



UNITED FINANCE

ANNUAL REPORT 2021



UNITED FINANCE LIMITED

Annual Report 2021



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NOTICE OF THE THIRTY THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Third Annual General Meeting (AGM) of the shareholders of United Finance Limited will be held on **Tuesday, May 17, 2022 at 3:00 p.m.** through a digital platform in accordance with the Bangladesh Securities and Exchange Commission (BSEC) order no. SEC/SRMIC/94-231/91 dated March 31, 2021 to transact the following business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2021.
2. To declare Dividend for 2021.
3. To elect Directors and to approve the reappointment of Independent Director.
4. To consider the appointment of Statutory Auditors for the year 2022 and fix their remuneration.
5. To consider the appointment of Corporate Governance Compliance Auditor for the year 2022 and fix their remuneration.

By order of the Board

Dated: Dhaka
April 26, 2022

Sharmi Noor Nahar
Company Secretary

Notes:

1. The Shareholders whose name appeared in the Members'/Depository Register on Record Date i.e., April 17, 2022 will be eligible to attend/participate and vote in the Annual General Meeting through digital platform and to receive Dividend.
2. A shareholder entitled to attend/participate and vote at the meeting may appoint a proxy to attend/participate and vote in his/her stead. The scanned copy of the proxy form duly affixed with a revenue stamp of Tk 20.00 must be e-mailed to investor.relations@unitedfinance.com.bd no later than 48 hours before the day of the Annual General Meeting.
3. The link for participating in the AGM through a digital platform will be notified to the e-mail addresses provided in the Beneficiary Owners (BO) account of the respective shareholders held with Depository Participant (DP).
4. Shareholders who changed/amended their e-mail addresses or opened new e-mail addresses after the Record Date are requested to e-mail the details to investor.relations@unitedfinance.com.bd along with full name, Folio/BO ID to receive the digital platform meeting invitation.
5. Full login/participation process to the digital platform meeting will also be available in the Company website www.unitedfinance.com.bd.
6. The soft form of Annual Report 2021 will be forwarded to the e-mail addresses of the shareholders available in their Beneficiary Owners (BO) account maintained with Depository Participant (DP). The Annual Report 2021 and proxy form will be available in the Company website www.unitedfinance.com.bd.



CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board of Directors, I welcome you all to the 33rd Annual General Meeting of United Finance Limited. I take this opportunity to brief you on the state of the economy, the financial services sector and the Company's performance during 2021.

Global Economic Performance

The global economy posted a growth of 5.5% in 2021 after contracting 3.4% in 2020. The growth in 2021 was 1.9% higher than in 2019.

In the middle of 2021, countries were forced to re-impose mobility and other restrictions due to a resurgence in COVID-19 cases, leading to severe supply chain disruptions. With higher commodity and energy prices, these disruptions triggered rapid inflation. As a result, global headline inflation rose to an estimated 5.2% in 2021 which is 2% higher than the past 10 years' inflation trend. The inflation was particularly acute in USA, EU, Latin America and the Caribbean. Despite this, international trade in commodities bounced back, surpassing the pre-pandemic level whereas the trade in services and international tourism remained subdued.

Bangladeshi Economic Performance

Bangladesh withstood the strains created by the pandemic, recovering much faster than its regional peers. As a result, the country posted a 6.94% growth in FY21. This growth came from strong consumer confidence as indicated by a 50% increase in credit card transactions and 37% growth in Mobile Financial Services (MFS) transaction amount and uptake in the private sector investment as indicated by the sectoral credit growth of 10.68% in 2021.

In terms of industrial production, the country registered a 5.71% growth. Moreover, the increased output improved our export performance which saw a 30% growth in 2021 over the previous year. On the other hand, imports grew by 53%. These indicate rising consumer confidence, and a movement towards economic recovery. In addition, remittance inflows remained high bolstering the foreign exchange reserve to the USD 46 billion level by Dec-21.

The average inflation rate stood at 5.54% at the end of 2021, 0.15% lower than in the previous year. This decrease is due to the lower non-food inflation rate, although, food inflation was higher in FY21.

Financial Services Sector

Bangladesh Bank had adopted a highly supportive monetary policy since the onset of the COVID-19 pandemic, encouraging the financial services sector to finance activities that ensured production growth and price stability.

Reserve Money (RM) grew by 22.41%, compared to 15.67% in FY20. This was mainly because of higher than projected growth in net foreign assets. Despite rising global inflation, disrupted supply chains, and downward pressure on the currency from substantial inward remittances, Bangladesh Bank managed to keep the BDT to USD exchange rate between 84.80 and 85.80 during 2021.

On the other hand, with the emergence of new and faster-spreading COVID-19 variants, the financial services sector came under renewed pressure after the first quarter of 2021. Moreover, as a domino effect of the imposition of the single digit lending rate regime for banks, NBFI spreads went down by 20 basis points to 3.12%.

Company Performance

The Earnings per Share of your Company increased to BDT 1.19 in 2021 from BDT 1.13 in 2020 and Net Asset Value increased from BDT 17.11 in 2020 to BDT 17.30 in 2021.

The Company registered a 6.27% rise in operating revenue from 2020, contributing to a 5.21% increase in the net profit.



BUSINESS

Deposit Products

The overall deposit portfolio consisting mainly of corporate entities, organisations and individuals grew by 11% in 2021, signifying increasing public confidence in the stability of your Company.

Lease, Loans and Advances Products

The lease, loans and advances portfolio of the Company grew by 14% from BDT 15.1 billion to BDT 17.2 billion this year. The lending activities of your Company in 2021 were consciously focused on areas identified by the government and central bank to be crucial to the economic recovery of the country.

Cost Administration

Operational costs increased by 11% due to the overall increase in business activities and competitive and inflationary pressures. This was primarily due to an increase in salaries of 8% in 2021 compared to 3% in the previous year.

Risk Management

The risk management objective for 2021 was to continue to follow a structured and data-driven approach to managing risks and enhancing risk mitigation techniques. Your Company put in place a robust early alert mechanism to identify clients with potential cash flow difficulties for proactive account management.

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

Sustainability Initiatives

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

Outlook

The world economies appear to be poised for a rebound from the slowdown of the last two years. According to the UN's current forecast, world economies will exceed the pre-pandemic output level by at least 7% in 2023. However, a decrease in international trade is likely in 2022 due to the Russia-Ukraine conflict. As a result, inflationary pressures will impact the developed and developing economies to varying degrees.

For Bangladesh, as COVID-related policy supports are eased out, inherent weaknesses will surface leading to further challenges. Consequently, the financial sector will have to recalibrate its activities to ensure their sustainability in the years ahead.

The World Bank has projected a GDP growth of 6.4% in 2022 and 6.9% in 2023 against the backdrop of sound infrastructure development. Bangladesh will have to balance its development and growth objectives against rising costs in the upcoming years. Inflation, particularly non-food inflation in rural and suburban areas, is expected to stay around 7%. Food inflation is also expected to increase as geopolitical tensions remain high.

Your Company will continue to scale up its business operations in a sustainable manner and consistent with the economic growth of Bangladesh. The challenge for your Company in 2022 will be to achieve reasonable business growth side-by-side with maintaining a competitive profit margin, good asset quality and the highest standards of customer service.



Acknowledgement

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

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

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

Sincerely,

Imran Ahmed
Chairman of the Board



BOARD OF DIRECTORS' REPORT

Dear Shareholders:

We are pleased to submit herewith the 33rd annual report of the Company together with the audited financial statements for the year ended December 31, 2021 and the auditors' report thereon.

Principal activities

The principal activities of the Company are:

- Mid to long term finance in the form of lease, term loans and home loans.
- Short term loans to support small business financing needs.
- Deposit taking in the form of term deposits and DPS products.

The above operating activities continued to be limited due to the prevailing COVID-19 restrictions. Despite this, your Company has been recognised as one of the top 5 financial institutions by Bangladesh Bank Sustainability Rating. In addition, the regulator recognised your Company for achieving 100% of the disbursement target in the CMSME sector in FY21.

The year 2021 started on a positive note with lower COVID infection rate and a rebound in economic activities. However, more serious variants of COVID appeared just after the first quarter and economic activity was put in halt once again. The effects of the general state of shut down were felt over the next two quarters. Despite lockdown conditions, all aspects of our business continued uninterrupted. Special focus was given to serving the service requirements of individual depositors, home loan clients and borrowers in the CMSME sectors. In addition, the Company consciously engaged in lending to the specific sectors highlighted in IFC report on private sector diagnostics of Bangladesh. In spite of the challenges arising out of an extended pandemic lockdown situation, your Company was able to secure a modest growth in both asset and liability portfolio.

As in 2020, the health and overall wellbeing of all our employees were at the heart of all our business operational activities in 2021. Additional investments were made to strengthen IT security and provide reliable and agile devices to employees to facilitate work from home side by side with limited office attendance. A robust monitoring, collection and recovery mechanism coupled with overall policy support from Bangladesh Bank enabled the Company to maintain a low NPL ratio.

The Core Banking Software (CBS) which was launched in December, 2020, continued to be fine-tuned throughout 2021 and has now reached the level of stability that will ensure the full benefits of enhanced data manageability and transaction processing are reaped by the Company in the coming years.

Financial results

The Company's before and after tax profit for the year 2021 were BDT 260 million and BDT 222 million compared to BDT 272 million and BDT 211 million respectively in the previous year.

