



**UNITED LEASING**

**ANNUAL REPORT 2012**



# Annual Report 2012



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## NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of the shareholders of United Leasing Company Limited will be held at the Trust Milonayaton, 545 Old Airport Road, Dhaka Cantonment, Dhaka on March 28, 2013 at 10:00 a.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2012.
2. To declare Dividend for 2012.
3. To elect Directors as per Articles of Association of the Company.
4. To consider the appointment of Auditors for 2013 and fix their remuneration.
5. To approve appointment of the Independent Directors.

By order of the Board

A handwritten signature in black ink, appearing to read 'Sharmi Noor Nahar'.

Sharmi Noor Nahar  
Company Secretary

Dated: Dhaka  
March 02, 2013

### Notes :

1. A Shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his/her stead. The proxy form must be affixed with a revenue stamp of Tk 10.00 and submitted to the Registered Office of the Company no later than 48 hours before the day of the Annual General Meeting.
2. March 12, 2013 is the Record Date.
3. Shareholders are requested to submit their queries on the Directors' Report and Audited Accounts, if any, at the Registered Office of the Company by Monday, March 25, 2013.
4. Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.



## CHAIRMAN'S STATEMENT

### Dear Shareholders:

I welcome you on behalf of the Board of Directors to the 24<sup>th</sup> Annual General Meeting of United Leasing Company Limited.

I take this opportunity to brief you on the economy, the financial services sector and the performance of your Company during the year.

### Economy

The GDP growth of 6.32% in fiscal year 2011-2012 was slightly lower than the 6.66% of the previous fiscal year. This happened because of the challenging global scenario resulting from a downswing economy of Europe and sluggish recovery of the US economy and above all, a slow moving domestic economic environment. The country experienced a mixed economic scenario during the fiscal with a decrease in agricultural growth, from 5.1% in previous fiscal to 2.5%, which was mainly offset by higher growth in industry (9.5% in fiscal year 2012 from 8.2% in previous fiscal).

Annual average inflation rose significantly to 10.6% in fiscal year 2012 from 8.8% in the previous fiscal. The first half of 2012 witnessed significant balance of payment pressure due to high global oil prices and low aid disbursements, forcing significant depreciation of the Taka and depletion of foreign exchange reserve. Government's borrowing from the banking sector also rose sharply during this period and inflation rose to double-digit level. In the second half, however, proactive steps were taken for monetary tightening to lower import demand which was supplemented by adequate domestic food grain output and higher remittance, as a result of which the inflation eased to single digit and Taka stabilised.

### Financial Services Sector

Bangladesh Bank continued its reform activities and took several measures during the year to strengthen operations and improve capabilities of the banks and financial institutions. Stricter provisioning policy was imposed on Banks. The gross NPL ratio and the net NPL ratio of overall banking sector slightly increased and the risk weighted capital asset ratio to some extent declined, due to this. However, this was a one-off event that will benefit the sector in the long run as this will lead to tighter NPL management.

A harder stance was taken by Bangladesh Bank against money laundering and terrorist financing. The law was amended and all the banks and financial institutions were required to establish adequate policy and operational measures to identify such transactions.

Clearing and settlement of interbank paper based and electronic fund transfers were fully automated, IT platform in Bangladesh Bank's Credit Information Bureau were upgraded and IT platform comprising ERP, core banking and data warehouse with gateways were established.

The focus of the Financial Institutions this year was on the lending business as the capital market continued with its lacklustre performance. The situation did not improve despite several measures taken to boost the stock market.

### Company Performance

I am pleased to inform you that even under these challenging environment; your Company's revenue registered a 25.20% growth over last year. Net Profit After Tax achieved a 7.35% growth over last year.

Earnings Per Share (EPS) on the basis of current number of share, increased by 7.81% (from Taka 1.92 in 2011 to Taka 2.07). Net Asset Value (NAV), on the basis of current number of share, increased by 8.89% (from Taka 16.19 in 2011 to Taka 17.63).

### Business

Despite the challenges in 2012, your Company was able to meet its business targets. The deposit client base has increased by 27% while the lending client base increased by 15% over last year. Total portfolio had a 15% growth and reached Tk. 9 Billion. Short term portfolio grew at 56% and stood at Tk. 1.2 billion.

Your Company now has a diversified range of financial services. Besides the historic asset financing solution in the form of lease, we are now providing sophisticated working capital solutions that are interlaced with service to both medium and small businesses. We also have an array of deposit solutions that appeal to a diverse client base.

Geographical reach was expanded further in 2012 with offices opened in Rajshahi, Khulna and Rangamati. Your Company has now offices in all the divisional headquarters in Bangladesh.

### Cost Management

Cost of deposit experienced a considerable increase (38.27%), due to tight liquidity situation that prevailed in the Country for almost the entire year. This resulted in intense competition for deposits and a sustained upward pressure on deposit rates. Despite the stiff competition, your Company was able to generate sufficient deposits to support our financing business.



During the year, there were significant cost increases that were beyond our control. Fuel prices witnessed unprecedented increase in a single year that impacted many cost items including increase in cost of utilities. Since July 2012, Value Added Tax (VAT) increased from 4.5% to 15% for service providers and all stamp charges doubled, increasing our cost of doing business.

The other component of operating cost increase was due to our setting up of new offices this year as well as the full year's impact of geographic expansion and product diversification in 2011. On the whole, operating costs increased by 14.72%, which considering an inflation rate of 10.6%, is not very significant.

You will be pleased to learn that in the face of increasing cost, our cost control supervision has been enhanced and costs are reviewed and variances of all the cost items are analysed on a monthly basis.

## **Risk Management**

The developments and activities of Company's three risk management components during 2012 were as follows:

### **Pre-emptive Risk Management**

In continuation of your Company's effort to inculcate the international best practices, the Board updated the policy and policy guidelines of Corporate Governance. Two new policy and policy guidelines were also approved by the board, one dealing with Purchase and Procurement while the other dealt with Prevention of Money Laundering, Terrorist Financing, Bribery and Unethical Financing.

Operational Risk Management (ORM) Committee was very active during the entire year. Many processes were revised in light of the expanding branch network and growing complexity of transactions. To ensure fairness of treatment among all the offices across the Country, all approval, documentation and even administrative requests are now electronically queued.

These paperless processes have substantially reduced paper consumption 35% of the workstations of your Company have been labelled 'green' where no print out takes place. These restructurings increased efficiency, minimized risk and yet at the same time have reduced cost and contributed to environment sustainability.

The Industry Risk assessment team enhanced its scope of activities and is now also responsible for providing value added services to our credit-sale financing clients.

Credit Risk Management faced a challenge to support the increasing volume of credit visit requirement, which grew as a result of increased marketing efforts. They were successfully able to meet the challenge through achieving better efficiency.

Asset Liability Management Committee (ALCO) continued their contribution through effective fund management and played a major role in keeping the Company's fund cost competitive and making available the required fund during the entire period of liquidity crunch. I take pleasure in informing you that there is no pari-passu charge on any Company asset. Overdrafts are secured either by deposit with the same bank or with deposits of other banks/ FIs.

Human resource department successfully met the challenges of on time and appropriate staffing of posts created during the expansion of branch network. Last year, the Company focused on per person productivity. A quantitative evaluation system for all field level officers was developed and implemented. Regular trainings were arranged as an ongoing effort to strengthen the understanding of our employees and thereby improve efficiency. During the year the Company provided a total of 1552 man days of training to 266 employees.

### **Contemporaneous Risk Management**

Operations department improved their efficiency and adequately supported the increasing volume generated by marketing. The collection, recovery and litigation teams were effective in keeping collection rate high and their recovery efforts yielded tangible results. 2012 was challenging year from Collection perspective, as business environment was not conducive to voluntary repayments caused by tight liquidity situation. However, through intensive and proactive monitoring, we were able to collect from our borrowers and our non performing loan ratio came down to below 3.5% which is a significant achievement. Overall recovery ratio was 95.72% in 2012. An active effort was also undertaken to recover from long standing problem exposures.

### **Post-facto Risk Management**

There has been further development in portfolio risk analysis and early warning system. Innovative analytical system has been developed that allows us to understand probable future risks and take pre-emptive measures to mitigate them.

Internal Compliance Department continued evaluating the performances and effectiveness of the control mechanisms through audits of all departments and branches of your Company. Additionally, the team evaluated policy documents and audited operating procedures to ensure the effectiveness of the risk control systems. As usual, the audit and inspection reports were regularly placed to the Audit Committee of the Board for its review and recommendations.

The Management Information Systems department improved the reporting quality. This helped the senior management team to better direct the operations of the Company and enabled the mid level managers to better supervise their resources.



### Post Balance Sheet Date Events

Subsequent to the balance sheet date, the Directors recommended 3 shares for every 20 shares held and cash dividend of Tk. 0.50 per share. There were no circumstances in the Company in which non-disclosure affected the ability of the users of the financial statements to make proper evaluation and decisions.

### Outlook

2013 will be a challenging year, considering both the international and domestic economic scenario. The fact that this is an election year cannot be ignored either.

GDP growth is expected to be lower than 6.3% in 2013 as investment is not likely to increase as envisaged. The steady rise in remittance inflows notwithstanding, domestic demand for investments will remain weak due to continued credit-tightening measures to moderate inflation.

Bangladesh Bank monetary policy stance will be to preserve economic stability and it will continue to support a market-based exchange rate while seeking to avoid excessive foreign exchange rate volatility. Tougher regulatory environment is expected as Bangladesh Bank will become more active in monitoring prevention of Money laundering and Terrorist Financing.

Your Company is poised to confront the challenges in 2013. It has strengthened its footprint and is able to provide service to clients located anywhere in Bangladesh. It is imminent that the rising competition would create price competition. We would avoid competing on price and continue providing value added services that are appreciated by our clients.

There is scope for improvement of our service quality both to our deposit customers and our lending clients. Training will be arranged to instill service attitude and enhance resource capabilities. We will continue to build our client base and expand our portfolio across all products. The Company will also pursue measures for non-funded revenue generation.

### Acknowledgement

We wish to thank our valued customers, shareholders, regulators, lenders and the international agencies for their continuous support and cooperation.

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

Last but not the least, I also express my gratitude to all the employees of the Company for their sincere and dedicated services to the growth of the Company.

Sincerely,

A handwritten signature in black ink, appearing to read 'Imran Ahmed', is positioned above the printed name.

Imran Ahmed  
Chairman of the Board



## BOARD OF DIRECTORS' REPORT

### Dear Shareholders:

We are pleased to submit herewith the 24<sup>th</sup> annual report of the Company together with the audited financial statements for the year ended December 31, 2012 and the auditors' report thereon.

### Principal activities

The principal activities of the Company are:

- Mid to long term financing in the form of lease, affordable home loan and term loan.
- Working capital finance in the form of credit-sale financing against accounts receivable, distributor financing, short term revolving loan and work order financing.
- Investment products in the form of deposits.

There was no significant change in the nature of these activities during the year 2012.

### Financial results

The Company's before and after tax profit for the year 2012 were Tk 349 million and Tk 229 million compared to Tk 369 million and Tk 213 million respectively in the previous year.

The financial results are summarised below:

	2012 Taka	2011 Taka
Operating Income	646,434,496	633,092,814
Operating expenses and provision	(297,419,253)	(263,752,763)
Profit before tax	349,015,243	369,340,051
Provision for taxation	(120,000,000)	156,000,000
Profit after tax	229,015,243	213,340,051
Retained earning brought forward	2,832,123	2,592,072
Available profit	231,847,366	215,932,123
Proposed transfer from General Reserve	40,000,000	86,000,000
Profit available for appropriation	271,847,366	301,932,123
Appropriation of accumulated profit:		
Profit transferred to Statutory Reserve	47,000,000	45,000,000
Proposed cash dividend	55,440,000	69,300,000
Proposed bonus share	166,320,000	184,800,000
Un-appropriated profit carried forward	3,087,366	2,832,123
	<b>271,847,366</b>	<b>301,932,123</b>

### Dividend

The Board of Directors of the Company is pleased to recommend the distribution of three bonus shares for every twenty shares held on record date March 12, 2013 amounting to Taka 166.32 million.

The Board also recommended cash dividend of Taka 0.50 per ordinary share amounting to Taka 55.44 million for 110.88 million ordinary shares held on record date March 12, 2013 for the year ended December 31, 2012.

### Plan for utilisation of undistributed profit

The undistributed profit will be utilised to invest in financing assets and meet contingencies under section 100 of the Schedule 1 of the Companies Act 1994.

### Directors

Securities and Exchange Commission issued a notification (no.SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012) outlining the minimum required independent director. The Board had already appointed Mr. M. A. Wahed as Independent Director in its meeting held on September 19, 2006. To comply with the above notification, the Board appointed Mr. Daud Khan Panni as Independent Director in its meeting held on December 27, 2012. As per the said regulation these appointments are to be approved in the Annual General Meeting.

As per Articles 154, 155 and 156 the Articles of Association of the Company, Mr. Peter John Field representing Lawrie Group PLC and Mr. A. Rouf representing United Insurance Company Limited will retire by rotation from the office and are eligible for re-election.



### Auditors

The auditors of the Company, M/S Hoda Vasi Chowdhury & Co. retire and being eligible, offer themselves for re-appointment.

### Statement of Directors on Financial Reports

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

### Board Meeting and Attendance

During the year, six (6) Board Meetings were held. The attendance of the Directors is shown in annexure -1.

### Shareholding Pattern

The shareholding pattern as per clause 1.5 (xxi) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure -2.

### Key Operating and Financial Data

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

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

Brief resume of the directors as per clause 1.5 (xxii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure- 4.

### Report on the Activities of Audit Committee

Pursuant to the clause 3.5 of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012 we attach the Company's compliance status as annexure - 5.

### Corporate Governance Compliance Report

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

### Certification on compliance of Corporate Governance

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

For and on behalf of the Board of Directors.

