeting of Uttara Finance and Investments Limited as a holder(s) of ----------shares/proxy of the Company.

Name of the member/proxy: .....

Address: .....

Member's Folio no./BO A/C no. | | | | | | | | | | | | | | | | |

Signature of the member/proxy ..... **Date** .....

Notes:

1.00 Signature of the member should agree with the 'specimen signature' available with the Company/BO Account.

2.00 Please note that Annual General Meeting can only be attended by the honourable member(s) or properly constituted proxy. Therefore, any friend or children accompanying honourable member(s) or proxy cannot be allowed into the meeting.

3.00 Members attending the meeting in person or by proxy are requested to duly complete the attendance slip to check at the checking counter.

4.00 Shareholders/attorney/proxy is requested to complete the checking formalities in between from 9:00 am to 11:00 am The checking counters will be closed at 11:00 am

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www.uttarafinance.biz

Registered Office
Jibon Bima Tower (6th Floor), 10 Dilkusha C/A
Dhaka-1000, Bangladesh.
Phone : +880-2-9568207 (Hunting)
Fax : +880-2-9552461
E-mail : info@uttarafinance.com

Share Department
Uttara Centre (11th Floor)
102 Shahid Tajuddin Ahmed Sarani
Tejgaon, Dhaka-1208, Bangladesh.
Phone : +880-2-8170281-5
Fax : +880-2-8170277

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