The financial results are summarised below:

Operating Income
Operating expenses and provision
Profit before tax
Provision for taxation
Profit after tax
Retained earning brought forward
Available profit
Profit transferred from General Reserve
Profit available for appropriation
Appropriation:
Profit transferred to statutory reserve
Profit transferred to general reserve
Proposed cash dividend
Un-appropriated profit carried forward

	2021 BDT	2020 BDT
980,403,686	922,582,934	
(720,768,831)	(651,073,757)	
259,634,855	271,509,177	
(37,392,938)	(60,277,084)	
222,241,917	211,232,093	
27,180,372	10,612,894	
249,422,289	221,844,987	
	35,000,000	
249,422,289	256,844,987	
44,500,000	42,550,000	
-	-	
187,114,614	187,114,614	
17,807,675	27,180,373	
249,422,289	256,844,987	

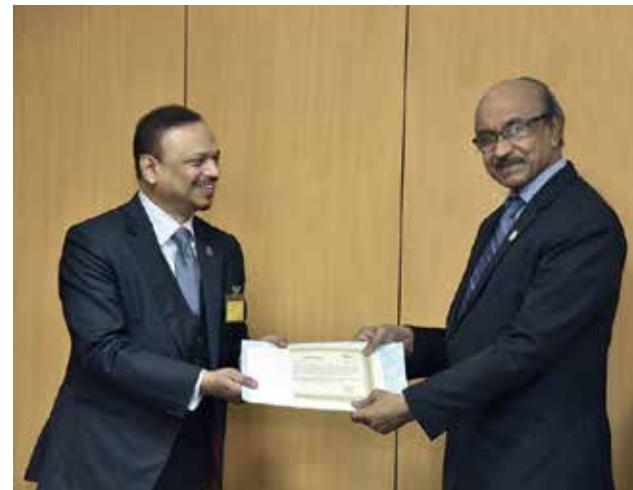


Figure: The Governor of Bangladesh Bank handing over a certificate of appreciation to the Managing Director of United Finance.



Dividend

The Board recommended cash dividend of Taka one per ordinary share amounting to BDT 187.11 million for 187.11 million ordinary shares held on record date April 17, 2022 for the year ended December 31, 2021.

Directors

As per Articles 154, 155 and 156 of the Articles of Association of the Company, Mrs. Susan Ann Walker representing Lawrie Group Plc, Mr. L. H. Khan and Mr. A.F.M.M Samad Choudhury representing United Insurance Company Limited will retire by rotation from the office and are eligible for re-election.

Mr. M. M. Alam is going to complete his three years term as Independent Director of the Company and is eligible for re-appointment. A brief profile of Mr. M. M. Alam is shown in annexure-7. The Board of Directors appointed Mr. M. M. Alam as Independent Director for another term and approval from Bangladesh Securities and Exchange Commission will be obtained through the Online Regulatory Submission Form for Independent Directors. The matter will be placed before the shareholders in the Annual General Meeting for ratification.

Statutory Auditors

The auditors of the Company, Nurul Faruk Hasan & Co., Chartered Accountants shall retire and, being eligible, have offered themselves for re-appointment.

The Board of Directors recommended the re-appointment of Nurul Faruk Hasan & Co, Chartered Accountants for 2022 for approval by Bangladesh Bank and final approval in the next Annual General Meeting.

Corporate Governance Compliance Auditor

As per the Corporate Governance Code of Bangladesh Securities and Exchange Commission dated June 3, 2018, a professional is required to be appointed for certifying compliance with Corporate Governance Code by the shareholders for the year 2022 in the Annual General Meeting.

The Board of Directors recommended the appointment of Suraiya Parveen & Associates, Chatered Secretaries for the year 2022. The matter will be placed before the shareholders in the Annual General Meeting for approval.

Statement of Directors on Financial Reports

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's statement of affairs, the result of its operation, cash flow, and statement of changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) The presentation of Financial Statements has been made in accordance with the Bangladesh Bank DFIM circular no.11 dated December 23, 2009.
- e) IAS/IFRS 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.
- i) The interests of the minority shareholders have been duly protected in the Company.
- j) No stock dividend has been recommended by the Board of Directors of the Company as interim dividend.

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 (xxiii) of the BSEC Notification No. BSEC/CMRRCD/2006-158/207/admin/80 dated June 3, 2018 is shown in annexure -2.

Key Operating and Financial Data

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

Segment-wise performance

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

Management Discussion and Analysis

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

Declaration and Certification of Managing Director and Chief Financial Officer

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

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

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



Report on the Activities of Audit Committee

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

Certification on Compliance of Corporate Governance Code

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

For and on behalf of the Board of Directors.

Imran Ahmed
Chairman of the Board

March 24, 2022



Board meeting and attendance

Name of Directors	Meetings attended
Mr. Imran Ahmed	6
Mrs. Susan Ann Walker	5
Mr. A. Rouf	6
Mr. L. H. Khan	5
Mr. M.M. Alam	6
Mr. C. K. Hyder	6
Mr. A.F. Nesaruddin	6
Mr. Mahbub Mustafizur Rahman	6
Mr. A.F.M.M Samad Choudhury	6
Mr. Kaiser Tamiz Amin	6

In 2021 six (6) Board meetings were held. Leave of absence was granted in case of non-attendance.

Shareholding pattern as at December 31, 2021

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

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

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

Name	Status	Number of shares	% of holdings
Mrs. Khurshid Ara Rouf	Wife of Mr. A. Rouf, Director	200	0.0001
Mrs. Shama Rukh Alam	Wife of Mr. M.M. Alam, Independent Director	19,449	0.010
Mr. Kaiser Tamiz Amin	Chief Executive Officer	-	-
Mr. Zafar Ullah Khan	Chief Financial Officer	-	-
Ms. Sharmin Noor Nahar	Company Secretary	-	-
Mr. Sushil Kumar Mondal	Head of Internal Audit & Compliance	-	-

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

Name	Status	Number of shares	% of holdings
Mr. Jamal Mahmud Choudhury	General Manager	-	-
Mr. Mohammed Abul Ahsan	General Manager	-	-
Mr. Md. Enayet Latif	Deputy General Manager	-	-
Mr. Zia Ul Alam Chowdhury	Assistant General Manager	-	-
Mr. Mohammed Ashfaqul Haque Chowdhury	Assistant General Manager	-	-

10% and above shareholdings of the Company

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



Key Operating and Financial Data

Operating Result

		2021	2020	2019	2018	2017
Net Operating Income	MBDT	980	923	1,059	1,131	969
Profit before tax	MBDT	260	272	385	473	408
Provision for tax	MBDT	37	60	141	197	152
Profit after tax	MBDT	222	211	245	277	256

Balance Sheet

Total investment portfolio	MBDT	17,228	15,136	14,989	17,942	16,960
Total assets	MBDT	25,860	21,560	21,730	24,073	23,944
Financial liabilities	MBDT	19,044	14,647	15,096	17,800	18,085
Total Liabilities	MBDT	22,623	18,359	18,553	20,953	20,923
Shareholders' equity	MBDT	3,236	3,201	3,177	3,119	3,021
Shares outstanding	Mn	187.11	187.11	187.11	187.11	178.20

Financial ratios

Debt-equity ratio ¹	Times	6.99	5.73	5.84	6.72	6.93
Return on equity ²	%	6.90	6.62	7.77	9.01	8.60
Financial expenses coverage ³	Times	1.23	1.21	1.25	1.30	1.35
Provision on doubtful assets to total lease, loan and advances	%	2.92	3.15	3.02	2.68	2.49
Net asset value per share(NAV)	BDT	17.30	17.11	16.98	16.67	16.95
Earnings per share (EPS)	BDT	1.19	1.13	1.31	1.48	1.44
Cash dividend (per share)	%	10.00	10.0	10.0	10.0	10.0
Stock dividend (bonus share)		-	-	-	-	20:1

Number of offices

Number of offices	Nos.	24	24	24	24	21
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Number of employees

Number of employees	Nos.	608	541	516	482	452
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Restatements⁴ :

EPS	BDT	1.19	1.13	1.31	1.48	1.37
NAV	BDT	17.30	17.11	16.98	16.67	16.14

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

1. Debt-equity ratio is the ratio between total debt and total equity.
2. Return on equity is the ratio between net profit and average equity.
3. Financial expenses coverage is the ratio between profit before interest & tax and interest expenses.
4. Restatements have been calculated based on shares outstanding at the end of the year 2020 and accordingly restated for the previous years.

Income segments

Segments

Net Interest income from Long term activities	
Net interest income from Short term activities	
Investment income	

	2021	2020	Growth
872,274,884	751,152,057		16%
40,121,243	144,300,971		-72%
28,301,908	27,129,905		4%



Management Discussion and Analysis

1. Accounting and Bookkeeping Policies and Estimation

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

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

2. Changes in Accounting Policies and Estimation

The gratuity fund liability of the Company has been revalued through actuarial valuation and in line with the IAS 19 requirements related to benefit contribution rate.

3. Comparative Analyses of Financial Performance

The financial performance of your Company over the last 5 years is appended in Annexure-03 of the Director's Report. Changes over the last year in the key operating and financial position indicators from the financial statements are discussed below. Here we have appended all the items having a significant change:

	Indicators	2021 over 2020 (% Change)	Explanation
Income Statement	Interest Income	-3.43%	Due to downward pressure on interest rates for both credit facilities and deposits.
	Interest paid on deposits, borrowings, etc.	-9.82%	
	Investment Income	-11.24%	Due to regular redemption of commercial bonds.
	Other Income	8.38%	Higher processing fee income due to increased loan disbursement.
	Legal Expenses	28.04%	Higher home loan disbursement along with increase in number of litigations.
	Postage, stamp, telecommunication etc.	85.69%	Increase in mobile and internet usage and letter notifications to clients.
	Stationery, printing, advertisements, etc.	95.29%	Increase in lending activities.
	Rent, taxes, insurance, electricity, etc.	18.17%	Increase official activities and number of employees.
	Total Provisions for Lease, Loans and Advances	9.23%	Due to increase in lending activities.
	Balance with Bangladesh Bank and its agent bank(s)	-6.93%	Decrease in idle funds with Bangladesh Bank after meeting regulatory requirements.
Balance Sheet	Balance with banks and other financial institutions	103.48%	Placement of excess liquidity and year end.
	Lease, loans and advances	13.82%	Increase in lending to the CMSME sector as part of the core business strategy.
	Investments	27.79%	New preference share investments.
	Borrowing from banks, other financial institutions and agents	129.11%	Overall treasury management to support increased lending activities.
	Term Deposits	12.09%	Increased visibility of the company after achieving top 5 position in the Bangladesh Bank sustainability rating.