Imran Ahmed  
Chairman of the Board

March 02, 2013

**Board meeting and attendance**

Name of Directors	Meetings attended
Mr. Imran Ahmed	6
Mr. Peter John Field	1
Mr. A. Rouf	6
Mr. M. A. Wahed	6
Mr. Daud Khan Panni	1
Mr. L. H. Khan	3
Ms. Shama Rukh Alam	6
Mr. M. Nurul Alam	4
Mr. A.F.M. M Samad Choudhury	6
Mr. Syed Ehsan Quadir	6

In all six (6) Board meetings were held during 2012. Leave of absence was granted in all cases of non-attendance Mr. Daud Khan Panni was appointed on December 27, 2012

**Shareholding pattern as at December 31, 2012****Shareholdings of Parent/Subsidiary/Associated companies and other related parties**

Sl. No	Name of shareholders	Number of shares	% of holdings
1	United Insurance Co. Ltd.	22,883,484	20.64
2	Lawrie Group Plc, U.K.	22,176,000	20.00
3	Surmah Valley Tea Co. Ltd.	9,173,844	8.27
4	Duncan Brothers (Bd) Ltd.	1,108,800	1.00
5	Macalms Bangladesh Trust	1,069,020	0.96
6	Octavius Steel & Co. of BD Ltd.	791,988	0.71
7	The Lunqla (Sylhet) Tea Co. Ltd.	643,140	0.58
8	Camellia Duncan Foundation	126,792	0.11
9	The Chandpore Tea Co. Ltd.	77,532	0.07
10	Amo Tea Co. Ltd.	68,040	0.06
11	Chittaqong Warehouses Ltd.	66,024	0.06
12	The Allynugger Tea Co. Ltd.	65,940	0.06
13	The Mazdehee Tea Co. Ltd.	65,892	0.06
14	Duncan Products Ltd.	65,856	0.06

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

Name	Status	Number of shares	% of holdings
Ms. Shama Rukh Alam	Director	3,600	.0032
Ms. Khurshid Ara Rouf	Wife of Mr. A. Rouf, Director	2,908	.0026
Mr. Syed Ehsan Quadir	Chief Executive Officer	11,136	0.01
Mr. Zafar Ullah Khan	Chief Financial Officer	-	-
Ms. Sharmi Noor Nahar	Company Secretary	-	-
Mr. Ishtiaque Mahmud	Head of Internal Audit	-	-

**Shareholdings of top five executives other than directors**

Name	Status	Number of shares	% of holdings
Mr. M. A. Azim	Deputy Managing Director	11,880	0.01
Mr. Jamal Mahmud Choudhury	General Manager	-	-
Ms. Eva Rahman	Deputy General Manager	-	-
Mr. Mohiuddin Rasti Morshed	Deputy General Manager	-	-
Mr. Quazi Nizam Ahmed	Deputy General Manager	-	-

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

Name	Status	Number of shares	% of holdings
United Insurance Co. Ltd.	Sponsor	22,883,484	20.64
Lawrie Group Plc, U.K.	Sponsor	22,176,000	20.00

**Key operating and financial data**

		2012	2011	2010	2009	2008
<b>Operating Result</b>						
Net Operating Income	MBDT	646	633	590	447	419
Non Operating income	MBDT	-	-	212	-	-
Profit before tax	MBDT	349	369	578	213	203
Provision for tax	MBDT	120	156	200	50	50
Profit after tax	MBDT	229	213	378	162	153
<b>Balance Sheet</b>						
Total investment portfolio	MBDT	9,014	7,867	7,596	7,212	7,264
Total assets	MBDT	11,817	10,305	9,260	8,718	8,752
Financial liabilities	MBDT	7,935	6,626	5,872	5,396	5,773
Total Liabilities	MBDT	9,862	8,510	7,639	7,456	7,606
Shareholders' equity	MBDT	1,954	1,795	1,621	1,262	1,146
Shares outstanding	MNos	110.88	92.40	52.80	26.40	23.1
<b>Financial ratios</b>						
Debt-equity ratio <sup>1</sup>	Times	5.0	4.7	4.7	5.9	6.6
Return on equity <sup>2</sup>	%	12.2	12.5	26.2	13.5	14.0
Financial expenses coverage <sup>3</sup>	Times	1.41	1.60	1.62	1.31	1.32
Provision on Doubtful Assets to total lease, loan and advances	%	5.2	6.6	6.4	6.8	6.6
Net asset value per share (NAV)	BDT	18	19	31	48	50
Earning per share (EPS)	BDT	2.07	2.31	7.15	6.14	6.62
Cash dividend	%	5	7.5	7.5	7.5	17.5
Stock dividend (bonus share)		20:3	5:1	4:3	1:1	7:1
<b>Number of offices</b>	Nos.	16	13	10	6	5
<b>Number of employees</b>	Nos.	209	196	175	127	128
<b>Restatements <sup>4</sup>:</b>						
<b>EPS (with non operating income)</b>	<b>BDT</b>	<b>2.07</b>	<b>1.92</b>	<b>3.41</b>	<b>1.46</b>	<b>1.38</b>
<b>EPS (without non operating income)</b>	<b>BDT</b>	<b>2.07</b>	<b>1.92</b>	<b>1.50</b>	<b>1.46</b>	<b>1.38</b>
<b>NAV</b>	<b>BDT</b>	<b>17.63</b>	<b>16.19</b>	<b>14.62</b>	<b>11.38</b>	<b>10.34</b>

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

1. Debt-equity ratio is the ratio between total debt and total equity.
2. Return on equity is the ratio between net profit and average equity.
3. Financial expenses coverage is the ratio between profit before interest & tax and interest expenses.
4. Restatements have been calculated based on shares outstanding at the end of the year 2012 and accordingly restated for the previous years.
5. Share outstanding rearranged on the basis of Tk. 10 each share.



## Brief resume of the directors who are going to retire and seek re-appointment/approval at the Annual General Meeting

### Peter John Field

Mr. Peter John Field is a Director of Camellia Plc., UK, the holding company of Lawrie Group. He joined the Group in 1987 with 17 years of banking experience. He was initially involved in Lawrie Group's banking operations and group compliance. Currently he is the chairman of Duncan Lawrie Bank and also looks after the Group's India, Bangladesh, Bermuda and USA operations. In Bangladesh, he represents Lawrie Group Plc in the Board of United Leasing Company Limited and is also a board member of The Lungla (Sylhet) Tea Co. Ltd., The Allynugger Tea Co. Ltd., Amo Tea Co. Ltd., The Chandpore Tea Co. Ltd., The Mazdehee Tea Co. Ltd., Eastland Camellia Limited, Surmah Valley Tea Co. Ltd. and Duncan Properties Limited. He is a Certified Financial Planner and is a member of the British Bankers' Association. He is also an associate member of the Compliance Institute.

### A. Rouf

Mr. A. Rouf is a Chartered Accountant and carries with him over 50 years of professional experience in Accounting, Finance and Management. In his early professional life, he worked in a Public Sector Corporation. He then joined the private sector in the American Petroleum Company, ESSO Eastern Inc. and worked in senior position including Director in one of its Associates. In 1975, he joined in Duncan Brothers group of companies and has been working as Director in several of the sterling tea companies under its management operating in Bangladesh. He was also the founding Managing Director of United Leasing Company Limited. He had been associated with various Chambers of Commerce and Associations such as MCCI, FBCCI and Tea Association of Bangladesh. He has been trustee of various charitable and educational institutions such as Camellia Duncan Foundation which runs hospital, school and other charities.

### Md. Abdul Wahed

Mr. Md. Abdul Wahed is a pharmacist by profession and has graduated from the University of Dhaka and then obtained his Bachelors in Pharma from Queen's University of Belfast in United Kingdom in 1960. He joined Glaxo Laboratories in England. He joined Fisons Group, Dhaka in 1968 and retired in 1996 after serving 18 years as Managing Director. He is an independent director of United Leasing Company Limited and Chairman of the Audit Committee.

### Daud Khan Panni

Mr. Daud Khan Panni graduated from the University of Dhaka in 1968. He has over 30 years' experience in the field of management. He was entrusted with many special assignments and acquired considerable expertise in the operation of aviation organisations. Among his diversified interests, he has been actively involved in sports since his youth. He represented, the then East Pakistan in first class cricket and shooting. The Board co-opted him as an independent director of United Leasing Company Limited.



## Report on the Activities of Audit Committee

During 2012, the Audit Committee discharged the following responsibilities:

- Reviewed the Company's draft financial statements for the year ended on December 31, 2011 and recommended that the same be placed before the Board for approval.
- Recommended that the report of the Committee be adopted by the Board for publishing in the Annual Report 2011.
- Advised the Board on appointment of new external auditors for the year 2012 and their audit fee.
- Reviewed the quarterly reports on Internal Compliance prepared by the Compliance department.
- Reviewed the report on pending legal cases.
- Reviewed the quarterly financial statements and recommended that the same be placed to the Board for approval.
- Reviewed the Management Report of the external auditors along with the management responses on the Company's internal control.
- Reviewed the quarterly report on written-off cases.
- Revised the Compliance Calendar-2012.
- Reviewed and approved the Compliance Calendar for 2013.
- Reviewed Bangladesh Bank Inspection Report on the inspection along with Company's reply and recommended its placement before the Board meeting for approval and onward submission to Bangladesh Bank.

Sl.	Name	Status in the Company	Status with Committee	Educational qualification
1	M. Abdul Wahed	Independent Director	Chairman	B.Sc. (Pharm.)
2	A. Rouf	Director	Member	Chartered Accountant
3	L. H. Khan	Director	Member	B.A.
4	Shama Rukh Alam	Director	Member	Chartered Accountant
5	M. Nurul Alam	Director	Member	M.Sc.
6	Sharmi Noor Nahar	Company Secretary	Secretary	Chartered Secretary

The Audit Committee comprised of:

The Audit Committee held four meetings during the year 2012. On invitation, Managing Director of the Company, Chief Financial Officer (CFO) and Head of Compliance attended the meeting to meet the queries of the Audit Committee and take directives for improvement.

M. Abdul Wahed  
Chairman  
Audit Committee



Status on compliance of Corporate Governance

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.1	Board's Size	Yes		
<b>1.2</b>	<b>Independent Director:</b>			
1.2 (i)	One fifth (1/5) of the total number of directors	Yes		
1.2 (ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	Yes		
1.2 (ii) b)	Not connected with any sponsor/director/shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship.	Yes		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	Yes		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	Yes		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	Yes		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	Yes		
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies;	Yes		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFII	Yes		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	Yes		
1.2 (iii)	Nominated by board of directors and approved by the shareholders in the AGM			It is being complied with in the AGM
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	Yes		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Yes		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Yes		
<b>1.3</b>	<b>Qualification of Independent Director (ID):</b>			
1.3 (i)	Knowledge of Independent Directors	Yes		
1.3 (ii)	Background of Independent Directors	Yes		
1.3 (iii)	Special cases for qualifications			N/A
<b>1.4</b>	<b>Individual Chairman of the Board &amp; CEO</b>	Yes		
<b>1.5</b>	<b>The Directors' Report to Shareholders:</b>			
1.5 (i)	Industry outlook and possible future developments in the industry	Yes		
1.5 (ii)	Segment-wise or product-wise performance	Yes		
1.5 (iii)	Risks and concerns	Yes		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	Yes		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	Yes		
1.5 (vi)	Basis for related party transactions	Yes		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others			N/A
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing			N/A
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements			N/A
1.5 (x)	Remuneration to directors including independent directors	Yes		
1.5 (xi)	Fairness of Financial Statements	Yes		



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



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



**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF  
CORPORATE GOVERNANCE GUIDELINES.**

This is to certify that United Leasing Company Limited has complied with the Corporate Governance Guidelines of the Securities and Exchange Commission as per their Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 7, 2012.

Place: Dhaka  
Date: March 02, 2013

*Hoda Vasi Chowdhury*  
Hoda Vasi Chowdhury & Co.  
Chartered Accountants



# Financial Statements



## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of United Leasing Company Limited "the Company" which comprise the balance sheet as at 31 December 2012, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory notes and annexure.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, 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 in necessary to enable the preparation of the financial statements of the Company that are free from material misstatement, whether due to fraud or error.

### Auditors' responsibility

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

### Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, give a true and fair view of the state of the Company's affairs as on 31 December 2012, and of the results of its operations and its cash flow for the year then ended and comply with 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.

### We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) 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;
- c) the Company's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 47 dealt with by the report are in agreement with the books of account;
- d) the financial Statements have been prepared in accordance with generally accepted accounting principles in Bangladesh;
- e) the expenditure incurred and payment made were for the purpose of the Company's business;



- f) the Financial Statements have been drawn up in conformity with the rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;
- g) adequate provision have been made for lease and advances considered to be doubtful;
- h) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- i) the records and the statements submitted by the branches have been properly maintained and consolidated in the Financial Statements;
- j) the information and explanations required by us have been received and found satisfactory;
- k) the Company has complied with the relevant laws pertaining to maintenance of capital adequacy, reserves and liquid assets;
- l) the Company has followed the instruction issued by the Bangladesh Bank in the matters of lease/advance classification, provisioning and suspension of interest; and
- m) we have spent approximately 1,050 person hours to audit the financial statements of the Company and covered more than 80% of the risk weighted assets as at 31 December 2012.