Indicators	2021 over 2020 (% Change)	Explanation	Cash Flow Statement
			Cash flow from operating activities
Cash flow from investing activities	-536.53%	Lower investment in technological fixed assets compared to the previous year.	
Cash flow from financing activities	15.07%	Due to higher repayment of long terms loans.	

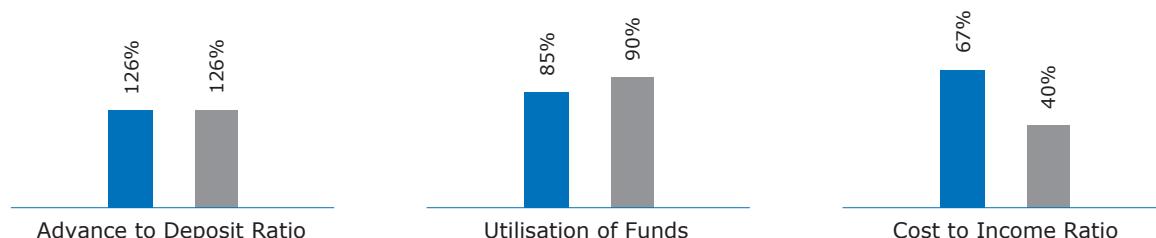
4. Comparison of Performance with Peers

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

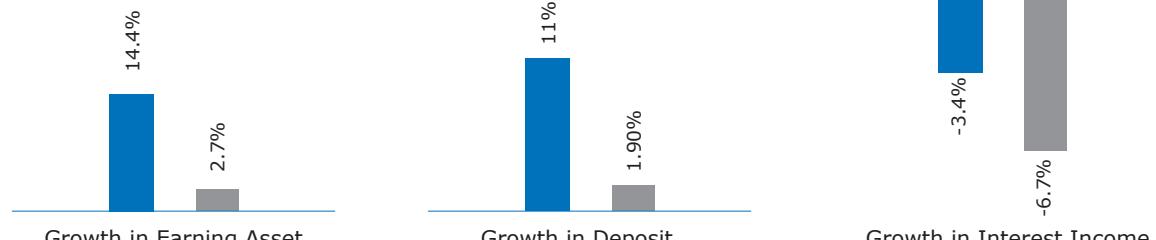
PROFITABILITY ANALYSES



EFFICIENCY ANALYSES



BUSINESS GROWTH ANALYSES



■ United Finance ■ Industry Average (Q3)

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



5. Financial and Economic Overview

5.1 Global Economic Condition

According to the World Bank, the global economy posted a growth rate of 5.5% in 2021, despite the effects of COVID-19. Following table presents the growth rate of different region of the world:

Region	Growth, 2020	Forecast, 2021	Growth, 2021
World	-3.4%	4.0%	5.5%
Advanced economies	-4.6%	3.3%	5.0%
USA	-3.4%	3.5%	5.6%
EU	-6.4%	3.6%	5.2%
Emerging and developing economies	-1.7%	5.0%	6.3%
China	2.2%	7.9%	8.0%
India	-7.3%	5.4%	8.3%
Vietnam	2.9%	6.7%	2.6%
Middle East & North Africa	-4.0%	2.1%	3.1%
Sub-Saharan Africa	-2.2%	2.7%	3.5%

Source: Global Economic Prospects, WB, 2020 & 2021

Above table shows that almost all the regions have rebound strongly outpacing the forecast. However, according to the mid-2021 assessment of OECD, the world output is still 3.5% lower than the pre-pandemic output level and the recovery was uneven considering the Sub-Saharan African and Middle East & North Africa only grew by 3.5% and 3.1% in 2021 after getting shrunk by -2.2% and -4.0% respectively in 2020.

The unevenness in the recovery can be attributed to differences in the administration of vaccination drives of rich and poor countries, policy support in terms of their impacts and extents, labour market behaviour and sectoral demand patterns. For example, the number of doses administered per 100 people in December 2021 was 196(China), 195(UK), 155(US), 104(India), 75(Bangladesh), 47(South Africa), and 7(Nigeria). In 2021, the world also had remarkable differences in the sectoral demand patterns with relatively strong demand for manufacturing and weak demand for in-person services. The bottlenecks in the supply chain along with shortages of gas and strong pressure on labour markets generated high inflationary pressures in the later part of the year, which will most likely have an impact on the recovery in upcoming years.

In Asian economies, exports, capital expenditure and rising productivity have shown remarkable growth in this year which allowed them to outperform other economies. Backed by rebounding global trade, the growth of Asian economies was far less dependent on stimulus and leverage while the inflationary pressures and other macroeconomic stability concerns were held at bay. In the closing months of the year, the usual driver of Asian economies, China was under pressure of demand contraction, supply shock and weakening expectations. This could bring both opportunities and threats for Asian economies outside China such as Bangladesh in future years.

5.2. Bangladesh Economy

2021 has been a year of recovery for Bangladesh. Despite high global inflation, disrupted supply chains, new variants and general uncertainty; Bangladesh has done well to contain the spread of the COVID pandemic, posting growth figures of 6.94% in FY21, up from 5.24% in the previous fiscal year. A return to normalcy in industrial manufacturing has been a key driver in this growth, with a 13% growth in average industrial production year on year.

High growth in public-sector borrowing (22% up to Nov'21) have helped infrastructure development. Government debt stood at 38% of the GDP at the end of FY21 while the tax-to-GDP of the country was 7.7%.

The Balance of Payments situation has been satisfactory, with strong remittance inflows offsetting a balance of trade deficit. Central Bank interventions have also kept the exchange rate largely stable over the course of the year.

Strong remittances (USD 18,205 million in FY20 vs USD 24,778 million in FY21) and imports (USD 50,690 million in FY20 vs USD 60,681 million in FY21) signal an increase in disposable income and consumer confidence. Though inflationary pressures have been contained well below the 6% target, the inflation rate was showing an upward trend in the final quarter of 2021.

5.3. Bangladesh Financial Sector

Over the course of the calendar year, growth in domestic credit has been 10.5%. Increased competition along with the government directives has pushed down interest rates in the financial sector. Despite this, bank spreads rose to 3.16% in 2021 from 3.07% in the previous year. Conversely, NBFI spreads have reduced by 20 basis points year-on-year, as deposit rates fell more slowly than lending rates.

Despite policy support from Bangladesh Bank throughout the year, classified loans have resumed their upward trend, rising to 8.2% in June, 2021 from 7.7% in December, 2020. With the withdrawal of such policy support in the upcoming months, classified loans are likely to increase further.



6. Risks and Concerns

In 2021, the world showed resilience against COVID-19 variants like Delta but became vulnerable to new variants such as Omicron. The geopolitical tension between Russia and Ukraine, two of the biggest sources of oil and crops, will increase inflationary pressure further.

In the immediate term, removal of the loan repayment moratorium period will see an industry-wide increase in classified loans. Provisioning requirements will increase with more stringent regulatory standards. More intense competition between banks and financial institutions is expected to also lead to further cuts in the net interest margin.

In the medium term, diminishing borrowing rates and high consumer confidence may lead to a tighter liquidity market, but will also provide fresh opportunities in the consumer finance space. Graduation to middle-income country status will hasten the pace of digitisation of financial services which will widen financial inclusion but increase systemic risks such as cyber security.

Although Bangladesh has responded well in terms of mitigating measures against the pandemic as well as overall post-pandemic recovery, uncertainties remain as to the full economic impact in the ensuing years.

7. The Way Forward

Bangladesh is primed to post stronger growth numbers in 2022. The biggest challenges will be for its institutions and infrastructure to keep pace with the greater demands arising from its higher status as a middle-income country. Also, the after effects of the Russia-Ukraine crisis will place additional pressure on the economy.

The key challenge for your Company in 2022 will be to continue to assess and manage risks, scale up operations without compromising on quality and consistently innovate to ensure the sustainability of its business.

By mirroring and drawing inspiration from the enormous strides made by Bangladesh, United Finance will focus on leveraging its substantial core strengths and brand equity to create greater shareholder value in 2022.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kaiser Tamiz Amin".

Kaiser Tamiz Amin
Managing Director



Declaration by Managing Director and Chief Financial Officer

March 24, 2022

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

Subject: Declaration on Financial Statements for the year ended on December 31, 2021.

Dear Sirs,

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

1. The Financial Statements of United Finance Limited for the year ended on December 31, 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on December 31, 2021 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,

Kaiser Tamiz Amin
Managing Director

Zafar Ullah Khan
Chief Financial Officer



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

Mrs. Susan A. Walker

Mrs. Susan A. Walker is the Chief Financial Officer of Camellia Plc., UK, the holding company of Lawrie Group. She joined Camellia Group with more than 25 years' work experience, majority of which (21 years) was with KPMG.

In Bangladesh, she represents Lawrie Group Plc on the Board of United Finance 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., Surmah Valley Tea Co. Ltd. She is a Fellow of the Associate of Chartered Certified Accountants (FCCA).

Mr. Lutful Hakim Khan

Mr. Lutful Hakim Khan represents United Insurance Company Limited on the Board of United Finance. He is also a member of the Board Audit Committee.

Mr. Khan is Director of National Brokers Limited. He has over 55 years of experience in tea broking. He joined National Brokers in 1965, became its Managing Director in 2006 and was Chairman from 2010 to 2019.

He is associated with various social activities and is actively involved in Bhatyari Golf and Country Club.

Mr. Khan is a graduate from the University of Dhaka.

Mr. A.F.M.M. Samad Choudhury

Mr. A.F.M.M. Samad Choudhury represents United Insurance Company Limited on the Board of United Finance.

Mr. Choudhury joined Duncan Brothers group of companies in 1991 and is currently involved in procurement and operations within the Group. In his early professional life, he worked for Navana Limited, Bangladesh Agricultural Development Corporation (BADC) and Bangladesh Railway under Ministry of Communications, Bangladesh Government.

He is a Mechanical Engineer, graduated in 1976 and had Advanced Training on Transport in Germany (German Federal Railways under GTZ International Scholarship Programme). Mr. Choudhury is a Fellow of the Institute of Engineers, Bangladesh (IEB) and is the Convener of Import & Supplies Sub-Committee of Bangladesh Tea Association.

Mr. M. M. Alam

Mr. M. M. Alam is an Independent Director on the Board of United Finance.

Mr. Alam has over 40 years of experience in marketing, banking and financial services. He served as the Managing Director of United Finance, then known as United Leasing Company Limited from 1995 to 2005. He was an Independent Director of United Insurance Company Limited from 2012 to 2018.

He obtained M. A. in Economics from University of Dhaka and an MBA from American University of Beirut. Mr. Alam is a member of the Canadian Institute of Chartered Accountants (CICA).



Report on the Activities of Audit Committee

During 2021, the Audit Committee discharged the following responsibilities:

- Met with the external Auditors for discussion on the Company's draft Audited Financial Statements for the year 2020;
- Reviewed the Company's draft financial statements for the year ended on December 31, 2020 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 2020;
- Advised the Board on appointment of external auditors for the year 2021 and their audit fee;
- Advised the Board on appointment of professional for certification on compliance of Corporate Governance for the year 2021;
- Reviewed the quarterly reports on Risk Management Forum, Compliance, Internal Audit and System Audit;
- Reviewed the report on development of pending legal cases;
- Reviewed the quarterly financial statements and recommended that the same be placed to the Board for approval;
- Reviewed the Management Report of the external auditors' for the year 2020 along with the management responses on the Company's internal control;
- Reviewed and adopted the Operational Guidelines on Internal Control and Compliance;
- Reviewed and approved the Compliance Calendar-2022;
- Reviewed the Lease/Loan Write Off cases;
- Noted the following:
 - Presentations from the management on Country Private Sector Diagnostic: Creating Markets in Bangladesh, Pre and post COVID payment behaviour of good borrowers and Peer group comparison;
 - Status of the External Audit on the Core Banking Software (CBS) implementation;
 - Bangladesh Bank, Sustainable Finance Department (SFD) recognised the Company as one of top 5 sustainable NBFIs in 2020;
 - Emerging Credit Rating Limited has given a long term credit rating of AA- and a short term credit rating of ST-2 with a STABLE outlook for the period from June 25, 2021 to June 24, 2022 to the Company;
 - Appreciation from Bangladesh Bank for being amongst 13 banks and 4 NBFIs who have achieved the disbursement target of the Cottage, Micro, Small and Medium Enterprise (CMSME) Stimulus Package launched in 2020.

The Audit Committee comprised of:

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

The Audit Committee held four meetings during the year 2021. On invitation, Company's Managing Director, Chief Financial Officer (CFO), Head of Internal Audit and Compliance, Chief Risk Officer (CRO) and Head of Special Assets Management attended the meeting to meet the queries of the Audit Committee and take directives for improvement.


M. M. Alam
Chairman
Audit Committee



Hoque Bhattacharjee Das & Co.
Chartered Accountants

an independent member of



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

We have examined the compliance status to the Corporate Governance Code by United Finance Limited for the year ended on December 31, 2021. This Code relates to the Notification No. BSEC/ CMRRCD/2006 - 158/207/Admin/80, dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Dhaka, March 31, 2022


Hoque Bhattacharjee Das & Co.
Chartered Accountants

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

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



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



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



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



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



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



Dividend Declaration & Distribution Policy

A. Policy Statement

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

B. Policy Guidelines

1. Declaration of dividends

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

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

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

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

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

2. Forms of Dividends

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

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

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

3. Consideration of dividends payment to various classes of shares

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

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



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

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

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

5. Utilisation of retained earnings

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

6. Dividends distribution procedure:

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

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

7. Unclaimed Dividend History & Dividend Distribution Compliance report:

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

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

8. Review & Amendment:

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



UNITED FINANCE LIMITED

Financial Statements



Independent Auditor's Report To the Shareholders of United Finance Limited Report on the audit of the financial statements

Opinion

We have audited the financial statements of United Finance Limited, (the "Company") which comprise the balance sheet as at 31 December 2021, and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting as explained in note #2.1 and also comply with Financial Institutions Act 1993, The rules and regulations issued by Bangladesh Bank, Companies Act 1994.

Basis for Opinion

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

Key Audit Matters

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

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

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

Key audit matters	How the matters were addressed in our audit
01. Measurement of provision for loans and advances	
Identification of and provisioning for non-performing assets (loans and advances) is in accordance with relevant prudential norms issued by the Bangladesh Bank in respect of income recognition, asset classification and provisioning pertaining to advances. The process for estimating the provision for loans and advances portfolio associated with credit risk is significant and complex. For the individual analysis, these provisions also consider the estimates of future business performance and the market value of collateral provided for credit transactions. For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and	Our procedures, in relation to the key audit matter described, included, among others: <ul style="list-style-type: none">● Assessed the Company's policy with respect to measurement and provision for loans and advances including compliance with relevant prudential norms issued by the Bangladesh Bank.● Tested the design, implementation and operating effectiveness of key controls related to the credit appraisal, loan disbursement, monitoring and provisioning process;● Identified of loss events, including early warning and default warning indicators;



Key audit matters	Our response to the risk
<p>calculations for the provision estimates of complex design and implementation. At year end 2021 the Company reported total gross lease, loans and advances BDT 17,228,266,388 (2020: BDT 15,136,211,313) and provision for lease, loans and advances BDT 502,922,958 (2020: BDT 476,763,287).</p> <p>See note 12.6 to the financial statements for relevant disclosure regarding provision.</p> <p>Provision for loans and advances is a key audit matter due to level of regulatory and other stakeholders focus as well as the judgement and estimates involve in the determining the amount of provision.</p> <p>Significant judgments and estimates related to the provision for loans and advances which could give rise to material misstatement or management bias are:</p> <ul style="list-style-type: none">● Completeness and timing of recognition of loss events in accordance with criteria set out in DFIM circular no 04, dated 26 July 2021;● For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows;● Provision measurement for additional provision beyond the minimum regulatory prescribed is primarily dependent upon key assumptions relating to probable situation of default, ability to repossess collateral and recovery rates.	<ul style="list-style-type: none">● Reviewed quarterly classification of loans (FICL Statement) submitted to Bangladesh Bank;● Perform analytical review of disaggregated underlying data to observe unusual trends requiring additional procedures● Assessed the methodologies and compliance with regulatory guidelines on which the provision amounts are based, further assessed, and tested the inputs in computation of provision including data integration of information extracted from IT systems in terms of its accuracy and completeness and also recalculated the provisions;● Tested the adequacy of the companies general and specific provisions;● Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.



02. IT Systems and Controls

<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations and the reliance on automated and IT dependent manual controls. Our areas of audit focus primarily included user access management and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.</p> <p>The IT infrastructure is critical for smooth functioning of the Companies' business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Due to the pervasive nature and complexity of the IT environment we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.</p>	<p>We involved our IT specialists to obtain an understanding of the Company's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant to our audit and have identified Core Banking Solution (CBS) including Treasury System primarily as relevant for financial reporting. For the key IT systems pertaining to Core Banking Solution (CBS) including treasury operations used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular:</p> <ul style="list-style-type: none">● We obtained an understanding of the Company's IT control environment and key changes during the audit period that may be relevant to the audit;● We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Company's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner during the period of audit;● We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or formed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.
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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the director's reports, management discussion and analysis, statement of corporate governance, financial highlights, value added statement and certification on corporate governance but doesn't include the financial statements and our auditors' report. The directors' reports, management discussion and analysis, statement of corporate governance, financial highlights, economic value added (EVA) statement, value added statement and certification on corporate governance are expected to be made available to us after the date of this auditors' report.

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 and the Securities and Exchange Rules, 1987, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- I. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- II. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- III. the Company's balance sheet, profit and loss account together with annexed notes dealt with by the report are in agreement with the books of account and returns;
- IV. the expenditures incurred, and payments made were for the purposes of the Company's business;
- V. the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- VI. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- VII. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- VIII. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- IX. statement sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- X. taxes and duties collected and deposited in the government treasury by the Company as per government instructions were found satisfactory based on test checking;
- XI. nothing has come to our attention that the Company has adopted any unethical means i.e. "window dressing" to inflate the profit and mismatch between the maturity of assets and liabilities;
- XII. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- XIII. based on our work as mentioned above under the auditors' responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- XIV. the Company has complied with relevant laws pertaining to capital, reserve, net worth, cash & liquid assets and procedure for sanctioning and disbursing loans/leases were found satisfactory;
- XV. we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1200 person hours for the audit of the books and accounts of the Company;



- XVI. the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense account;
- XVII. the Company has complied with the "First Schedule" of the Financial Institutions Act, 1993 in preparing these financial statements; and
- XVIII. all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Dhaka, Bangladesh

Dated: 24 March, 2022

For Nurul Faruk Hasan & Co.