Dhaka, March 02, 2013

*Hoda Vasi Chowdhury*  
Hoda Vasi Chowdhury & Co  
Chartered Accountants



**BALANCE SHEET** as at December 31, 2012

	Notes	2012 Taka	2011 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
	3		
In hand (including foreign currencies)		80,000	60,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		148,011,523	124,153,595
		<b>148,091,523</b>	<b>124,213,595</b>
<b>Balance with banks and other financial institutions</b>			
	4		
In Bangladesh		1,890,608,797	1,130,723,458
Outside Bangladesh		-	-
		<b>1,890,608,797</b>	<b>1,130,723,458</b>
<b>Money at call and short notice</b>			
	5		450,000,000
<b>Investments</b>			
	6		
Government		-	-
Others		75,072,948	91,763,932
		<b>75,072,948</b>	<b>91,763,932</b>
<b>Lease, loans and advances</b>			
	7		
Lease receivable and stock on hire		6,026,344,040	5,585,551,004
Loans, cash credits, overdrafts, etc.		2,987,822,502	2,281,394,553
Bills purchased and discounted		-	-
		<b>9,014,166,542</b>	<b>7,866,945,557</b>
<b>Fixed assets including furniture and fixtures</b>			
	8	75,236,329	77,486,050
<b>Other assets</b>			
	9	613,437,232	563,489,610
<b>Non - financial institutional assets</b>			
		-	-
<b>Total assets</b>		<b>11,816,613,371</b>	<b>10,304,622,202</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from banks, other financial institutions and agents</b>			
	10	1,532,421,475	1,527,289,501
<b>Deposits and other accounts</b>			
	11		
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		5,965,191,795	4,681,673,569
Bearer certificates of deposit		-	-
Other deposits		437,858,099	416,634,960
		<b>6,403,049,894</b>	<b>5,098,308,529</b>
<b>Other liabilities</b>	12	1,926,744,636	1,884,342,049
<b>Total liabilities</b>		<b>9,862,216,005</b>	<b>8,509,940,079</b>
<b>Capital / Shareholders' equity</b>			
	13.2	1,108,800,000	924,000,000
Paid-up capital			
Statutory reserve	14	472,000,000	425,000,000
Share premium	15	3,750,000	3,750,000
General reserve	16	145,000,000	185,000,000
Retained earnings	17	224,847,366	256,932,123
<b>Total Shareholders' equity</b>		<b>1,954,397,366</b>	<b>1,794,682,123</b>
<b>Total liabilities and Shareholders' equity</b>		<b>11,816,613,371</b>	<b>10,304,622,202</b>
<b>Net asset value per share (NAV)</b>	18	<b>17.63</b>	<b>19.42</b>



**BALANCE SHEET** as at December 31, 2012

	Notes	2012 Taka	2011 Taka
<b>Restatement of NAV:</b>			
Net asset		1,954,397,366	1,794,682,123
Number of outstanding shares (current year's)		110,880,000	110,880,000
<b>NAV per share</b>		<b>17.63</b>	<b>16.19</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
	19		
Acceptances and endorsements		-	-
Letters of guarantee		98,810,698	20,751,800
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<b>98,810,698</b>	<b>20,751,800</b>
<b>Other commitments</b>			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
		-	-
		-	-
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>98,810,698</b>	<b>20,751,800</b>

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

**Syed Ehsan Quadir**  
Managing Director

**A. Rouf**  
Director

**M. Abdul Wahed**  
Director

**Shama Rukh Alam**  
Director

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

Dhaka, March 02, 2013

**Hoda Vasi Chowdhury & Co**  
Chartered Accountants

**PROFIT AND LOSS ACCOUNT** for the year ended December 31, 2012

	Notes	2012 Taka	2011 Taka
<b>OPERATING INCOME</b>			
Interest income	21	1,439,757,246	1,149,998,703
Interest paid on deposits, borrowings, etc.	22	(847,342,223)	(612,828,724)
<b>Net interest income</b>		<b>592,415,023</b>	<b>537,169,979</b>
Investment income	23	11,144,319	13,271,458
Commission, exchange and brokerage		-	-
Other operating income	24	42,875,154	82,651,377
<b>Total operating income (A)</b>		<b>646,434,496</b>	<b>633,092,814</b>
<b>OPERATING EXPENSES</b>			
Salaries and allowances	25	146,934,455	126,518,980
Rent, taxes, insurance, electricity, etc.	26	29,018,861	23,310,483
Legal expenses	27	6,668,510	5,458,547
Postage, stamp, telecommunication, etc.	28	5,765,193	4,547,004
Stationery, printing, advertisements, etc.	29	4,797,115	3,321,618
Managing Director's salary and benefits	30	7,171,479	7,010,196
Directors' fees	31	263,250	232,300
Auditors' fees	32	138,000	138,000
Charges on loan losses		-	-
Depreciation and repair of assets	33	33,363,428	35,798,972
Other expenses	34	28,298,962	22,416,663
<b>Total operating expenses (B)</b>		<b>262,419,253</b>	<b>228,752,763</b>
<b>Profit before provision C= (A-B)</b>		<b>384,015,243</b>	<b>404,340,051</b>
Provision against lease, loans and advances	35	35,000,000	35,000,000
Provision for diminution in value of investments		-	-
Other provisions		-	-
<b>Total provision (D)</b>		<b>35,000,000</b>	<b>35,000,000</b>
<b>Operating profit before taxes (C-D)</b>		<b>349,015,243</b>	<b>369,340,051</b>
Provision for taxation	36	120,000,000	156,000,000
<b>Net profit after taxation</b>		<b>229,015,243</b>	<b>213,340,051</b>
<b>Appropriations</b>			
Statutory reserve	14	47,000,000	45,000,000
General reserve		-	-
Dividends, etc.		-	-
		47,000,000	45,000,000
<b>Retained surplus</b>		<b>182,015,243</b>	<b>168,340,051</b>
<b>Earnings per share (EPS)</b>	37	<b>2.07</b>	<b>2.31</b>
<b>Restatements of EPS:</b>			
EPS considering current year's outstanding no. of shares		<b>2.07</b>	<b>1.92</b>

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

  
**Syed Ehsan Quadir**  
 Managing Director

  
**A. Rouf**  
 Director

  
**M. Abdul Wahed**  
 Director

  
**Shama Rukh Alam**  
 Director

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

Dhaka, March 02, 2013

  
**Hoda Vasi Chowdhury & Co**  
 Chartered Accountants



**STATEMENT OF CHANGES IN EQUITY** for the year ended December 31, 2012

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Retained earnings	Total
<b>Balance as at January 01, 2011</b>	528,000,000	380,000,000	3,750,000	271,000,000	438,192,073	1,620,942,073
Cash dividend paid for the year 2010	-	-	-	-	(39,600,000)	(39,600,000)
Issuance of bonus share for the year 2010	396,000,000	-	-	-	(396,000,000)	-
Net profit for the year 2011 after tax	-	-	-	-	213,340,050	213,340,050
Movement of general reserve	-	-	-	(86,000,000)	86,000,000	-
Appropriation made during the year	-	45,000,000	-	-	(45,000,000)	-
<b>Balance as at December 31, 2011</b>	<b>924,000,000</b>	<b>425,000,000</b>	<b>3,750,000</b>	<b>185,000,000</b>	<b>256,932,123</b>	<b>1,794,682,123</b>
Surplus / deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus / deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-
Issuance of bonus share for the year 2011	184,800,000	-	-	-	(184,800,000)	-
Cash dividend for 2011	-	-	-	-	(69,300,000)	(69,300,000)
Net profit after taxation for the year	-	-	-	-	229,015,243	229,015,243
Movement of general reserve	-	-	-	(40,000,000)	40,000,000	-
Appropriation made during the year	-	47,000,000	-	-	(47,000,000)	-
<b>Balance as at December 31, 2012</b>	<b>1,108,800,000</b>	<b>472,000,000</b>	<b>3,750,000</b>	<b>145,000,000</b>	<b>224,847,366</b>	<b>1,954,397,366</b>

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

  
**Syed Ehsan Quadir**  
 Managing Director

  
**M. Abdul Wahed**  
 Director

  
**Shama Rukh Alam**  
 Director



**CASH FLOW STATEMENT** for the year ended December 31, 2012

	Notes	2012 Taka	2011 Taka
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		1,432,336,490	1,150,637,934
Interest payments		(737,056,351)	(555,522,909)
Dividend receipts		11,144,319	15,839,594
Payments to employees		(154,105,934)	(133,529,176)
Payments to suppliers		(22,795,220)	(14,999,915)
Income taxes paid		(169,076,017)	(278,855,242)
Receipts from other operating activities	38	42,875,154	66,433,480
Payments for other operating activities	39	(62,617,032)	(60,583,673)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>340,705,410</b>	<b>189,420,092</b>
<b>Increase / decrease in operating assets and liabilities</b>			
Lease, loans and advances to customers		(1,119,197,419)	(267,165,265)
Other assets		4,912,161	(59,425,036)
Term and other deposits		1,304,741,365	586,676,755
Accrued expenses and payables		(120,562,594)	95,681,199
Interest suspense		8,153,791	21,283,146
Deferred liability-employee gratuity		2,409,262	(489,500)
Other liabilities		29,177,522	29,282,525
		109,634,087	405,843,824
<b>Net cash from operating activities</b>		<b>450,339,497</b>	<b>595,263,915</b>
<b>B) Cash flows from investing activities</b>			
Investment in shares		16,690,984	66,690,984
Purchase of fixed assets		(20,791,348)	(56,272,298)
Proceeds from sale of fixed assets		154,000	1,639,750
<b>Net cash from investing activities</b>		<b>(3,946,364)</b>	<b>12,058,436</b>
<b>C) Cash flows from financing activities</b>			
Receipts of long term loan		450,446,887	118,308,134
Repayment of long term loan		(207,599,045)	(238,474,178)
Net draw down/(payment) of short term loan		(286,509,625)	252,245,474
Dividend paid		(68,968,082)	(36,659,986)
<b>Net Cash from financing activities</b>		<b>(112,629,865)</b>	<b>95,419,443</b>
D) Net increase in cash and cash equivalents (A+B+C)		333,763,268	702,741,795
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		1,704,937,052	1,002,195,257
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>		<b>2,038,700,320</b>	<b>1,704,937,052</b>
<b>Cash and cash equivalents at end of the year</b>			
Cash in hand (including foreign currencies)		80,000	60,000
Balance with Bangladesh Bank and its agent bank(s) (including foreign currencies)		148,011,523	124,153,595
Balance with banks and other financial institutions	4	1,890,608,797	1,130,723,458
Money at call and short notice		-	450,000,000
		<b>2,038,700,320</b>	<b>1,704,937,053</b>
<b>Net operating cash flow per share</b>		<b>4.06</b>	<b>6.47</b>

**CASH FLOW STATEMENT** for the year ended December 31, 2012

<b>Notes</b>	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>Restatement of net operating cash flow per share:</b>		
Net cash from operating activities	450,339,497	595,263,915
Number of outstanding shares (Current year's)	110,880,000	110,880,000
Net operating cash flow per share	<b>4.06</b>	<b>5.37</b>

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

**Syed Ehsan Quadir**  
Managing Director

**A. Rouf**  
Director

**M. Abdul Wahed**  
Director

**Shama Rukh Alam**  
Director

## LIQUIDITY STATEMENT as at December 31, 2012

(Analysis of maturity of assets and liabilities)



(Amount in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	1-5 years	Total
<b>Assets:</b>						
Cash in hand	80,000	-	-	-	-	80,000
Balance with Bangladesh Bank and its agent(s)	148,011,523	-	-	-	-	148,011,523
Balance with banks and other financial institutions	359,063,798	1,053,770,694	477,774,305	-	-	1,890,608,797
Money at call and short notice	-	-	-	-	-	-
Investments	-	845,491	15,845,491	43,381,966	15,000,000	75,072,948
Leases, loans and advances	617,530,321	762,933,775	3,257,577,891	4,164,339,412	211,785,143	9,014,166,542
Fixed assets including furniture and fixtures	-	-	-	-	75,236,329	75,236,329
Other assets	-	-	601,326	433,015,906	179,820,000	613,437,232
<b>Total assets (A):</b>	<b>1,124,685,642</b>	<b>1,817,549,960</b>	<b>3,751,799,013</b>	<b>4,640,737,284</b>	<b>481,841,472</b>	<b>11,816,613,371</b>
<b>Liabilities:</b>						
Borrowings from banks, other financial institutions and agents	234,158,589	627,309,439	220,962,135	367,102,202	82,889,110	1,532,421,475
Term deposits	693,132,871	692,584,621	2,457,393,295	2,074,848,720	47,232,288	5,965,191,795
Other deposits	26,976,399	38,673,019	165,213,203	205,323,903	1,671,575	437,858,099
Other liabilities	42,235,209	53,940,352	348,734,157	1,430,868,136	50,966,783	1,926,744,636
<b>Total liabilities (B):</b>	<b>996,503,068</b>	<b>1,412,507,431</b>	<b>3,192,302,790</b>	<b>4,078,142,960</b>	<b>182,759,757</b>	<b>9,862,216,005</b>
<b>Net liquidity gap (A - B):</b>	<b>128,182,574</b>	<b>405,042,529</b>	<b>559,496,223</b>	<b>562,594,324</b>	<b>299,081,715</b>	<b>1,954,397,366</b>

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

  
**Syed Ehsan Quadir**  
 Managing Director

  
**A. Rouf**  
 Director

  
**M. Abdul Wahed**  
 Director

  
**Shama Rukh Alam**  
 Director

**NOTES TO THE ACCOUNTS** for the year ended December 31, 2012**1. General information****1.1 Domicile and legal form**

United Leasing Company Limited was incorporated on April 27, 1989 as a public limited company under the Companies Act 1913 (currently 1994). The Company is domiciled in Bangladesh. It was granted license under the Financial Institutions Act, 1993. The shares of the Company are quoted on the Dhaka Stock Exchange Limited since 1994 and are transacted in dematerialized form through Central Depository Bangladesh Limited since October 14, 2004. The Company has its registered office at Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka.

**1.2 Nature of operations and principal activities**

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

**2. Significant accounting policies****2.1 Measurement bases**

The financial statements of the Company have been prepared on historical cost convention in compliance with the Bangladesh Financial Reporting Standards (BFRS).

**2.2 Preparation and presentation criteria of financial statements**

The financial statements have been prepared on a going concern basis following accrual method of accounting except for the cash flow statement and in conformity with the Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Commission Rules 1987, the Regulations and Guidelines from Bangladesh Bank and the Listing Regulation of Dhaka Stock Exchange.

**2.3 Use of estimates**

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

**2.4 Reporting currency and level of exactitude**

The figures in the financial statements have been stated in Bangladesh Taka which is the companies functional currency and have been rounded off to the nearest integer.

**2.5 Comparative information**

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

**2.6 Authorisation for Issue of the Financial Statements**

The Board of Directors of the Company has authorised these financial statements for issue on March 02, 2013.

**2.7 Materiality of financial statements**

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

**2.8 Cash flow statement**

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



## 2.9 Statement of changes in equity

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

## 2.10 Liquidity statement (asset and liability maturity analysis)

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

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

## 2.11 Assets and basis of their valuation

### 2.11.1 Cash and cash equivalents

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

### 2.11.2 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17-"Leases", accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of net lease receivables over the total acquisition cost constitutes the unearned lease income.

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

### 2.11.3 Accounting for Loans

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

### 2.11.4 Accounting for investment

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

### 2.11.5 Fixed assets and depreciation

#### *Recognition*

All property, plant and equipment are initially stated at cost and depreciated over their expected useful lives. The cost of acquisition of an asset is comprised of its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use inclusive of duties and non-refundable taxes.

Fixed asset acquired under finance lease is accounted for at the lower of present value of minimum lease payments under the lease agreements and the fair value of the asset. The related obligation under the lease is



accounted for as liability. Finance charges are allocated to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

Subsequent cost related to property, plant and equipment is capitalized only when it increases the future economic benefit from the asset. All other expenditures are recognised as expenses as and when they are incurred.