Chartered Accountants

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

Md. Faruk Uddin Ahammed

Partner

Enrollment No. 720

DVC: 2203280720AS991399



UNITED FINANCE LIMITED
Balance Sheet
as at 31 December, 2021

	Notes	2021 BDT	2020 BDT
PROPERTY AND ASSETS			
Cash	3		
In hand		1,290,000	1,290,000
Balance with Bangladesh Bank and its agent bank(s)		220,551,075	236,982,959
		221,841,075	238,272,959
Balance with banks and other financial institutions	4		
In Bangladesh		5,162,665,054	2,537,140,764
Outside Bangladesh		-	-
		5,162,665,054	2,537,140,764
Money at call and short notice	5		670,000,000
Investments	6		
Government		1,001,555	-
Others		796,087,128	623,768,086
		797,088,683	623,768,086
Lease, loans and advances	7		
Lease receivable		6,357,168,031	7,217,410,923
Loans, cash credits, overdrafts, etc.		10,871,098,356	7,918,800,390
		17,228,266,388	15,136,211,313
Fixed assets including land, building, furniture and fixtures	8		
Other assets	9		
Non - financial institutional assets			-
Total assets		25,859,745,784	21,559,654,884
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	10	5,378,180,201	2,347,393,668
Deposits and other accounts	11		
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		13,312,007,103	11,876,673,281
Bearer certificates of deposit		-	-
Other deposits		353,353,085	423,211,691
		13,665,360,188	12,299,884,972
Other liabilities	12		
Total liabilities		3,579,936,966	3,711,235,118
		22,623,477,355	18,358,513,758
Capital / Shareholders' equity			
Paid- up capital	13	1,871,146,140	1,871,146,140
Share premium	14	3,750,000	3,750,000
Statutory reserve	15	966,450,000	921,950,000
General reserve	16	190,000,000	225,000,000
Retained earnings	17	204,922,289	179,294,986
Total Shareholders' equity		3,236,268,429	3,201,141,126
Total liabilities and Shareholders' equity		25,859,745,784	21,559,654,884
Net asset value per share (NAV)	18	17.30	17.11
Restatement of NAV:			
Net asset		3,236,268,429	3,201,141,126
Number of outstanding shares (current year's)		187,114,614	187,114,614
NAV per share		17.30	17.11



UNITED FINANCE LIMITED
Balance Sheet
as at 31 December, 2021

OFF-BALANCE SHEET ITEMS

	Notes	2021 BDT	2020 BDT
Contingent liabilities	19		
Acceptances and endorsements		-	-
Letters of guarantee		2,837,915	56,291,692
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		2,837,915	56,291,692
Other commitments			
Documentary credits and short term trade -related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
		-	-
Total Off-Balance Sheet items including contingent liabilities		2,837,915	56,291,692

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

Kaiser Tamiz Amin
Managing Director

L.H. Khan
Director

M.M. Alam
Director

A. Rouf
Director

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

Dhaka, Bangladesh
Dated: 24 March, 2022

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

Md. Faruk Uddin Ahammed
Partner
Enrollment No. 720
DVC: 2203280720AS991399



UNITED FINANCE LIMITED
Profit and Loss Account
for the year ended 31 December, 2021

	Notes	2021 BDT	2020 BDT
OPERATING INCOME			
Interest income	21	1,929,804,471	1,998,444,556
Interest paid on deposits, borrowings, etc.	22	(1,146,721,213)	(1,271,602,366)
Net interest income		783,083,258	726,842,190
Investment income	23	67,036,087	75,524,717
Commission, exchange and brokerage		-	-
Other operating income	24	130,284,342	120,216,027
Total operating income (A)		980,403,686	922,582,934
OPERATING EXPENSES			
Salaries and allowances	25	455,343,749	419,820,014
Rent, taxes, insurance, electricity etc.	26	25,876,052	21,896,635
Legal expenses	27	14,895,357	11,633,300
Postage, stamp, telecommunication etc.	28	22,213,526	11,962,584
Stationery, printing, advertisements etc.	29	4,006,503	2,051,540
Managing Director's salary and benefits	30	10,595,000	10,595,000
Directors' fees	31	452,220	385,000
Auditors' fees	32	805,000	805,000
Charges on loan losses		-	-
Depreciation and repair of assets	33	85,303,082	74,447,146
Other expenses	34	40,326,095	41,478,437
Total operating expenses (B)		659,816,583	595,074,656
Profit before provision C=(A-B)		320,587,103	327,508,278
Provision for lease, loans and advances	35	61,055,456	55,895,893
Provision for diminution in value of investments		(103,208)	103,208
Other provisions		-	-
Total provision (D)		60,952,248	55,999,101
Operating profit before taxes E=(C-D)		259,634,855	271,509,177
PROVISION FOR TAXATION			
Current Tax	36	41,380,692	57,582,554
Deferred Tax	36	(3,987,754)	2,694,530
Total provision for taxation (F)		37,392,938	60,277,084
Net profit after taxation (E-F)		222,241,917	211,232,093
Appropriations			
Statutory reserve	15	44,500,000	42,550,000
General reserve	16	-	-
Dividends, etc.		-	-
Retained surplus		44,500,000	42,550,000
Earnings per share (EPS)	37	177,741,917	168,682,093
		1.19	1.13

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

Kaiser Tamiz Amin
Managing Director

L.H. Khan
L.H. Khan
Director

M.M. Alam
Director

A. Rouf
Director

Dhaka, Bangladesh
Dated: 24 March, 2022

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

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

Md. Faruk Uddin Ahammed
Partner
Enrollment No. 720
DVC: 2203280720AS991399



UNITED FINANCE LIMITED
Cash Flow Statement
for the year ended 31 December, 2021

	Notes	2021 BDT	2020 BDT
A) Cash flows from operating activities			
Interest receipts		1,904,674,285	2,048,050,470
Interest payments		(1,318,317,319)	(1,149,908,036)
Dividend receipts		31,242,934	27,668,969
Amount realised from written off clients	7.7 (xi) d.	22,047,752	12,566,366
Payments to employees		(462,898,457)	(416,327,894)
Payments to suppliers		(141,296,840)	(131,235,759)
Income taxes paid	9.3	(95,420,901)	(102,091,996)
Receipts from other operating activities	38	129,548,125	108,205,916
Payments for other operating activities	39	(100,280,538)	(92,405,633)
Cash generated from operating activities before changes in operating assets and liabilities		(30,700,959)	304,522,402
Increase / (decrease) in operating assets and liabilities			
Lease, loans and advances to customers		(2,037,679,464)	(174,821,689)
Other assets		(9,952,978)	(13,080,969)
Right-of-use assets		(8,525,637)	(11,732,720)
Term and other deposits		1,365,475,216	(38,191,646)
Accrued expenses and payables		(32,881,481)	36,968,417
Net draw down/(payment) of short term loan		1,725,713,415	(1,606,351,463)
Interest suspense		22,068,092	24,817,999
Deferred liability-employees gratuity		5,362,823	(1,294,802)
Other liabilities		53,679,000	90,181,574
Net cash from operating activities		1,083,258,985	(1,693,505,298)
B) Cash flows from investing activities		1,052,558,027	(1,388,982,896)
Investment in shares		(400,203,740)	(100,262,370)
Investment in Govt. Securities		(1,001,555)	-
Redemption/sale of shares		71,884,698	39,557,998
Redemption of commercial Bond		156,000,000	156,000,000
Purchase of fixed assets		(49,200,744)	(52,900,395)
Proceeds from sale of fixed assets		1,907,409	8,143,027
Net cash from investing activities		(220,613,932)	50,538,260
C) Cash flows from financing activities			
Receipts of long term loan		2,732,375,022	1,770,703,490
Repayments of long term loan		(1,427,301,903)	(590,225,914)
Dividend paid		(197,924,808)	(218,336,584)
Net Cash from financing activities		1,107,148,311	962,140,992
D) Net increase in cash and cash equivalents (A+B+C)		1,939,092,406	(376,303,644)
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		3,445,413,723	3,821,717,367
G) Cash and cash equivalents at end of the year (D+E+F)		5,384,506,129	3,445,413,723
Cash and cash equivalents at end of the year			
Cash in hand		1,290,000	1,290,000
Balance with Bangladesh Bank and its agent bank(s)		220,551,075	236,982,959
Balance with banks and other financial institutions		5,162,665,054	2,537,140,764
Money at call and short notice		-	670,000,000
Net operating cash flows per share		5.63	(7.42)

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

Kaiser Tamiz Amin
Managing Director

L.H. Khan
Director

M.M. Alam
Director

A. Rouf
Director



UNITED FINANCE LIMITED
Statement of Changes in Equity
for the Year ended 31 December, 2021

Particulars	Paid-up Capital	Share Premium	Statutory Reserve	General Reserve	Retained Earnings	Total
Balance as at 01 January, 2020	1,871,146,140	3,750,000	879,400,000	225,000,000	197,727,508 (187,114,614)	3,177,023,648 (187,114,614)
Cash dividend paid for the year 2019	-	-	-	-	-	-
Issuance of bonus share for the year 2019	-	-	-	-	211,232,093	211,232,093
Net profit after tax for the year 2020	-	-	-	-	-	-
Movement of general reserve	-	-	-	-	(42,550,000)	(42,550,000)
Appropriation made during the year	-	-	42,550,000	-	-	-
Balance as at 31 December, 2020	1,871,146,140	3,750,000	921,950,000	225,000,000	179,254,986	3,201,141,126
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 2020	-	-	-	-	(187,114,614) 222,241,917	(187,114,614) 222,241,917
Cash dividend for the year 2020	-	-	-	-	35,000,000 (44,500,000)	35,000,000 (44,500,000)
Net profit after taxation for the year	-	-	-	-	-	-
Movement of general reserve	-	-	44,500,000	-	-	-
Appropriation made during the year	-	-	-	-	-	-
Balance as at 31 December, 2021	1,871,146,140	3,750,000	966,450,000	190,000,000	204,922,289	3,236,268,429

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

Kaiser Tamiz Amin
Kaiser Tamiz Amin
Managing Director

A. Rouf
A. Rouf
Director

L.H.Khan
L.H. Khan
Director

Dhaka, Bangladesh
Dated: 24 March 2022



UNITED FINANCE LIMITED
Liquidity statement

as at 31 December, 2021

(Analysis of maturity of assets and liabilities)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	1,290,000	-	-	-	-	1,290,000
Balance with Bangladesh Bank and its agent bank(s)	220,551,075	-	-	-	-	220,551,075
Balance with banks and other financial institutions	1,832,665,054	2,610,000,000	720,000,000	-	-	5,162,665,054
Money at call and short notice	-	-	-	-	-	-
Investments	23,794,019	43,090,975	212,201,025	503,002,665	15,000,000	797,088,683
Leases, loans and advances	721,379,060	1,717,554,498	6,158,105,380	6,062,032,114	2,569,195,336	17,228,266,388
Fixed assets including land, building, furniture and fixtures	6,170,330	12,288,356	53,016,966	195,986,869	163,859,308	431,321,830
Other assets	2,433,471	40,760,011	402,053,169	1,145,800,189	427,515,915	2,018,562,755
Total assets (A):	2,808,283,009	4,423,693,839	7,545,376,540	7,906,821,836	3,175,570,559	25,859,745,784
Liabilities:						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	1,668,762,626	433,201,470	1,460,580,893	1,798,027,923	17,607,289	5,378,180,201
Term deposits	1,163,724,187	2,072,393,791	5,469,379,951	3,067,247,806	1,539,261,368	13,312,007,103
Other deposits	25,554,744	32,063,380	122,978,442	149,185,940	23,570,578	353,353,085
Other liabilities	4,679,989	6,215,391	1,054,245,451	2,047,144,189	467,651,946	3,579,936,966
Total liabilities (B):	2,862,721,545	2,543,874,032	8,107,184,737	7,061,605,859	2,048,091,182	22,623,477,355
Net liquidity gap (A - B):	(54,438,536)	1,879,819,807	(561,808,197)	845,215,977	1,127,479,378	3,236,268,429

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

Kaiser Tamiz Amin
Kaiser Tamiz Amin
 Managing Director

L.H Khan
L.H. Khan
 Director

M.M. Alam
M.M. Alam
 Director

A. Rouf
A. Rouf
 Director



United Finance Limited
Notes to the financial statements
for the year ended 31 December, 2021

1 General Information

1.1 Domicile and legal form

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

1.2 Nature of operations and principal activities

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

2 Summary of significant Accounting Policies and basis of preparation of the financial statements:

2.1 Statement of compliance

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

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

i) Investment in shares and securities

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

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

Financial or presentation effect of the departure: Financial statements for 2021 and corresponding year 2020 have been prepared as per guideline (FID Circular No. 08 dated 03 August 2002) of Bangladesh Bank. During this year, there is no impact in the financial statements due to this departure as market price of share are more than cost price.

ii) Provision for lease, loans and advances

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



Bangladesh Bank: As per DFIM Circular No. 04 dated 26 July 2021, DFIM Circular No. 09 dated 14 September 2021 and DFIM Circular no 10 dated 03 October 2021 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for lease, loans and advances depending on the duration of overdue.

Financial or presentation effect of the departure: Financial statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 04 dated 26 July 2021, DFIM Circular No. 09 dated 14 September 2021 and DFIM Circular no 10 dated 03 October 2021) of Bangladesh Bank. An amount of BDT 61.06 million has been charged as incremental provision for lease, loan and advances for 2021. As at 31 December 2021 accumulated provision for lease, loans and advances stand at BDT 502.92 million.

iii) Recognition of interest in suspense

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

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

Financial or presentation effect of the departure: Financial statements for 2021 and corresponding year 2020 have been prepared as per guideline (As per DFIM Circular No. 04 dated 26 July 2021) of Bangladesh Bank. At the year end, interest suspense account has increased to BDT 159.24 million from BDT 137.17 million resulting increase of BDT 22.07 million of interest suspense. This amount has been shown in other liabilities in note 12.3.

iv) Presentation and disclosure of Financial Statements and Financial Instruments

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

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

Financial or presentation effect of the departure: Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular 11 dated 23 December 2009) of Bangladesh Bank.

v) Cash flow statement

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

Bangladesh Bank: As per DFIM Circular 11 dated 23 December 2009, cash flow is the combination of direct and indirect methods.

Financial or presentation effect of the departure: Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular 11 dated 23 December 2009) of Bangladesh Bank.

vi) Cash and Cash equivalent

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

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



Financial or presentation effect of the departure: Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline issued through DFIM Circular 11 dated 23 December 2009 of Bangladesh Bank.

vii) Current/Non-current distinction

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

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

Financial or presentation effect of the departure: Financial statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.

viii) Intangible Assets

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

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

Financial or presentation effect of the departure: Financial Statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.

ix) Off balance sheet items

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

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

Financial or presentation effect of the departure: Financial statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular 11 dated 23 December 2009) of Bangladesh Bank. There is no financial impact in financial statements for this departure.

x) Complete set of Financial Statements

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

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

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

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



Financial or presentation effect of the departure: Financial statements for 2021 and corresponding year 2020 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank. There is no financial impact in financial statements for this departure.

2.2 Basis of preparation of the financial statements

The financial statements of the Company have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement and investment in marketable securities which are stated at market value in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh, except the circumstances where local regulations differ, and the Companies Act, 1994, the Financial Institutions Act, 1993, Securities and Exchange Rules, 1987 & the (Listing) Regulations, 2015 of Dhaka Stock Exchanges and other applicable laws and regulations.

2.3 Use of estimates

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

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

2.4 Reporting currency and level of exactitude

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

2.5 Comparative information

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

2.6 Authorisation for issue of the financial statements

The Board of Directors of the Company has authorised these financial statements for issue on 24 March 2022.

2.7 Materiality of financial statements

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

2.8 Cash flow statement

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

2.9 Statement of changes in equity

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

2.10 Liquidity statement (asset and liability maturity analysis)

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

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



2.11 Assets and basis of their valuation

2.11.1 Cash and cash equivalents

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

2.11.2 Accounting for leases

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

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

2.11.3 Accounting for loans

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

2.11.4 Accounting for investment

Recognition

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

Classification

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

Subsequent measurement

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

2.11.4a Accounting for leases for office rent (IFRS-16)

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

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

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

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

2.11.5 Fixed assets and depreciation

Recognition

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



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

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

Depreciation

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

Furniture & Fixture	12.50%
Office Equipment	15.00%
Electrical Equipment	20.00%
Motor Vehicle	20.00%
Office Space	2.50%
Software	20.00% - 33.33%
Right-of-use assets	Different rates are charged on assets based on respective agreement tenures.

Derecognition

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

2.11.6 Intangible assets

Recognition

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

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

Amortisation

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

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

2.11.7 Account receivable

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

2.12 Liabilities and basis of their valuation

2.12.1 Provision for doubtful assets

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

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



2.12.2 Income taxes

Tax expenses comprise current tax and deferred tax.

Current tax

Provision for current tax has been made on taxable business income @ 37.5% considering allowable expenses and @ 20% on dividend income and @ 10% on capital gain on sale of marketable securities as per Income Tax Ordinance 1984.

Deferred tax

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

2.12.3 Provision for accrued expenses

Provisions have been recognised in the balance sheet as follows:

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

2.12.4 Employee benefits

Short term benefits

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

Defined contribution plans

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

Defined benefit plans

The Company operates a funded Gratuity Scheme approved by National Board of Revenue (NBR), for its permanent employees. Employees are entitled to gratuity benefit after completion of six months of continuous service with the Company. Length of service is counted from the date of joining. The Company is contributing to the fund as advised by the Actuary in the actuarial valuation report effective from 31 December 2021. Provision for Gratuity Scheme is accounted for as an expense under salaries and allowances.

Other employee benefits

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

2.12.5 Contingent liabilities and contingent assets

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



2.12.6 Proposed dividend

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

2.13 Revenue recognition

2.13.1 Interest income

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

2.13.2 Lease income

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

2.13.3 Income from long term and short term finance

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

2.13.4 Income from dividend

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

2.13.5 Income from deposits (maintaining with Banks and NBFIs)

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

2.13.6 Fee based income

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

2.13.7 Interest paid on deposits, borrowing, etc.

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

2.13.8 Impairment of assets

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

2.14 Related party disclosure

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

2.15 Earnings per share

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



2.16 Events after the reporting period

The financial statements were authorised for issue on 24 March, 2022 by Board of Directors who has the power to amend the financial statements after issue. There is no other significant event that has occurred between the financial position date and the date when the financial statements were authorised for issue by the Board of Directors of the Company.

Subsequent to the Balance Sheet date, the Board of Directors recommended BDT 1.00 per share as cash dividend (10%) in its Board of Directors meeting held on 24 March, 2022. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM). Except the fact as stated above, no circumstances have arisen since the Balance Sheet date which would require adjustments, or disclosure in the financial statements.

In the months subsequent to December 31, 2021 the Government of Bangladesh has instituted additional measures including booster vaccines for a large segment of the population to improve resistance to Covid-19 and thereby support the resumption of socio economic activity in the post-pandemic period. The Company is registering moderate business growth and expects to achieve reasonable and consistent financial results in 2022.

2.17 Financial risk management policies and objectives

The Board of Directors of the Company sets the overall risk appetite and philosophy; the risk and capital framework underpins delivery of the Board's strategy. It is the Company's policy to optimise return to shareholders while maintaining a strong capital base and credit rating to support business growth and meet regulatory capital requirements at all times.