#### *Depreciation*

Items of property, plant and equipment are depreciated based on straight-line method throughout the estimated span of useful life ranging from five to ten years. Additions are depreciated for the full year irrespective of the date of acquisition of assets at the applicable rates while no depreciation is charged on any item in the year of its disposal. Depreciation is calculated on the cost of fixed asset in order to write off such amount over the estimated useful lives of such assets. The rates of depreciation used are as follows:

Furniture & fixture	12.50%
Office equipment	15.00%
Electrical equipment	20.00%
Motor vehicle	20.00%

#### *Derecognition*

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

#### **2.11.6 Account receivable**

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

#### **2.12 Liabilities and basis of their valuation**

##### **2.12.1 Provision for doubtful assets**

Provisions, specific and general, are made on the basis of year end review by the management as per policy of the Company and guidelines contained in Bangladesh Bank's FID circulars. Specific provisions are made where the repayment of identified leases/loans are in doubt and reflect an estimate of the amount of loss anticipated and the general provision is made for the inherent risk of losses. Provisions are applied to write off leases/loans, in part or in whole, when they are considered wholly or partly irrecoverable.

An appropriate general and specific provision for unclassified and classified leases, loans and advances at varying rates depending on the degree of risk associated with the certainty of collection has been provided as per company policy in excess of regulatory requirement.

##### **2.12.2 Income taxes**

###### *Current tax*

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

###### *Deferred tax*

Deferred taxation is provided in full for all temporary differences arising between tax bases of assets and carrying amount of assets in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Tax rate prevailing at the Balance Sheet date is used to determine deferred tax.

##### **2.12.3 Provision for accrued expenses**

Provisions have been recognized in the balance sheet as follows:

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



obligation; and

c. when a reliable estimate can be made of the amount of the obligation.

#### 2.12.4 Employee benefits

##### Provident fund

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

##### Gratuity fund

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

##### Other long term benefits

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

#### 2.12.5 Contingent liabilities and contingent assets

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

#### 2.12.6 Proposed dividend

Dividend proposed by the Board of Directors for the year shall be recognised and is accounted for after approval by the shareholders at the Annual General Meeting.

### 2.13 Revenue recognition

#### 2.13.1 Interest income

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

#### 2.13.2 Lease income

The excess of gross lease rentals receivable over the cost of the leased asset represents the total unearned income at the time of execution of lease. The unearned income is allocated over the period of lease in a pattern reflecting a constant return on the net investment.

#### 2.13.3 Hire purchase income

Finance income against hire purchase arrangement is allocated to the income statement over the hire purchase period to give a constant periodic rate of return on net receivable.

#### 2.13.4 Income from long term and short term finance

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



#### 2.13.5 Income from dividend

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

#### 2.13.6 Income from bank deposits

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

#### 2.13.7 Fee based income

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

#### 2.13.8 Interest paid on deposits, borrowing, etc.

Interest paid comprises of the interest payable on external borrowing, individual and institutional deposits and direct deposit expenses and are recognised as they accrue.

#### 2.13.9 Impairment of assets

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

#### 2.14 Related party disclosure

The Company 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. Related party transactions have been disclosed in note 41.

#### 2.15 Earning per share

Earning per share has been calculated in accordance with BAS 33 "Earning Per Share" and shown on the face of Profit and Loss Account. Basic earning per share is calculated by dividing the net profit attributable to shareholders by the average number of ordinary shares during the financial year. Retrospective recognition has been given in previous year's figure for issuance of bonus shares during the financial year.

#### 2.16 Events after the balance sheet date

Events after the balance sheet date are those events that occur between the balance sheet and the date when the financial statements are authorised for issue. All material events occurring after the balance sheet date have been considered in these financial statements.

#### 2.17 Disclosure of deviations from few requirements of BAS/BFRS due to regulatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for banks and financial institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of BAS and BFRS. As such, the company has, in some cases, complied with the rules and regulations (i.e. valuation of investments, provision for impairment on lease, loan and advance, disclosure, etc.) of Bangladesh Bank.

#### 2.18 Financial risk management policies and objectives

The Board of Directors of the Company sets the overall risk appetite and philosophy; the risk and capital framework underpins delivery of the Board's strategy.

It is the Company's policy to optimize return to shareholders while maintaining a strong capital base and credit rating to support business growth and meet regulatory capital requirements at all times.

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



#### *Credit risk*

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

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

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

#### *Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

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

#### *Market risk*

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

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

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

#### *Operational risk*

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

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



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>3 Cash</b>		
Cash in hand (note-3.1)	80,000	60,000
Balance with Bangladesh Bank and its agent bank(s) (note-3.2)	148,011,523	124,153,595
	<b>148,091,523</b>	<b>124,213,595</b>
<b>3.1 Cash in hand</b>		
In local currency	80,000	60,000
In foreign currency	-	-
	<b>80,000</b>	<b>60,000</b>
<b>3.2 Balance with Bangladesh Bank and its agent bank(s)</b>		
In local currency (with Bangladesh Bank)	148,011,523	124,153,595
Sonali Bank as agent of Bangladesh Bank (local currency)	-	-
	<b>148,011,523</b>	<b>124,153,595</b>
<b>3.3 Statutory deposits</b>		
<b>Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)</b>		
Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, regulation 5 of the Financial Institution Regulations 1994 and FID circular no.6 dated November 06, 2003.		
The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the total liabilities has been maintained in the form of balance with banks and the Company's call money deposit. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:		
<b>a) Cash Reserve Requirement (CRR)</b>		
Required reserve (2.5% on deposit)	142,292,000	115,895,233
Actual reserve maintained (note-3.2)	148,011,523	124,153,595
Surplus	<b>5,719,523</b>	<b>8,258,362</b>
<b>b) Statutory Liquidity Reserve (SLR)</b>		
Required reserve (5% on total liabilities)	362,420,150	311,595,400
Actual reserve maintained including CRR (note-3.4)	2,038,700,320	1,254,937,053
Surplus	<b>1,676,280,170</b>	<b>943,341,653</b>
The surplus for SLR mostly comprises of interest earnings deposits maintained with banks and financial institutions.		
<b>3.4 Actual reserve maintained (including CRR)</b>		
Cash in hand	80,000	60,000
Balance with Bangladesh Bank and its agent bank(s)	148,011,523	124,153,595
Balance with banks and other financial institutions (note-4)	1,890,608,797	1,130,723,458
	<b>2,038,700,320</b>	<b>1,254,937,053</b>
<b>4 Balance with banks and other financial institutions</b>		
In Bangladesh (note-4.1)	1,890,608,797	1,130,723,458
Outside Bangladesh	-	-
	<b>1,890,608,797</b>	<b>1,130,723,458</b>



4.1 In Bangladesh

**Current deposits**

Nationalised Commercial Bank  
Private Commercial Bank  
Foreign Commercial Bank

**Short-term deposit**

Private Commercial Bank  
Foreign Commercial Bank

**Fixed deposits**

Nationalised Commercial Bank  
Private Commercial Bank  
Foreign Commercial Bank  
Financial Institutions

	<b>2012 Taka</b>	<b>2011 Taka</b>
	36,517	715,592
	23,855,844	56,672,546
	1,018,035	57,034
	<b>24,910,396</b>	<b>57,445,172</b>
	49,578,773	11,627,197
	469,073	537,729
	<b>50,047,846</b>	<b>12,164,926</b>
	-	-
	1,153,306,805	491,936,956
	302,259,722	353,938,185
	360,084,028	215,238,219
	<b>1,815,650,555</b>	<b>1,061,113,360</b>
	<b>1,890,608,797</b>	<b>1,130,723,458</b>

4.2 Maturity grouping of balance with banks and other financial institutions

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

	74,958,242	69,610,098
	284,105,556	106,079,452
	1,053,770,694	688,344,806
	477,774,305	213,761,020
	-	52,928,082
	-	-
	-	-
	<b>1,890,608,797</b>	<b>1,130,723,458</b>

5 Money at call and short notice

Union Capital Limited  
LankaBangla Finance Limited  
Prime Finance and Investment Limited  
Jamuna Bank Limited  
Agrani Bank Limited

	-	120,000,000
	-	100,000,000
	-	100,000,000
	-	80,000,000
	-	50,000,000
	<b>-</b>	<b>450,000,000</b>

6 Investments

Investment classified as per nature

a) Government securities:  
National investment bonds  
Bangladesh Bank bills  
Government bonds  
Prize bonds

b) Other investment:  
Shares (note-6.2)

	-	-
	-	-
	-	-
	-	-
	-	-
	75,072,948	91,763,932
	75,072,948	91,763,932
	<b>75,072,948</b>	<b>91,763,932</b>



6.1 Maturity grouping of investments

	2012 Taka	2011 Taka
On demand	-	-
Up to 1 month	-	-
Over 1 month but not more than 3 months	845,491	-
Over 3 months but not more than 6 months	-	845,492
Over 6 months but not more than 1 year	15,845,491	15,845,492
Over 1 year but not more than 5 years	43,381,966	60,072,948
Over 5 years	15,000,000	15,000,000
	<b>75,072,948</b>	<b>91,763,932</b>

6.2 Investment in shares

	2012 Taka	2011 Taka
<b>Quoted</b>		
United Insurance Company Limited	15,000,000	15,000,000
	15,000,000	15,000,000
<b>Unquoted</b>		
10% preference share in Summit Purbanchol Power Co. Ltd.	27,500,000	35,000,000
10% preference share in Summit Uttaranchol Power Co. Ltd.	27,500,000	35,000,000
12.75% preference share of Energypac Confidence Power Venture Limited	5,072,948	6,763,932
	60,072,948	76,763,932
	<b>75,072,948</b>	<b>91,763,932</b>

**United Insurance Company Limited**

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

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

	Nos.
Original purchase in 2001	600,000
Bonus share received in 2007	180,000
Bonus share received in 2008	220,000
Bonus share received in 2009	1,500,000
Bonus share received in 2010	500,000
Bonus share received in 2011	300,000
Bonus share received in 2012	330,000
	<b>3,630,000</b> Shares

As on December 31, 2012 the market value of the above shares was Tk. 166,980,000 against cost price of 600,000 shares at Tk.15,000,000 reflected in the accounts.

7 Lease, loans and advances

7.1 Broad category-wise break up

**Inside Bangladesh**

Lease receivable and stock on hire (note-7.2)	6,026,344,040	5,585,551,004
Loans (note-7.3)	2,987,822,502	2,281,394,553
Cash credit	-	-
Overdrafts etc.	-	-
	<b>9,014,166,542</b>	<b>7,866,945,557</b>

**Outside Bangladesh**

	-	-
	<b>9,014,166,542</b>	<b>7,866,945,557</b>



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>7.2 Lease receivable and stock on hire</b>		
Net lease receivable (note-7.2.1)	5,971,456,947	5,536,306,199
Stock on hire	-	744,120
Advances for leases (note-7.2.3)	13,764,000	11,491,090
Interest receivable	41,123,093	37,009,595
	<b><u>6,026,344,040</u></b>	<b><u>5,585,551,004</u></b>
<b>7.2.1 Net lease receivable</b>		
Gross lease receivable	7,376,993,845	6,644,915,391
Less: Unearned finance income	1,405,536,898	1,108,609,192
Net lease receivable	<b><u>5,971,456,947</u></b>	<b><u>5,536,306,199</u></b>
<b>7.2.2 Movement of net lease receivables</b>		
Balance at January 01	5,536,306,199	5,042,097,935
Addition during the year	3,233,269,316	2,735,806,022
Realisation during the year	(2,798,118,568)	(2,241,597,758)
Balance at December 31	<b><u>5,971,456,947</u></b>	<b><u>5,536,306,199</u></b>
<b>7.2.3 Advance for leases</b>		
<p>These represent disbursements made to clients for procuring assets under lease and quarterly capitalised interests on disbursements. On execution, advances are transferred to lease finance.</p>		
<b>7.3 Loans</b>		
Term loan	1,664,103,070	1,495,552,638
Home loan	83,003,410	4,329,179
Short term loan and factoring advances	1,210,167,390	774,874,172
Interest receivable	30,548,632	6,638,564
	<b><u>2,987,822,502</u></b>	<b><u>2,281,394,553</u></b>
<b>7.4 Maturity grouping of lease, loans and advances</b>		
On demand	-	-
Up to 1 month	617,530,321	434,357,600
Over 1 month but not more than 3 months	762,933,775	575,986,640
Over 3 months but not more than 1 year	3,257,577,891	2,822,938,728
Over 1 year but not more than 5 years	4,164,339,412	3,853,366,850
Over 5 years	211,785,143	180,295,739
	<b><u>9,014,166,542</u></b>	<b><u>7,866,945,557</u></b>
<b>7.5 Lease, loans and advances on the basis of significant concentration</b>		
a) Lease, loans and advances to companies or firms in which the Directors of the Company have interests	4,870,549	7,969,078
b) Lease, loans and advances to Chief Executive and other Senior Executives	3,444,308	4,059,417



	<b>2012 Taka</b>	<b>2011 Taka</b>
c) Number of clients with outstanding amount and classified lease, loans and advances exceeding 15% of total capital of the Company is as follows:		
Total capital of the Company	1,954,397,366	1,794,682,123
Number of clients	Nil	Nil
Amount of outstanding advances	Nil	Nil
Amount of classified advances	Nil	Nil
Measures taken for recovery	Not applicable	Not applicable
d) Industry-wise distribution of lease, loans and advances:		
1. Agricultural sector	445,230,128	286,898,466
2. Industrial sector:		
a) Service industry	990,375,213	1,124,601,555
b) Food production/processing industry	1,069,278,599	1,101,545,768
c) Chemical & Pharmaceutical	566,018,294	558,259,677
d) Plastic industry	520,438,195	475,086,881
e) Garments	464,166,504	465,236,914
f) Textile	359,839,653	455,289,710
g) Paper, Printing and packaging industry	654,490,939	451,009,980
h) Iron, Steel & Engineering industry	571,424,518	306,565,324
i) Leather & leather products	115,661,233	125,576,747
j) Electronics and electrical industry	236,002,819	99,020,058
k) Telecommunication/information Technology	31,789,328	71,521,128
l) Jute and jute products	179,467,203	57,549,545
m) Cement/Concrete and allied industry	342,531,912	32,926,740
n) Glass and ceramic industry	84,666,599	29,377,243
o) Ship Manufacturing Industry	163,845,182	-
3. Power, Gas, Water and sanitary service	221,755,831	297,756,303
4. Transport & Communication	511,154,991	688,375,870
5. Real Estate & Housing	164,772,159	265,226,765
6. Others	1,321,257,242	975,120,883
	<b>9,014,166,542</b>	<b>7,866,945,557</b>
e) Geographical location-wise lease, loans and advances		
<b>Inside Bangladesh</b>		
<b>Urban</b>		
Dhaka Division	6,415,376,825	6,040,421,400
Chittagong Division	1,541,584,606	1,256,834,472
Khulna Division	412,803,820	323,923,590
Rajshahi Division	349,006,387	150,547,171
Rangpur Division	165,813,782	64,731,321
Barisal Division	66,948,559	8,715,309
Sylhet Division	62,632,564	21,772,294
	9,014,166,542	7,866,945,557
<b>Rural</b>	-	-
	9,014,166,542	7,866,945,557
<b>Outside Bangladesh</b>	-	-
	9,014,166,542	<b>7,866,945,557</b>
7.6 Sector-wise lease, loans and advances		
Public sector	-	-
Co-operative sector	-	-
Private sector	9,014,166,542	7,866,945,557
	<b>9,014,166,542</b>	<b>7,866,945,557</b>



7.7 Particulars of lease, loans and advances

	<b>2012 Taka</b>	<b>2011 Taka</b>
i) Leases, loans and advances considered good in respect of which the Company is fully secured	550,493,845	168,864,665
ii) Leases, loans and advances considered good in respect of which the Company is partially secured	5,792,315,959	4,537,904,655
iii) Leases, loans and advances considered good against which the Company holds no security other than the debtors' personal guarantee	-	-
iv) Leases, loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	2,671,356,738	3,160,176,237
v) Classified Leases, loans and advances against which no provision has been made	-	-
	<u>9,014,166,542</u>	<u>7,866,945,557</u>
vi) Leases, loans and advances due by Directors, Officers of the Company or any of them either separately or jointly with any other persons	3,444,308	4,059,417
vii) Leases, loans and advances due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	4,870,549	7,969,078
viii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Company or any of them either separately or jointly with any other person.	-	-
ix) Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	-	-
x) Due from banking Companies and other financial institutions	43,195,536	61,115,681
xi) Classified lease, loans and advances		
a) Classified lease, loans and advances on which interest has not been charged	178,689,600	174,700,917
b) Increase/(decrease) of specific provision	(84,179,824)	25,273,281
c) Amount of loan written off (note-12.4)	84,179,824	7,600,960
d) Amount realised against loan previously written off	-	32,000,000
e) Provision kept against loans classified as bad/loss on the date of preparing the balance sheet (note-7.8)	178,689,600	174,700,917
f) Interest credited to Interest Suspense account (note-12.2)	43,887,975	35,734,184
xii) Written off lease, loans and advances		
Opening Balance	138,686,405	131,085,445
During the year	84,179,824	7,600,960
Cumulative to-date	222,866,229	138,686,405
The amount of written-off leases, loans and advances for which law suits have been filed	222,866,229	138,686,405



7.8 Classification of lease, loans and advances

**Unclassified**

	2012 Taka	2011 Taka
Standard	8,386,717,112	7,124,671,524
Special mention account (SMA)	338,058,284	421,957,538
	<u>8,724,775,396</u>	<u>7,546,629,062</u>

**Classified**

Sub-standard	12,461,208	56,792,637
Doubtful	98,240,338	88,822,941
Bad/Loss	178,689,600	174,700,917
	<u>289,391,146</u>	<u>320,316,495</u>
	<u><b>9,014,166,542</b></u>	<u><b>7,866,945,557</b></u>

8 Fixed assets including furniture and fixtures

**Cost**

Furniture and fixtures	76,738,088	42,999,328
Office equipment	291,960	250,469
Electrical equipment	51,179,341	71,079,271
Vehicles	37,982,414	31,421,387
	<u><b>166,191,803</b></u>	<u><b>145,750,455</b></u>

Less: Accumulated depreciation

	90,955,474	68,264,405
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**Net book value at the end of the year**

	<u><b>75,236,329</b></u>	<u><b>77,486,050</b></u>
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(Statement of fixed assets is detailed in Annexure-A)

9 Other assets

**Inside Bangladesh**

**Income generating:**

Income receivable (note-9.1)	601,326	21,204,134
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**Non-income generating:**

Deferred tax assets (note-9.2)	9,200,392	4,742,285
Advance, deposit and prepaid expenses	21,018,730	30,388,998
Other receivables	97,245	66,481,948
Advance corporate tax (note-9.3)	582,519,539	440,672,245
	<u>613,437,232</u>	<u>563,489,610</u>

**Outside Bangladesh**

	-	-
	<u><b>613,437,232</b></u>	<u><b>563,489,610</b></u>

9.1 Income receivable amount represents interest receivable on other investment and other operating income.

9.2 Deferred tax asset

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 " Income Taxes" and under the guidelines of Bangladesh Bank DFIM Circular no. 07 dated 31 July 2011.

	Carrying amount at balance sheet	Tax base	Deductible temporary difference
Fixed assets at book value	75,236,329	93,928,143	18,691,814
Liability to employee gratuity	2,956,167	-	2,956,167
	<u><b>78,192,496</b></u>	<u><b>93,928,143</b></u>	<u><b>21,647,981</b></u>

Applicable tax rate	42.5%
Deferred tax asset as on 31 December 2012	9,200,392
Deferred tax asset as on 31 December 2011	4,742,285
Deferred tax asset during the year 2012	<u>4,458,107</u>



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>9.3 Advance corporate tax</b>		
Balance as on January 01	440,672,245	408,973,004
Paid during the year	169,076,017	278,855,242
Settlement of previous years' tax liabilities	(27,228,723)	(247,156,001)
Balance as on December 31	<b>582,519,539</b>	<b>440,672,245</b>
<b>10 Borrowing from banks, other financial institutions and agents</b>		
In Bangladesh (note-10.1)	1,532,421,475	1,527,289,501
Outside Bangladesh	-	-
	<b>1,532,421,475</b>	<b>1,527,289,501</b>
<b>10.1 In Bangladesh</b>		
<b>Bank overdraft</b>		
Standard Chartered Bank	144,123,276	197,443,380
United Commercial Bank Limited	179,545,791	192,561,741
Commercial Bank of Ceylon Plc.	93,292,752	90,970,966
One Bank Limited	45,959,226	89,414,257
Standard Bank Limited	63,665,286	84,422,836
Citibank N. A.	19,513,438	39,327,822
Pubali Bank Limited	173,126,437	-
Mutual Trust Bank Limited	6,153	25,590,303
Dutch-Bangla Bank Limited	84,215,453	1,487,846
	<b>803,447,812</b>	<b>721,219,151</b>
<b>Short term loan</b>		
Citibank N. A.	-	200,000,000
Standard Chartered Bank	-	120,000,000
	-	<b>320,000,000</b>
<b>Specialised refinancing</b>		
Bangladesh Bank (SERP)	616,821,907	360,713,899
Kreditanstalt Für Wiederaufbau (KfW)	112,151,756	125,356,451
	<b>728,973,663</b>	<b>486,070,350</b>
	<b>1,532,421,475</b>	<b>1,527,289,501</b>
<b>10.2 Analysis by security against borrowing from banks, other financial institutions and agents</b>		
Secured (FDR pledged as security)	803,441,659	774,813,180
Secured (Corporate guarantee)	6,153	264,918,126
Unsecured	728,973,663	487,558,195
	<b>1,532,421,475</b>	<b>1,527,289,501</b>
<b>10.3 Maturity grouping of borrowing from banks, other financial institutions and agents</b>		
On demand	-	-
Up to 1 month	234,158,589	860,181,188
Over 1 month but within 3 months	627,309,439	234,775,826
Over 3 months but within 1 year	220,962,135	165,986,682
Over 1 year but within 5 years	367,102,202	201,475,343
Over 5 years	82,889,110	64,870,462
	<b>1,532,421,475</b>	<b>1,527,289,501</b>



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>11 Deposits and other accounts</b>		
Current deposits	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits (note -11.1)	5,965,191,795	4,681,673,569
Bearer certificates of deposit	-	-
Other deposits (note-11.2)	437,858,099	416,634,960
	<b><u>6,403,049,894</u></b>	<b><u>5,098,308,529</u></b>
<b>11.1 Term deposits</b>		
Deposits from banks and financial institutions	850,000,000	200,000,000
Deposits from other than banks and financial institutions	5,115,191,795	4,481,673,569
	<b><u>5,965,191,795</u></b>	<b><u>4,681,673,569</u></b>

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

**11.1.1 Sector-wise break-up of term deposits**

Government	-	-
Banks and financial institutions	850,000,000	200,000,000
Other public	-	-
Foreign currency	-	-
Private	5,115,191,795	4,481,673,569
	<b><u>5,965,191,795</u></b>	<b><u>4,681,673,569</u></b>

**11.1.2 Maturity analysis of term deposits**

**a) Maturity analysis of deposits from banks & financial institutions**

Payable on demand	-	-
Up to 1 month	-	-
Over 1 month but within 3 months	50,000,000	200,000,000
Over 3 months but within 1 year	800,000,000	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
	<b><u>850,000,000</u></b>	<b><u>200,000,000</u></b>

**b) Maturity analysis of deposits from other than banks & financial institutions**

Payable on demand	-	-
Up to 1 month	693,132,871	229,376,548
Over 1 month but within 3 months	642,584,621	650,393,476
Over 3 months but within 1 year	1,657,393,295	2,929,150,854
Over 1 year but within 5 years	2,074,848,720	608,688,534
Over 5 years but within 10 years	47,232,288	64,064,157
Over 10 years	-	-
	<b><u>5,115,191,795</u></b>	<b><u>4,481,673,569</u></b>
	<b><u>5,965,191,795</u></b>	<b><u>4,681,673,569</u></b>



2012 Taka	2011 Taka
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11.2 Other deposits

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

Non-interest bearing deposit	360,672,580	339,797,542
Interest bearing deposit	77,185,519	76,837,418
	<b>437,858,099</b>	<b>416,634,960</b>

11.2.1 Maturity analysis of other deposits

Payable on demand	-	-
Up to 1 month	26,976,399	13,893,434
Over 1 month but within 3 months	38,673,019	11,956,106
Over 3 months but within 1 year	165,213,203	84,412,278
Over 1 year but within 5 years	205,323,903	306,373,142
Over 5 years but within 10 years	1,671,575	-
Over 10 years	-	-
	<b>437,858,099</b>	<b>416,634,960</b>

12 Other liabilities

Provision for gratuity	2,956,167	546,905
Unclaimed dividend	7,285,827	6,953,907
KfW interest differential fund (note-12.1)	32,808,234	38,630,712
Interest suspense account (note-12.2)	43,887,975	35,734,184
Accrued expenses and payables (note-12.3)	548,759,082	559,478,652
Provision for lease, loans and advances (note-12.4)	467,133,771	516,313,595
Provision for income tax (note-12.5)	823,913,580	726,684,095
	<b>1,926,744,636</b>	<b>1,884,342,049</b>

12.1 KfW interest differential fund

This represents the difference between interest on loan from KfW @9.5% per annum and the Bangladesh Bank rate. This interest differential fund is being used for the financing of training of personnel or for other activities for the promotion or development of small enterprises in Bangladesh.

Balance as on January 01	38,630,712	34,451,470
Addition during the year	5,244,900	5,575,622
Adjusted against training programme during the year	(11,067,378)	(1,396,381)
Balance as on December 31	<b>32,808,234</b>	<b>38,630,712</b>

12.2 Interest suspense account

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

Balance as on January 01	35,734,184	14,451,038
Add: Amount transferred to "interest suspense" account during the year	148,189,194	127,492,776
Less: Amount recovered from "interest suspense" account during the year	(140,035,403)	(106,209,630)
Balance as on December 31	<b>43,887,975</b>	<b>35,734,184</b>



12.3 Accrued expenses and payables

Liabilities for expenses  
Liabilities other than expenses

	<b>2012 Taka</b>	<b>2011 Taka</b>
Liabilities for expenses	478,798,155	366,979,406
Liabilities other than expenses	69,960,927	192,499,246
	<b><u>548,759,082</u></b>	<b><u>559,478,652</u></b>

Liabilities for expenses represent interest accrued but not paid on borrowing and deposits as well as administrative expenses.

Liabilities other than expenses represent income tax deducted at source from depositors, suppliers, employees, VAT payables, collection against leases/loans in advance etc.

12.4 Provision for lease, loans and advances

Specific provision on classified lease, loans and advances

Balance at January 01	440,787,899	415,514,618
Fully provided debts written off during the year	(84,179,824)	(7,600,960)
Recovery of amounts previously written off	-	32,000,000
Provision made for the year (note-35)	-	32,874,241
Recoveries and provision no longer required	-	( 32,000,000)
<b>Total provision on classified lease, loans and advances</b>	<b><u>356,608,075</u></b>	<b><u>440,787,899</u></b>

General provision on unclassified lease, loans and advances

Balance at January 01	75,525,696	73,399,937
Provision made for the year (note-35)	35,000,000	2,125,759
<b>Total provision on unclassified lease, loans and advances</b>	<b><u>110,525,696</u></b>	<b><u>75,525,696</u></b>
<b>Total provision on lease, loans and advances</b>	<b><u>467,133,771</u></b>	<b><u>516,313,595</u></b>

**Provision surplus/(shortage):**

	<b>2012</b>		<b>2011</b>	
	<u>Required</u>	<u>Maintained</u>	<u>Required</u>	<u>Maintained</u>
On classified lease, loans and advances	190,082,367	356,608,075	235,491,311	440,787,899
On un-classified lease, loans and advances	100,219,002	110,525,696	72,164,355	75,525,696
	<u>290,301,369</u>	<u>467,133,771</u>	<u>307,655,666</u>	<u>516,313,595</u>
<b>Total surplus</b>		<b><u>176,832,402</u></b>		<b><u>208,657,929</u></b>

12.5 Provision for income tax

Balance as on January 01  
Add: Current tax  
    Corporate tax for the year (note-36)  
    Corporate tax for prior years  
  
Less: Settlement of previous years' tax liabilities  
(Statement of tax status is detailed in Annexure-B)

Balance as on January 01	726,684,095	815,171,347
Add: Current tax		
Corporate tax for the year (note-36)	124,458,107	158,668,751
Corporate tax for prior years	-	-
	<u>851,142,202</u>	<u>973,840,098</u>
Less: Settlement of previous years' tax liabilities	<u>(27,228,622)</u>	<u>(247,156,003)</u>
	<b><u>823,913,580</u></b>	<b><u>726,684,095</u></b>



	2012 Taka	2011 Taka
<b>13 Share capital</b>		
<b>13.1 Authorized capital</b>		
300,000,000 ordinary shares of Taka 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>
<b>13.2 Issued, subscribed and fully paid-up capital</b>		
7,000,000 ordinary shares of Taka 10 each issued for cash	70,000,000	70,000,000
103,880,000 ordinary shares of Taka 10 each issued as bonus shares	<u>1,038,800,000</u>	<u>854,000,000</u>
	<u><b>1,108,800,000</b></u>	<u><b>924,000,000</b></u>
<b>13.3 Capital adequacy ratio</b>		

As per Basel Accord guideline incorporated by Bangladesh Bank vide DFIM Circular no.08 dated 02 August 2010 all Financial Institution should calculated capital adequacy ratio based on solo basis as well as consolidated basis.