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

2.17.1 Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations. The Company has segregated duties for the officers involved in credit related activities. Credit evaluation, credit administration and credit monitoring and recovery functions are segregated and delegated to credit evaluation department, operations department, collection and special assets management department respectively.

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

2.17.2 Liquidity risk

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

2.17.3 Market risk

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

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

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



2.17.4 Operational risk

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

The Risk Management Forum is responsible for identifying operational risks and take steps to mitigate such risks. The Forum Comprises of the Managing Director, Chief Operations Officer, Chief Financial Officer, Chief Business Officer, Chief Customer Service Officer, Head of Credit and Head of Internal Control & Compliance. The Forum 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 compromising control. The re-engineered process is documented and disseminated among the stakeholders of the process. To ensure checks and balances, 'maker and checker' concept is implemented at every step of the operational processes. Also appropriate training is arranged to reduce human errors. New products are also designed with internal risk mitigating features.

2.17.5 Prevention of money laundering & Anti Terrorism

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

**3 Cash**

Cash in hand (note-3.1)
Balance with Bangladesh Bank and its agent bank(s) (note-3.2)

	2021 BDT	2020 BDT
	1,290,000	1,290,000
	220,551,075	236,982,959
	221,841,075	238,272,959

3.1 Cash in hand

In local currency	1,290,000	1,290,000
In foreign currency	-	-
	1,290,000	1,290,000

3.2 Balance with Bangladesh Bank and its agent bank(s)

In local currency (with Bangladesh Bank)	220,551,075	236,982,959
Sonali Bank as agent of Bangladesh Bank (local currency)	-	-
	220,551,075	236,982,959

3.3 Statutory deposits**Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)**

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, regulation 5 of the Financial Institution Regulations 1994 and FID Circular No.6 dated 06 November 2003 and FID Circular No. 02 dated 10 November 2004 and DFIM circular no. 03 dated 21 June, 2020 and DFIM circular no. 27 dated 23 August, 2021.

The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 1.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the total liabilities has been maintained in the form of balance with Bangladesh Bank, other Banks and Financial Institutions. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:

a) Cash Reserve Requirement (CRR)

Actual reserve maintained (note-3.2)	220,551,075	236,982,959
Required reserve (1.5% on Public deposits)	197,738,690	181,691,743
Surplus	22,812,384	55,291,216

b) Statutory Liquidity Reserve (SLR)

Required reserve (5% on average total liabilities)	802,793,598	749,005,344
Actual reserve maintained including CRR (note-3.4)	3,664,506,129	955,413,723
Surplus	2,861,712,531	206,408,379

The surplus for SLR mostly comprises of interest earnings deposits are maintained as fixed deposit (Free FDR) BDT 1,945 million and BDT 206 million as short term placement are maintained with different Banks and Financial Institutions.

3.4 Actual reserve maintained (including CRR)

Cash in hand	1,290,000	1,290,000
Balance with Bangladesh Bank and its agent bank(s)	220,551,075	236,982,959
Balance with banks and other financial institutions	3,442,665,054	717,140,764
	3,664,506,129	955,413,723

4 Balance with banks and other financial institutions

In Bangladesh (note-4.1)	5,162,665,054	2,537,140,764
Outside Bangladesh	-	-
	5,162,665,054	2,537,140,764



4.1 In Bangladesh

Current deposits

	2021 BDT	2020 BDT
Bank Al- Falah Limited	99,641	1,258,326
Bank Asia Limited	771,743	1,807,756
Brac Bank Limited	416,392,777	13,814,719
Dutch Bangla Bank Limited	6,552,298	22,539,837
Eastern Bank Limited	12,280,036	12,490,407
IFIC Bank Limited	186,276	220,366
National Bank Limited	114,561	380,980
National Credit & Commerce Bank Limited	-	14,171,832
One Bank Limited	122,322,977	26,068,386
Pubali Bank Limited	408,566,432	15,802,761
Sonali Bank Limited	78,790	374,527
Standard Bank Limited	56,685	805,033
Standard Chartered Bank	24,226,082	1,936,813
United Commercial Bank Limited	281,635,373	20,517,370
Woori Bank	-	6,657,057
	1,273,283,670	138,846,170

Short-term deposit (STD)

	2021 BDT	2020 BDT
Bank Asia Limited	12,758,962	1,504,266
Commercial Bank Of Ceylon PLC	197	12,544
Dutch Bangla Bank Limited	5,573,836	949,737
Mutual Trust Bank Limited	6,954,976	574,982
National Credit & Commerce Bank Limited	1,096,778	432,110
Standard Bank Limited	15,406,686	2,029,536
Standard Chartered Bank	12,082,051	26,995,278
United Commercial Bank Limited	170,507,898	4,796,141
	224,381,385	37,294,594

Fixed deposits

	2021 BDT	2020 BDT
Brac Bank Limited	200,000,000	200,000,000
Commercial Bank Of Ceylon PLC	100,000,000	100,000,000
Dhaka Bank Limited	150,000,000	150,000,000
Mercantile Bank Limited	235,000,000	35,000,000
Mutual Trust Bank Limited	200,000,000	-
National Credit & Commerce Bank Limited	460,000,000	400,000,000
One Bank Limited	335,000,000	335,000,000
Pubali Bank Limited	350,000,000	350,000,000
Standard Bank Limited	100,000,000	200,000,000
United Commercial Bank Limited	350,000,000	350,000,000
DBH Finance Corporation Ltd	470,000,000	-
IPDC Finance Limited	480,000,000	-
BIFC	115,000,000	115,000,000
Fareast Finance & Investment Limited	120,000,000	126,000,000
	3,665,000,000	2,361,000,000
	5,162,665,054	2,537,140,764

4.2 Maturity grouping of balance with banks and other financial institutions

	2021 BDT	2020 BDT
On demand	1,497,665,054	176,140,764
Up to 1 month	335,000,000	241,000,000
Over 1 month but not more than 3 months	2,610,000,000	1,300,000,000
Over 3 months but not more than 6 months	720,000,000	820,000,000
Over 6 months but not more than 1 year	-	-
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	5,162,665,054	2,537,140,764

5 Money at call and short notice

	2021 BDT	2020 BDT
IDLC Finance Limited	-	250,000,000
DBH Finance Corporation Ltd	-	200,000,000
IPDC Finance Limited	-	220,000,000
	-	670,000,000



	2021 BDT	2020 BDT
6 Investments		
Investment classified as per nature		
a) Government securities:		
Treasury bill	496,335	-
Treasury bond	505,220	-
National investment bonds	-	-
Bangladesh Bank bills	-	-
Government bonds	-	-
Prize bonds	-	-
	1,001,555	-
b) Other investment:		
Investment in ordinary shares (Notes 6.1)	15,396,170	15,783,250
Investment in preference shares (Notes 6.2)	610,690,958	281,984,836
Investment in bonds (Notes 6.3)	170,000,000	326,000,000
	796,087,128	623,768,086
	797,088,683	623,768,086

6.1 Investment in ordinary shares

United Insurance Company Limited	15,000,000	15,000,000
Silco Pharmaceuticals Limited	-	34,040
Coppertech Industries Limited	-	47,420
Sea Pearl Beach Resort & Spa Limited	-	37,300
Ring Shine Textiles Ltd.	-	402,120
Robi Axiata Limited	262,370	262,370
ACME Pesticides Ltd	133,800	-
	15,396,170	15,783,250

6.1a Investment in insurance sector**United Insurance Company Limited**

The Company purchased 600,000 ordinary shares of United Insurance Company Limited, a listed public limited company, @ BDT 25 per share in 2001. Subsequently the Company received bonus shares in 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2016 and 2018.

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

	No. of shares
Original purchase in 2001	600,000
Bonus share received in 2007	180,000
Bonus share received in 2008	220,000
Bonus share received in 2009	1,500,000
Bonus share received in 2010	500,000
Bonus share received in 2011	300,000
Bonus share received in 2012	330,000
Bonus share received in 2013	370,000
Bonus share received in 2016	200,000
Bonus share received in 2018	250,000
	4,450,000
	Shares

As on December 31, 2021 the market value @ Tk. 65.70 (closing market price) of the above 4,450,000 shares was Tk. 292,365,000 against cost price of 600,000 shares (@ Tk. 25) at Tk.15,000,000.

6.1b Investment in other sector

Business Segment	No. of shares	Cost price	Market price
Pharmaceuticals	13,380	133,800	358,584
Telecommunication	26,237	262,370	907,800
Textile Industries	462	-	4,435
	40,079	396,170	1,270,819

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

As of 31 December, 2021 the market value (closing market price) of the above shares was Taka 1,270,819 against cost price of Taka 396,170.