A Eligible Capital :		
Tier-1 Capital	1,954,397,366	1,794,682,123
Tier-2 Capital	100,770,085	75,525,696
Total Eligible Capital (1+2) :	<u>2,055,167,451</u>	<u>1,870,207,819</u>
B Total Risk Weighted Assets (RWA):	10,020,421,639	8,633,720,748
C Capital Adequacy Ratio (CAR) (A3 / B)*100	20.51%	21.66%
D Core Capital to RWA (A1 / B)*100	19.50%	20.79%
E Supplementary Capital to RWA (A2 / B)*100	1.01%	0.87%
F Minimum Capital Requirement (MCR)	1,002,042,164	863,372,075
Surplus	<u><b>1,053,125,287</b></u>	<u><b>1,006,835,744</b></u>
<b>Core capital (Tier-I)</b>		
Paid up capital (note-13.2)	1,108,800,000	924,000,000
Statutory reserve (note-14)	472,000,000	425,000,000
Share premium (note-15)	3,750,000	3,750,000
General reserve (note-16)	145,000,000	185,000,000
Retained earnings (note-17)	<u>224,847,366</u>	<u>256,932,123</u>
	1,954,397,366	1,794,682,123
<b>Eligible supplementary capital (Tier-II)</b>		
General provision maintained against unclassified loan	100,770,085	75,525,696
Assets Revaluation Reserves up to 50%	-	-
Revaluation Reserve for Securities up to 50%	-	-
All other preference shares	-	-
Other (if any item approved by Bangladesh Bank)	-	-
	<u><b>100,770,085</b></u>	<u><b>75,525,696</b></u>
General provision (Unclassified+SMA+Off balance sheet exposure)	100,770,085	75,525,696
Limit up to 1.25% of RWA for Credit Risk would be eligible as Tier-II capital	114,815,270	98,819,610
Risk Weighted Assets (RWA)		
A Credit Risk	9,185,221,639	7,905,568,800
On- Balance sheet	9,123,021,639	7,879,629,050
Off-Balance sheet	62,200,000	25,939,750
B. Market Risk	-	-
C. Operational Risk	835,200,000	728,151,948
<b>Total: RWA (A+B+C)</b>	<u><b>10,020,421,639</b></u>	<u><b>8,633,720,748</b></u>



	No. of Shares		Percentage		
	2012	2011	2012	2011	
<b>13.4 Percentage of shareholding at the closing date</b>					
(i) Sponsors -	Foreign	22,176,000	18,480,000	20.00	20.00
	Domestic	26,843,448	22,369,540	24.21	24.21
		49,019,448	40,849,540	44.21	44.21
(ii) Financial Institutions and Companies	Foreign	10,094,388	8,411,990	9.10	9.10
	Domestic	24,198,996	21,029,540	21.82	22.76
		34,293,384	29,441,530	30.93	31.86
(iii) General public – Domestic		27,567,168	22,108,930	24.86	23.93
		<b>110,880,000</b>	<b>92,400,000</b>	<b>100.00</b>	<b>100.00</b>

**13.5 Shareholding range on the basis of shareholding as at 31 December 2012**

No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
1 Less than 500	5,666	1,249,049	1.13
2 500 to 5,000	5,795	10,237,981	9.23
3 5,001 to 10,000	553	3,844,588	3.47
4 10,001 to 20,000	295	3,967,664	3.58
5 20,001 to 30,000	94	2,245,466	2.03
6 30,001 to 40,000	42	1,450,904	1.31
7 40,001 to 50,000	21	933,602	0.84
8 50,001 to 100,000	53	3,660,158	3.30
9 100,001 to 1,000,000	54	16,460,336	14.85
10 Above 1,000,000	8	66,830,252	60.27
	<b>12,581</b>	<b>110,880,000</b>	<b>100.00</b>

**14 Statutory reserve**

Balance as at January 01  
Addition during the year  
Balance as at December 31

2012 Taka	2011 Taka
425,000,000	380,000,000
47,000,000	45,000,000
<b>472,000,000</b>	<b>425,000,000</b>

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, at least 20% of post-tax profit or Tk. 45,803,049 has to be transferred to Statutory Reserve Fund. During the year the Company has transferred Tk. 47,000,000 to the Statutory Reserve Fund.

**15 Share premium**

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

**16 General reserve**

Balance at January 01  
Appropriation from current year's profit  
Transfer to retained earnings (for dividend)  
Balance at December 31

185,000,000	271,000,000
-	-
(40,000,000)	(86,000,000)
<b>145,000,000</b>	<b>185,000,000</b>



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>17 Retained earnings</b>		
Balance at January 01	256,932,123	438,192,072
Cash dividend for last year	(69,300,000)	(39,600,000)
Issue of bonus shares for last year	(184,800,000)	(396,000,000)
	<u>(254,100,000)</u>	<u>(435,600,000)</u>
	<b>2,832,123</b>	<b>2,592,072</b>
Addition during the year		
Net profit after taxation	229,015,243	213,340,051
Transfer to statutory reserve	(47,000,000)	(45,000,000)
Transfer to general reserve	-	-
	<u>182,015,243</u>	<u>168,340,051</u>
Transfer from general reserve	40,000,000	86,000,000
Balance at December 31	<b><u>224,847,366</u></b>	<b><u>256,932,123</u></b>
<b>18 Net asset value per share (NAV)</b>		
Total asset	11,816,613,371	10,304,622,202
Total liabilities	9,862,216,005	8,509,940,079
Net asset	<u>1,954,397,366</u>	<u>1,794,682,123</u>
Number of share outstanding (current year's)	110,880,000	92,400,000
Net asset value per share	<b><u>17.63</u></b>	<b><u>19.42</u></b>
Restatement of NAV:		
Number of outstanding shares	110,880,000	110,880,000
Net asset	1,954,397,366	1,794,682,123
NAV per share	<b>17.63</b>	<b>16.19</b>
<b>19 Contingent liabilities</b>		
<b>19.1 Letters of guarantee</b>		
Letters of guarantee (Local)	98,810,698	20,751,800
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	<b><u>98,810,698</u></b>	<b><u>20,751,800</u></b>

**Guarantees**

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

Money for which the Company is contingently liable in respect of guarantees given favoring:

Banks and other financial institutions	98,810,698	20,751,800
Directors or officers	-	-
Government	-	-
Others	-	-
	<b><u>98,810,698</u></b>	<b><u>20,751,800</u></b>



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>20 Profit and loss account</b>		
<b>Income:</b>		
Interest, discount and similar income (note-20.1)	1,439,757,246	1,166,501,656
Dividend income	11,144,319	13,271,458
Fees, commission and brokerage	-	-
Gains less losses arising from dealing in securities	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	-	-
Income from non-Company assets	-	-
Other operating income	42,875,154	66,510,398
Profit less losses on interest rate changes	-	-
	<b>1,493,776,719</b>	<b>1,246,283,512</b>
<b>Expenses:</b>		
Interest, fee and commission etc.	847,342,223	613,190,698
Administrative expenses (note-20.2)	211,219,223	186,285,850
Other operating expenses	28,298,962	22,416,663
Depreciation on Company's fixed assets	22,901,068	20,050,250
	<b>1,109,761,476</b>	<b>841,943,461</b>
	<b>384,015,243</b>	<b>404,340,051</b>
<b>20.1 Interest, discount and similar income</b>		
Interest on loan, advances and leases	1,439,757,246	1,166,501,656
Interest on bonds	-	-
Discount income	-	-
Interest on debentures	-	-
	<b>1,439,757,246</b>	<b>1,166,501,656</b>
<b>20.2 Administrative expenses</b>		
Salary and allowances	146,934,455	126,518,980
Rent, taxes, insurance, electricity etc.	29,018,861	23,310,483
Legal expenses	6,668,510	5,458,547
Postage, stamp, telecommunication etc.	5,765,193	4,547,004
Stationery, printing, advertisement etc.	4,797,115	3,321,618
Managing Director's salary and benefits	7,171,479	7,010,196
Directors' fees	263,250	232,300
Auditors' fees	138,000	138,000
Repairs and maintenance of the Company's assets	10,462,360	15,748,722
	<b>211,219,223</b>	<b>186,285,850</b>
<b>21 Interest income</b>		
Lease and hire purchase	867,831,751	741,708,421
Term loan and home loan	217,080,891	175,670,058
Short term financing	170,040,094	118,840,545
<b>Total interest on lease, loans and advances</b>	<b>1,254,952,736</b>	<b>1,036,219,024</b>
Interest on fixed deposit with banks and other financial institutions	174,601,510	96,196,060
Interest on call loans	10,104,472	16,494,375
Interest on balance with banks and other financial institutions	98,528	1,089,244
	<b>1,439,757,246</b>	<b>1,149,998,703</b>



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>22 Interest paid on deposits, borrowing etc.</b>		
<b>a) Interest paid on deposits</b>		
Deposits from other than banks and financial institutions	666,571,239	457,543,999
Deposits from banks and financial institutions	4,436,816	25,457,231
Direct deposit expenses	17,709,580	24,051,173
Interest bearing security deposits	8,023,632	9,260,515
	<b>696,741,267</b>	<b>516,312,918</b>
<b>b) Interest paid for borrowing</b>		
Bank loans	39,185,188	26,374,077
Bangladesh Bank refinance	34,863,210	34,593,382
Call loan	14,504,014	11,975,764
Overdraft	62,048,544	23,342,615
Finance charge on capital lease	-	229,968
	150,600,956	96,515,806
	<b>847,342,223</b>	<b>612,828,724</b>
<b>23 Investment income</b>		
Interest on bonds	-	-
Interest on debentures	-	-
Discount income	-	-
Gain on sale of shares	-	-
Dividend on shares	11,144,319	13,271,458
	<b>11,144,319</b>	<b>13,271,458</b>
<b>24 Other operating income</b>		
Realised from write-off assets	-	32,000,000
Reimbursement - invoice processing and collection costs	13,889,329	10,832,976
Early repayment premium	1,107,782	4,221,963
Reimbursement-documentation costs	9,390,989	5,984,224
Late payment charges	12,712,952	19,613,796
Profit on sale of fixed assets	14,000	76,917
Miscellaneous earnings	5,760,102	9,921,501
	<b>42,875,154</b>	<b>82,651,377</b>
<b>25 Salaries and allowances</b>		
Basic salary, provident fund contribution and all other allowances	118,266,465	105,916,539
Festival and incentive bonus	28,667,990	20,602,441
	<b>146,934,455</b>	<b>126,518,980</b>
<p>Part of the cost, compared to 2011, increased due to full year's impact of the recruitment in the year before in 2012, inclusion of offices in Rangamati, Khulna and Rajshahi, as well as normal increment.</p>		
<b>26 Rent, taxes, insurance, electricity etc.</b>		
Rent, rate and taxes	19,784,271	16,113,632
Insurance	2,979,158	2,716,875
Electricity, gas and water	6,255,432	4,479,976
	<b>29,018,861</b>	<b>23,310,483</b>

Cost increased mainly due to expansion of office network which added 3,534 sq. ft. office space (in 3 locations) in 2012. 3,784 sq. ft. (in 3 locations) office spaces added during 2011 had full years impact. The increase in the Value Added Tax (VAT) rate from 4.5% to 15% on these services also contributed to cost increase.



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>27 Legal expenses</b>		
Legal expenses	6,668,510	5,458,547
	<b>6,668,510</b>	<b>5,458,547</b>

Legal expenses include expenses related to professional fees and other incidental fees relating to recovery of lease, loans. Recovery efforts increased proportional to increase in number of clients and lease/loan agreements due to increase in business volume. Other major contributors were stamp cost, which doubled and increased VAT rate from 4.5% to 15% on legal fees.

### 28 Postage, stamp, telecommunication, etc.

Postage, stamp, Internet	1,895,263	1,490,486
Telephone - Mobile and T & T	3,869,930	3,056,518
	<b>5,765,193</b>	<b>4,547,004</b>

The cost head includes all expenses related to maintaining communication and interaction with the branches – branch networking, bandwidth charges, mobile bills, courier, etc. In 2012, 2 branches were connected through a Wide Area Network (WAN), taking the total to 8, with the head office. The increase in the number of branches and increase in the number of mobile phones to support the growing marketing team mainly contributed to the cost increase.

### 29 Stationery, printing and advertisements, etc.

Printing and stationery	2,010,624	1,874,121
Publicity and advertisement	2,786,491	1,447,497
	<b>4,797,115</b>	<b>3,321,618</b>

Advertisement expense is the major contributor in the cost increase, which was due to bill boards, sign boards in all the offices and advertisement in the local/regional newspapers. Cost of printing increased to meet the need of growing office network, business volume and redesign of the deposit forms to meet regulatory requirement under the Anti Money Laundering and Terrorist Financing Act.

### 30 Managing Director's salary and benefits

Remuneration	4,390,000	4,031,680
Other benefits	2,781,479	2,978,516
	<b>7,171,479</b>	<b>7,010,196</b>

### 31 Directors' fees

Directors' fees	263,250	232,300
	<b>263,250</b>	<b>232,300</b>

Directors' fee include fees for attending the meeting by the non-executive Directors. Each Director was paid @Tk. 5,000 per meeting as attendance fee including VAT.

### 32 Auditors' fees

Statutory audit fee (including VAT)	138,000	138,000
	<b>138,000</b>	<b>138,000</b>



	<b>2012 Taka</b>	<b>2011 Taka</b>
<b>33 Depreciation and repair of Company's assets</b>		
<b>Depreciation - (Annexure-A)</b>		
Furniture and fixture	9,461,915	8,757,186
Electrical equipment	7,825,992	6,796,181
Motor vehicle	5,586,771	4,474,565
Office equipment	26,390	22,317
	<b>22,901,068</b>	<b>20,050,250</b>
<b>Repairs</b>		
Equipment	462,138	1,204,292
Maintenance of other assets	6,094,227	7,822,995
Vehicles	3,905,995	6,721,435
	<b>10,462,360</b>	<b>15,748,722</b>
	<b>33,363,428</b>	<b>35,798,972</b>
<b>34 Other expenses</b>		
Training expenses	70,000	40,000
Books, magazines and newspapers, etc.	119,363	105,177
Staff and uniforms	21,000	129,497
Medical expenses	751,388	373,193
Fees and subscription	1,682,747	1,223,928
Bank charges and commission paid	1,341,091	1,150,262
CNG, petrol, oil and lubricant	4,983,554	3,624,495
Entertainment	1,396,845	1,427,905
Office expenses	5,211,335	2,018,845
Business promotion expenses	2,587,059	4,009,080
Annual General Meeting/Shareholder expenses	4,773,143	4,326,227
Travelling and conveyance expenses	5,361,437	3,988,053
	<b>28,298,962</b>	<b>22,416,663</b>
<p>Increase is mainly due to expenditure for security as compliance to Bangladesh Bank's requirement to provide full time security at all the offices of the Company, increased for the new 3 offices opened in 2012 and also full year's impact of the cost of the 3 offices opened in 2011. Hike in fuel prices increased Company's cost of consumption of fuel for traveling under the head of CNG, petrol, oil and lubricant. This also increased the traveling and conveyance expense which is the cost of the marketing personnel incurred to visit clients, in most cases, to other districts or sub-districts.</p>		
<b>35 Provision against lease, loans and advances</b>		
On classified loans (note-12.4)	-	32,874,241
On un-classified loans (note-12.4)	35,000,000	2,125,759
	<b>35,000,000</b>	<b>35,000,000</b>
(Please see note-2.12.1)		
<b>36 Provision for taxation</b>		
<u>Current tax</u>		
Corporate tax for the year on operating profit (note-12.5)	124,458,107	158,668,751
Corporate tax for the year on non-operating profit	-	-
	124,458,107	158,668,751
<u>Deferred tax</u>		
Deferred tax (note-9.2)	(4,458,107)	(2,668,751)
	(4,458,107)	(2,668,751)
	<b>120,000,000</b>	<b>156,000,000</b>



**37 Earnings per share (EPS)**

Net profit after tax  
 Number of ordinary shares outstanding  
 Earnings per share (EPS)

**Restatements of EPS:**

Number of ordinary shares outstanding (current year's)  
 Net profit after tax

	<b>2012 Taka</b>	<b>2011 Taka</b>
	229,015,243	213,340,051
	110,880,000	92,400,000
	<b>2.07</b>	<b>2.31</b>
	110,880,000	110,880,000
	229,015,243	213,340,051
	<b>2.07</b>	<b>1.92</b>

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2012 as per Bangladesh Accounting Standard (BAS) -33. According to BAS 33, EPS for 2011 has been restated for the issues of bonus share in 2012.

**38 Receipts from other operating activities**

Realised from write-off assets  
 Reimbursement - invoice processing and collection costs  
 Early repayment premium  
 Reimbursement-documentation costs  
 Proceeds on titleship transfer  
 Miscellaneous earnings  
 Profit on sale of fixed assets

	-	32,000,000
	13,889,329	11,176,898
	1,107,782	10,323,576
	9,390,989	6,070,605
	12,712,952	1,871,627
	5,760,102	4,913,857
	14,000	76,917
	<b>42,875,154</b>	<b>66,433,480</b>

**39 Payments for other operating activities**

Rent, taxes, insurance, electricity, etc.  
 Repairs and maintenance  
 Travelling and conveyance expenses  
 Business promotion expenses  
 Annual General Meeting/Shareholder expenses  
 Entertainment  
 Bank charges and commission paid  
 Fees and subscription  
 Medical expenses  
 Directors' fees  
 Books, magazines and newspapers, etc.  
 Liveries and uniforms  
 Training expenses  
 Office expenses

	29,018,861	23,310,483
	10,462,360	15,748,722
	5,361,437	3,988,053
	2,587,059	6,509,080
	4,773,143	4,326,227
	1,396,845	1,427,905
	1,341,091	1,150,262
	1,682,747	1,223,928
	751,388	373,193
	263,250	232,300
	119,363	105,177
	21,000	129,497
	70,000	40,000
	4,768,488	2,018,845
	<b>62,617,032</b>	<b>60,583,672</b>

**40 Number of employees**

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a were 236 (2011:240). The number of employees at the end of the year was 209 (2011:196).

**41 Related Party Disclosures**

## 41.1 Particulars of Directors of the Company as on December 31, 2012

Sl no.	Name of Directors	Designation	Shareholding status
1.	Imran Ahmed	Chairman	Nominated by Lawrie Group Plc., UK having share of 20%
2.	Peter J. Field	Director	
3.	A. Rouf	Director	Nominated by United Insurance Co. Ltd. having share of 20.64%
4.	L. H. Khan	Director	
5.	A. F. M. M. Samad Choudhury	Director	
6.	Shama Rukh Alam	Director	Nominated by Surmah Valley Tea Co. Ltd. having share of 8.27%
7.	M. Nurul Alam	Director	
8.	M. Abdul Wahed	Independent Director	Not applicable; no shareholdings.
9.	Daud Khan Panni	Independent Director	Not applicable; no shareholdings.
10.	Syed Ehsan Quadir	Managing Director	Not applicable, Ex-officio capacity



## 41.2 Name of Directors and their interest in different entities as on December 31, 2012

Sl no.	Name of Directors	Status with ULC	Entities where they have interest
1.	Imran Ahmed	Chairman	<b>Director</b> 1. Eastland Camellia Ltd. 2. Duncan Properties Ltd. 3. Octavius Steel & Co. of BD Ltd. 4. Duncan Brothers (BD) Ltd. 5. Duncan Products Ltd. 6. Chittagong Ware-House Ltd. 7. Surmah Valley Tea Co. Ltd. 8. The Lungla (Sylhet) Tea Co. Ltd. 9. The Allynugger Tea Co. Ltd. 10. Amo Tea Co. Ltd. 11. The Chandpore Tea Co. Ltd. 12. The Mazdehee Tea Co. Ltd.
2.	A. Rouf	Director	<b>Director</b> 1. The Lungla (Sylhet) Tea Co. Ltd. 2. The Allynugger Tea Co. Ltd. 3. Amo Tea Co. Ltd. 4. The Chandpore Tea Co. Ltd. 5. The Mazdehee Tea Co. Ltd. 6. Octavius Steel & Co. of BD Ltd. 7. Duncan Brothers (BD) Ltd. 8. Duncan Products Ltd. 9. Chittagong Warehouse Ltd. 10. Eastland Camellia Ltd. 11. Duncan Properties Ltd.
3.	Peter J. Field	Director	<b>Director</b> 1. The Lungla (Sylhet) Tea Co. Ltd. 2. The Allynugger Tea Co. Ltd. 3. Amo Tea Co. Ltd. 4. The Chandpore Tea Co. Ltd. 5. The Mazdehee Tea Co. Ltd. 6. Eastland Camellia Ltd. 7. Surmah Valley Tea Co. Ltd. 8. Duncan Properties Ltd.
4.	L. H. Khan	Director	<b>Chairman</b> National Brokers Ltd.
5.	Shama Rukh Alam	Director	<b>Director</b> 1. Duncan Brothers (BD) Ltd. 2. Octavius Steel & Co. of BD Ltd. 3. Duncan Products Ltd. 4. Chittagong Warehouse Ltd. 5. Eastland Camellia Ltd. 6. Duncan Properties Ltd.
6.	M. Nurul Alam	Director	—
7.	A. F. M. M. Samad Chowdhury	Director	—
8.	M. Abdul Wahed	Independent Director	—
9.	Daud Khan Panni	Independent Director	—
10.	Syed Ehsan Quadir	Managing Director	—

**41.3 Transactions with Directors and their related entities**

Name of the Party	Name of Directors	Related by	Nature of transaction	Amount in Taka	Status of loan and advances
The Lungla (Sylhet) Tea Co. Ltd.	Imran Ahmed	Common Director	Lease financing	4,703,346	Regular
	Peter J. Field	-Do-	Term Deposit	74,025,000	
Amo Tea Co. Ltd.	A. Rouf	-Do-			Regular
	Imran Ahmed	-Do-	Lease financing	167,203	
Duncan Properties Ltd.	Peter J. Field	-Do-	Term Deposit	71,000,000	Regular
	A. Rouf	-Do-			
Macalms Bangladesh Trust	Imran Ahmed	-Do-	Term deposit	26,784,937	Regular
	Peter J. Field	-Do-	Office rent paid	117,192	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
National Brokers Limited	Imran Ahmed	-Do-	Term deposit	9,650,198	
Duncan Brothers (BD) Ltd.	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
	L. H. Khan	-Do-	Term deposit	10,008,902	
The Mazdehee Tea Co. Ltd.	Imran Ahmed	-Do-	Term deposit	26,784,937	Regular
	Peter J. Field	-Do-	Office rent paid	3,945,456	
	A. Rouf	-Do-			
The Chandpore Tea Co. Ltd.	Imran Ahmed	-Do-	Term deposit	28,000,000	Regular
	Peter J. Field	-Do-			
	A. Rouf	-Do-			
Surmah Valley Tea Co. Ltd.	Imran Ahmed	-Do-	Term deposit	22,500,000	Regular
	Peter J. Field	-Do-			



#### 42 Commitment

##### *Capital expenditure*

The Company had Taka 1.2 million capital expenditure commitment contracted at December 31, 2012. (2011: nil).

##### *Commitment to lend*

Under a lease/loan commitment the Company agrees to make funds available to customers in the future. Lease/loan commitments, which are usually for a specified term may be unconditionally cancellable or may persist, provided all conditions in the lease/loan facility are satisfied or waived. At the end of the year 2012, the Company had Taka 373,619,760 commitment with customers (2011: Taka 235,000,277).

#### 43 Claim against Company not acknowledged as debt

There were no such claims against the Company which required to be acknowledged as debt at December 31, 2012.

#### 44 Proposal of dividend

The Board of Directors has recommended a cash dividend of Tk. 0.50 per ordinary share i.e. a total of Tk. 55.44 million for 110.88 million ordinary shares and 3 bonus shares for every 20 shares held for the year ended December 31, 2012.

#### 45 Dividend Remitted to non-resident shareholders

An amount of Tk.12,474,000 equivalent to GBP 96,018 (2010: Tk 3,022,577 equivalent to GBP 25,309.35) was remitted to non-resident shareholder as dividend for the year 2011.

#### 46 Foreign currency transactions

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



47. Highlights on the overall activities

Sl no.	Particulars		2012	2011
1	Paid-up capital (note-13.2)	MBDT	1,108.80	924.00
2	Total Eligible capital (note-13.3)	MBDT	2,055.17	1,870.21
3	Capital surplus (note-13.3)	MBDT	1,053.13	1,006.84
4	Total assets	MBDT	11,816.61	10,304.62
5	Total Term deposits (note-11.1)	MBDT	5,965.19	4,681.67
6	Total lease, loans and advances (note-7.1)	MBDT	9,014.17	7,866.95
7	Total contingent liabilities and commitments (note-19)	MBDT	98.81	20.75
8	Loan to deposit ratio (note-7.1/note-11.1)		1.51	1.68
9	Percentage of classified lease, loans and advances against total leases, loans and advances (note-7.8)	(%)	3.21	4.07
10	Profit after tax and provision	MBDT	229.02	213.34
11	Amount of loans classified during the year	MBDT	146.29	60.51
12	Provisions kept against classified loans (note-12.4)	MBDT	356.61	440.79
13	Provision surplus (note-12.4)	MBDT	176.83	208.66
14	Cost of fund	(%)	12.88	10.92
15	Interest earning assets	MBDT	10,954.94	9,481.99
16	Non-interest earning assets	MBDT	861.68	822.63
17	Return on Equity	(%)	12.22	12.49
18	Net Return to total earning assets	(%)	2.09	2.25
19	Income from investment in shares	MBDT	11.14	13.27
20	Earnings per share	BDT	2.07	1.92
21	Net income per share*	BDT	2.07	1.92
22	Price earning ratio**	Times	15.11	29.26

MBDT= Bangladeshi Taka in Million, BDT= Bangladeshi Taka

\* Since ULC does not have any minority interest, EPS and net income per share remain same.

\*\* Based on December 31 market price of the respective year.



## Annexure - A

(From note - 8)

## Fixed assets including furniture and fixture

	<b>Amount in Taka</b>				
	<b>Furniture &amp; Fixture</b>	<b>Office equipment</b>	<b>Electrical equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
<b>Cost</b>					
Balance at January 1, 2012	71,079,271	250,469	42,999,328	31,421,387	145,750,455
Addition during the year	5,658,817	41,490	8,180,014	6,911,027	20,791,348
Disposal/adjustment	-	-	-	(350,000)	(350,000)
<b>Balance at December 31, 2012</b>	<b>76,738,088</b>	<b>291,959</b>	<b>51,179,342</b>	<b>37,982,414</b>	<b>166,191,803</b>
<b>Accumulated depreciation</b>					
Balance at January 1, 2012	24,180,652	168,916	26,775,311	17,139,527	68,264,406
Charge for the year	9,461,915	26,390	7,825,992	5,586,770	22,901,068
Disposal /adjustment	-	-	-	(210,000)	(210,000)
<b>Balance at December 31, 2012</b>	<b>33,642,567</b>	<b>195,306</b>	<b>34,601,303</b>	<b>22,516,297</b>	<b>90,955,474</b>
<b>WDV at December 31, 2012</b>	<b>43,095,521</b>	<b>96,653</b>	<b>16,578,039</b>	<b>15,466,117</b>	<b>75,236,329</b>
<b>WDV at December 31, 2011</b>	<b>46,898,619</b>	<b>81,553</b>	<b>16,224,018</b>	<b>14,281,860</b>	<b>77,486,050</b>

During the year the Company sold the following fixed assets:

	<b>Motor Vehicle (Taka)</b>
Cost	350,000
Accumulated depreciation	(210,000)
Book value	140,000
Sale proceeds	154,000
Profit/(loss) on disposal	<b>14,000</b>
Buyer	Employee
Mode of disposal	Acquired by user

**Annexure - B**  
(From note - 12.5)

Corporate Tax Status as on December 31, 2012

Income year	Assessment year	Tax Provision as per Accounts (Taka)	Tax assessed by DCT (Taka)	Excess/(Short) Provision (Taka)	Present Status
2004	2005-2006	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2005	2006-2007	11,854,373	9,246,714	2,607,659	The file was reopened u/s 120 and not yet finalized
2006	2007-2008	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2007	2008-2009	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2008	2009-2010	152,661,018	143,882,192	8,778,826	Under process for 3rd Appeal-High Court Division.
2009	2010-2011	160,777,489	91,278,065	69,499,424	Assessment completed and under process at first Appeal level
2010	2011-2012	200,990,166	-	-	Return submitted and assessment is under process at DCT level
2011	2012-2013	158,668,751	-	-	Return submitted and waiting for assessment at DCT level
2012	2013-2014	124,458,107	-	-	Return yet to be submitted



# Stakeholders' Segment



## COMPANY INFORMATION

### Board of Directors

#### Chairman

Imran Ahmed

#### Nominated by

: Lawrie Group Plc of the U.K.

#### Directors

Peter J. Field

: Lawrie Group Plc of the U.K.

A. Rouf

: United Insurance Company Limited

L. H. Khan

: United Insurance Company Limited

Shama Rukh Alam

: Surmah Valley Tea Company Limited

M. Nurul Alam

: Surmah Valley Tea Company Limited

A. F. M. Misfaqus Samad Choudhury

: United Insurance Company Limited

#### Independent Directors

M. Abdul Wahed

Daud Khan Panni

#### Ex- officio Director

Syed Ehsan Qadir, Managing Director

#### Chief Financial Officer

Zafar Ullah Khan

#### Company Secretary

Sharmi Noor Nahar



## COMPANY INFORMATION

**Registered Office:** Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka - 1000  
PABX: (880-2) 9669006, Fax: (880-2) 9662596  
Website: www.ulc.com.bd, E-mail: webmail@ulc.com.bd

### Other Offices

#### Dhaka

Noor Tower (3<sup>rd</sup> Floor), 110 B. U. C. R. Dutta Road (Sonargaon Road), Dhaka-1205.  
Telephone: (880-2) 9662923

#### Bongshal

57 Shahid Syed Nazrul Islam Soroni (3<sup>rd</sup> & 4<sup>th</sup> Floor), Bongshal, Dhaka.  
Telephone: (880-2) 7165955-6  
E-mail: bongshal@ulc.com.bd

#### Chittagong

C & F Tower (5<sup>th</sup> Floor), 1712 Sheikh Mujib Road, Agrabad Commercial Area, Chittagong.  
PABX: (880-31) 714882, 2519948  
Fax: (880-31) 2519949, E-mail: ctg@ulc.com.bd

#### Jessore

Rashid Center (2<sup>nd</sup> Floor), 7/A R.N. Road Jessore.  
Telephone: (880-421) 68425, 68426  
E-mail: jes@ulc.com.bd

#### Rangpur

75/76 Station Road (3<sup>rd</sup> Floor), Rangpur.  
Telephone: (880-521) 53397  
E-mail: rang@ulc.com.bd

#### Chuadanga

941-03 Post Office Para, Shahid Abul Kashem Sarak Barabazar, Chuadanga.  
Telephone: (880-761) 63995-6  
E-mail: chuadanga@ulc.com.bd

#### Gazipur

Islam Plaza (3<sup>rd</sup> Floor), Joydevpur Chowrasta, Chandana, Gazipur. Telephone: (880-2) 9257255,  
E-mail: gaz@ulc.com.bd

#### Rajshahi

111 Habib Plaza (2<sup>nd</sup> Floor), Saheb Bazar (Zero Point) Ghoramar, Boalia, Rajshahi, Mobile: 01755538020

#### Bogra

Saha Complex (2<sup>nd</sup> Floor), Jhawtola, Kabi Nazrul Islam Road, Bogra.  
Telephone: (880-051) 69873,  
E-mail: bog@ulc.com.bd

#### Sylhet

Holy Complex (2<sup>nd</sup> Floor), East Dargah Gate, Sylhet- 3100. Telephone: (880-821) 2830195, 2830736, E-mail: syl@ulc.com.bd

#### Belkuchi

Amin Razzak Plaza (2<sup>nd</sup> Floor) 130 Makundagati Bazar, Belkuchi, Sirajgonj.  
Telephone: (880-7522) 56428  
E-mail: bel@ulc.com.bd

#### Chowmuhani

GDS Bhaban (3<sup>rd</sup> floor), Feni Road, Chowmuhani, Noakhali. Telephone: (880-0321) 51086, 51093  
E-mail: noakhali@ulc.com.bd

#### Barisal

119 Sadar Road (3<sup>rd</sup> floor), Barisal.  
Telephone: (880-0431) 61747, 2177408  
E-mail: bari@ulc.com.bd

#### Farmgate

Northern S.R. Tower (3<sup>rd</sup> Floor), 49 Bir Uttam Ziaur Rahman Road (Old Airport Road), Tejgaon, Dhaka. Telephone: (880-2) 9103002, 9102879

#### Rangamati

H.B. Plaza (2<sup>nd</sup> Floor), 72/MA Banarupa, Rangamati, Mobile: 01713185783,

#### Khulna

Hui House (1<sup>st</sup> Floor), 77 Gagan Babu Road Khulna



## MILESTONES

Incorporation and commencement of operation	1989
Public issue and trading of shares on Dhaka Stock Exchange	1994
Commencement of credit sale financing operation	2005
Commencement of public deposit mobilisation	2005
Commencement of home loan	2007
Increase of authorised capital	2011

### Offices opened

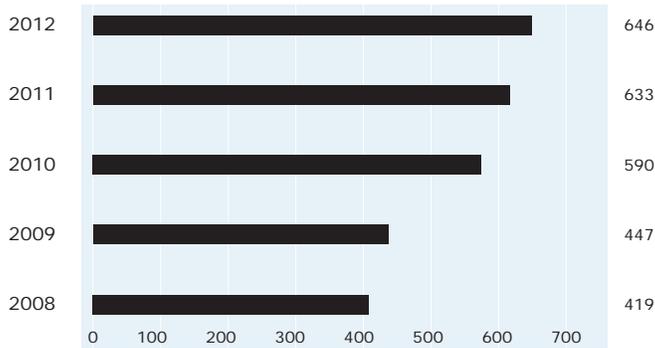
Chittagong, Agrabad	1994
Jessore, R.N. Road	2005
Gazipur, Joydevpur Chowrasta	2006
Bogra, Jhawtola	2006
Sylhet, East Dargah Gate	2009
Belkuchi, Makundagati Bazar, Sirajgonj	2010
Rangpur, Station Road	2010
Chuadanga, Barabazar	2010
Bongshal, Shahid Syed Nazrul Islam Soroni	2010
Chowmuhani, Feni Road, Noakhali	2011
Barisal, Sadar Road	2011
Farmgate, Bir Uttam Ziaur Rahman Road	2011
Rangamati, Banarupa	2012
Rajshahi, Saheb Bazar	2012
Khulna, Gagan Babu Road	2012



## PERFORMANCE INDICATORS

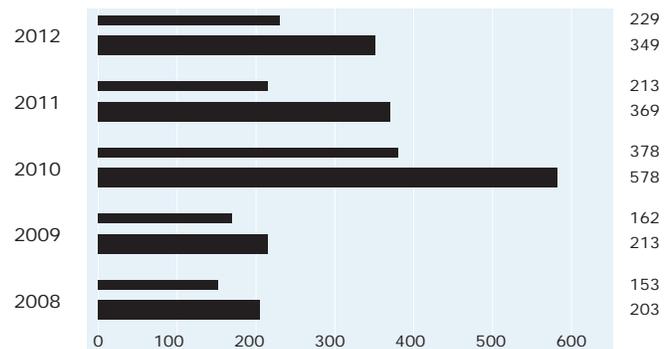
### Operating income

Taka in million



### Profit before & after tax

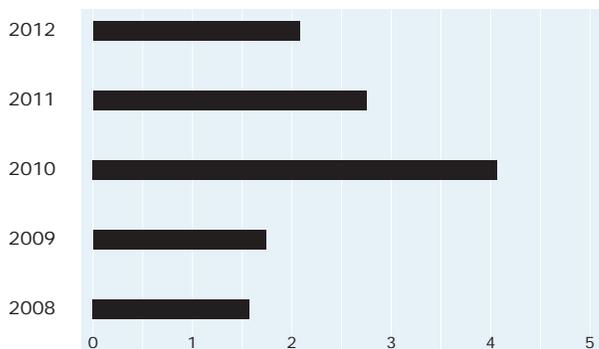
Taka in million



■ Profit after tax  
■ Profit before tax

### Earning per share (EPS)

Amount in Taka

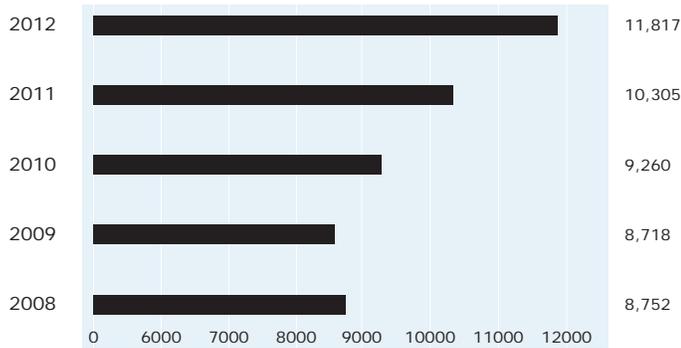




## PERFORMANCE INDICATORS

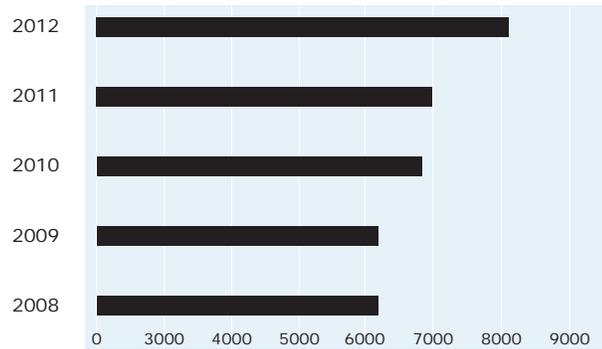
### Total asset

Taka in million



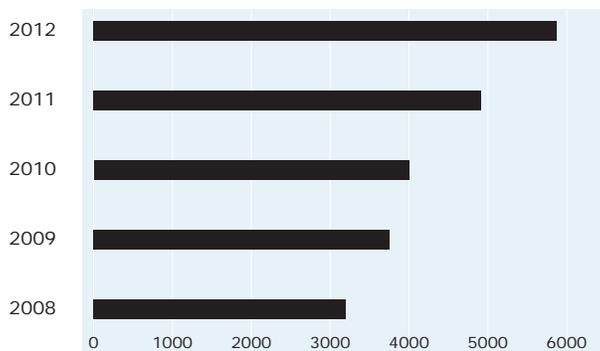
### Lease, loans and advances

Taka in million



### Term deposit

Taka in million

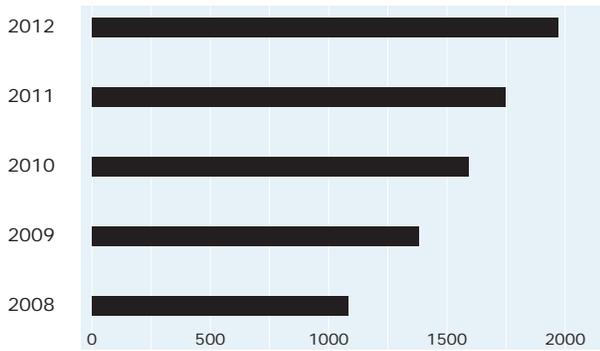




## PERFORMANCE INDICATORS

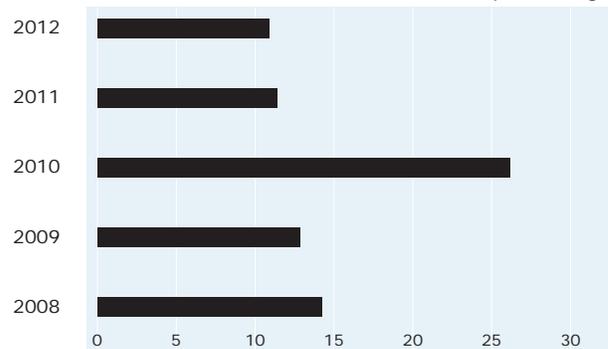
### Shareholders' equity

Taka in million



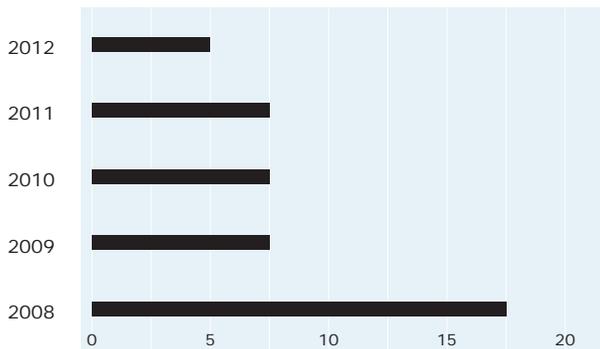
### Return on equity

In percentage



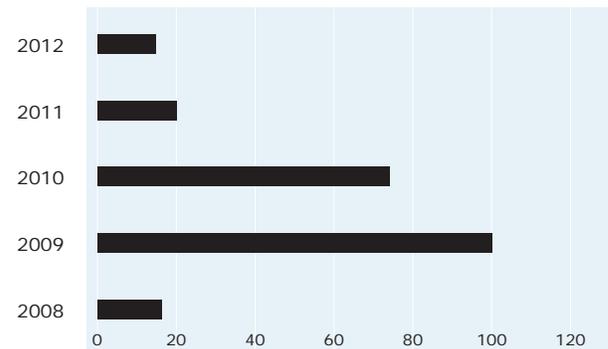
### Cash dividend

In percentage



### Stock dividend

In percentage





**Note**

A series of horizontal dotted lines for writing notes.



**UNITED LEASING COMPANY LIMITED**

Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka-1000

**PROXY FORM**

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

of \_\_\_\_\_

being a member of United Leasing Company Limited do hereby appoint

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

of \_\_\_\_\_

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

of \_\_\_\_\_

as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on March 28, 2013 at 10:00 a.m. and at any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013



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

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

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

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

**N.B: IMPORTANT**

- (1) This Form of Proxy, duly completed, must be deposited at least 48 hours before the meeting at the Company's registered Office. Proxy is invalid if not signed and stamped as explained above.
- (2) Signature of the Shareholder should agree with the specimen Signature registered with the Company and depository register.

**UNITED LEASING COMPANY LIMITED**

Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka-1000

**ATTENDANCE SLIP**

I hereby record my attendance at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company being held on Thursday, March 28, 2013 at 10:00 a.m. at the Trust Milonayaton, 545 Old Airport Road, Dhaka Cantonment, and Dhaka.

Name of Member/Proxy \_\_\_\_\_ Signature \_\_\_\_\_

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

- N.B: i) Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.
- ii) Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.