**6.2 Investment in preference shares**

	2021 BDT	2020 BDT
Preference share of Regent Energy and Power Ltd.	23,794,019	23,794,019
Redeemable Cumulative Preference Share: Raj Lanka Power Company Ltd.	19,396,939	58,190,817
Redeemable Cumulative Preference Share: Confidence Power Rangpur Limited	80,000,000	100,000,000
Redeemable Cumulative Preference Share: Confidence Power Bogra Unit-2 Limited	87,500,000	100,000,000
Preference share: City Sugar Industries Limited	125,000,000	-
Preference share: City Sugar Industries Limited	125,000,000	-
Preference share: H. AKBERALI CO LIMITED	150,000,000	-
	610,690,958	281,984,836

6.3 Investment in bonds

Subordinate Bond-Mercantile Bank Ltd.	-	20,000,000
Mudaraba Subordinate Bond- Social Islami Bank Ltd.	-	26,000,000
Second Subordinate Bond- United Commercial Bank Ltd.	20,000,000	40,000,000
Mudaraba Subordinate Bond- Al-Arafah Islami Bank Ltd.	40,000,000	80,000,000
Subordinate Bond: Mutual Trust Bank Ltd.	80,000,000	120,000,000
Subordinate Bond: Standard Bank Ltd.	30,000,000	40,000,000
	170,000,000	326,000,000

6.4 Maturity grouping of investments

On demand	-	-
Up to 1 month	23,794,019	23,794,019
Over 1 month but not more than 3 months	43,090,975	56,481,720
Over 3 months but not more than 6 months	34,699,734	29,698,470
Over 6 months but not more than 1 year	177,501,291	141,896,939
Over 1 year but not more than 5 years	503,002,665	356,896,939
Over 5 years	15,000,000	15,000,000
	797,088,683	623,768,086

7 Lease, loans and advances**7.1 Broad category-wise break up**

Inside Bangladesh		
Lease receivable (note-7.2)	6,357,168,031	7,217,410,923
Loans (note-7.3)	10,871,098,356	7,918,800,390
	17,228,266,388	15,136,211,313
Outside Bangladesh	-	-
	17,228,266,388	15,136,211,313

7.2 Lease receivable

Net lease receivable (note-7.2.1)	6,294,951,747	7,161,296,636
Advances for leases (note-7.2.3)	-	1,602,238
Interest receivable	62,216,285	54,512,049
	6,357,168,031	7,217,410,923

7.2.1 Net lease receivable

Gross lease receivable	7,021,711,400	8,194,707,759
Less: Unearned lease income	(726,759,654)	(1,033,411,123)
	6,294,951,747	7,161,296,636

7.2.2 Movement of net lease receivables

Balance as on January 01	7,161,296,636	7,736,432,262
Addition during the year	2,565,911,445	2,412,095,090
Realisation during the year	(3,432,256,334)	(2,987,230,715)
	6,294,951,747	7,161,296,636

7.2.3 Advances for leases

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

7.3 Loans

Term loan	7,123,401,639	4,772,425,921
Home loan	2,232,949,149	1,307,270,135
Short term loan and CSF advances	1,306,117,705	1,677,145,845
Interest receivable	208,629,864	161,958,489
	10,871,098,356	7,918,800,390



7.4 Maturity grouping of lease, loans and advances

On demand	-	-
Up to 1 month	721,379,060	1,094,661,454
Over 1 month but not more than 3 months	1,717,554,498	1,373,464,996
Over 3 months but not more than 1 year	6,158,105,380	5,267,897,103
Over 1 year but not more than 5 years	6,062,032,114	6,390,519,890
Over 5 years	2,569,195,336	1,009,667,871
	17,228,266,388	15,136,211,313

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

- a) Lease, loans and advances to companies or firms in which the Directors of the Company have interests

- b) Lease, loans and advances to Chief Executive and other Senior Executives

- c) Number of clients with outstanding amount and classified lease, loans and advances exceeding 15% of total capital of the Company is as follows:

Total capital of the Company	3,236,268,429	3,201,141,126
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	465,129,734	1,158,050,300
2. Industrial sector:		
a) Service industry	1,287,893,236	1,232,646,345
b) Food production/processing industry	2,405,640,441	1,859,123,761
c) Chemical & Pharmaceutical	361,627,054	593,729,299
d) Plastic industry	266,813,260	210,341,102
e) Garments	442,384,721	246,708,491
f) Textile	339,942,449	574,186,449
g) Paper, Printing and packaging industry	1,249,232,011	864,082,604
h) Iron, Steel & Engineering industry	460,020,662	640,929,815
i) Leather & leather products	251,153,756	253,253,137
j) Electronics and electrical industry	222,905,663	535,501,071
k) Telecommunication/Information Technology	1,023,688	44,170,997
l) Jute and jute products	433,888,499	455,407,084
m) Cement/Concrete and allied industry	109,700,249	225,911,875
n) Glass and ceramic industry	7,166,900	19,539,250
o) Ship Manufacturing Industry	-	-
3. Power, Gas, Water and sanitary service	58,282,271	188,534,841
4. Transport & Communication	892,604,016	1,029,110,405
5. Real Estate & Housing	2,368,796,630	1,320,483,510
6. Trade and Commerce	4,738,235,707	3,173,117,903
7. Others	865,825,443	511,383,076
	17,228,266,388	15,136,211,313

- e) Geographical location-wise lease, loans and advances

Inside Bangladesh

Urban

Dhaka Division	7,892,215,483	8,426,810,512
Chattogram Division	2,806,678,768	2,030,656,698
Khulna Division	1,716,369,765	1,304,147,381
Rajshahi Division	1,838,867,372	1,317,084,011
Rangpur Division	1,325,856,474	1,056,568,564
Barishal Division	535,971,006	305,816,869
Mymensingh Division	710,156,148	377,344,623
Sylhet Division	193,596,236	101,397,147
	17,019,711,252	14,919,825,804

Rural

Barishal Division	8,576,077	8,681,734
Rajshahi Division	1,730,046	1,761,749
Chattogram Division	195,116,732	202,842,439
Rangpur Division	3,132,281	3,099,587
	208,555,136	216,385,509

Outside Bangladesh

	2021 BDT	2020 BDT
	17,228,266,388	15,136,211,313



7.6 Sector-wise lease, loans and advances

Public sector
Co-operative sector
Private sector

	2021 BDT	2020 BDT
-	-	-
17,228,266,388	15,136,211,313	
17,228,266,388	15,136,211,313	

7.7 Particulars of lease, loans and advances

i) Leases, loans and advances considered good in respect of which the Company is fully secured	2,111,900,400	1,375,233,581
ii) Leases, loans and advances considered good in respect of which the Company is partially secured	5,587,190,435	8,118,376,577
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	9,529,175,553	5,642,601,155
v) Classified Leases, loans and advances against which no provision has been made	-	-
	17,228,266,388	15,136,211,313
vi) Leases, loans and advances due by Directors, Officers of the Company or any of them either separately or jointly with any other persons	-	-
vii) Leases, loans and advances due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	1,766,399	4,398,238
viii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Company or any of them either separately or jointly with any other person.	-	-
ix) Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	-	-
x) Due from banking Companies and other financial institutions	-	-
xi) Classified lease, loans and advances <ul style="list-style-type: none"> a) Classified lease, loans and advances on which interest has not been charged b) Increase/(decrease) of specific provision against classified lease/loan c) Amount of loan written off d) Amount realised against loan previously written off e) Provision kept against loans classified as bad/loss on the date of preparing the balance sheet (note-7.8) f) Interest credited to Interest Suspense account (note-12.3) 	173,248,121 58,444,750 56,943,537 22,047,752 464,372,539 159,239,508	250,436,755 17,864,267 63,789,724 12,566,366 257,518,184 137,171,416
xii) Written off lease, loans and advances <ul style="list-style-type: none"> Opening Balance During the year Cumulative to-date The amount of written-off leases, loans and advances for which law suits have been filed 	1,047,781,303 56,943,537 1,104,724,840 1,104,724,840	983,991,579 63,789,724 1,047,781,303 1,047,781,303

7.8 Classification of lease, loans and advances

Unclassified

Standard
Special mention account (SMA)

Standard	16,600,674,146	14,529,463,748
Special mention account (SMA)	13,439,922	131,572,215
	16,614,114,068	14,661,035,963

Classified

Sub-standard
Doubtful
Bad/Loss

Sub-standard	83,483,936	124,254,703
Doubtful	66,295,845	93,402,464
Bad/Loss	464,372,539	257,518,184
	614,152,320	475,175,350
	17,228,266,388	15,136,211,313

**8 Fixed assets including land, building, furniture and fixtures****Cost**

	2021 BDT	2020 BDT
Furniture and fixtures	124,443,838	125,245,787
Office equipment	621,586	585,229
Electrical equipment	140,354,525	144,775,864
Software	25,003,000	-
Motor vehicle	69,155,996	60,804,986
Office space	177,890,411	177,890,411
Right-of-use assets	208,700,949	200,175,313
Less: Accumulated depreciation	746,170,304	709,477,590
Net book value at the end of the year (Annexure - A)	431,321,830	447,550,957

9 Other assets**Inside Bangladesh****Income generating:**

Income receivable (note-9.1)	98,406,500	91,928,431
Non-income generating:		
Deferred tax assets (note-9.2)	6,596,827	2,609,073
Advance, deposit and prepaid expenses	50,040,570	42,098,734
Other receivables	-	454,074
Receivable from provident fund account (note-24.1)	6,508,175	8,030,711
Advance corporate tax (note-9.3)	1,857,010,682	1,761,589,781
2,018,562,755	1,906,710,805	-

Outside Bangladesh**2,018,562,755****1,906,710,805****2,018,562,755****1,906,710,805**

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

9.2 Deferred tax asset

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

	Carrying amount at balance sheet	Tax base	Deductible temporary difference
Fixed assets at book value	288,290,698	297,453,968	9,163,269
Liability to employees gratuity fund	8,428,268	-	8,428,268
	296,718,967	297,453,968	17,591,538
Applicable tax rate			37.5%
Deferred tax asset as on 31 December, 2021			6,596,827
Deferred tax asset as on 31 December, 2020			2,609,073
Deferred tax income during the year 2021 (note-36)			3,987,754

9.3 Advance corporate tax

Balance as on January 01	1,761,589,781	1,659,497,785
Paid during the year	95,420,901	102,091,996
	1,857,010,682	1,761,589,781

10 Borrowing from banks, other financial institutions and agents

In Bangladesh (note-10.1)	5,378,180,201	2,347,393,668
Outside Bangladesh	-	-
	5,378,180,201	2,347,393,668



10.1 In Bangladesh

	2021 BDT	2020 BDT
Bank overdraft		
Private Commercial Bank	746,024,623	44,670,443
Foreign Commercial Bank	295,287,154	927,919
	1,041,311,777	45,598,362
Short term loan		
Foreign Commercial Bank	230,000,000	-
	230,000,000	-
Call borrowing		
Nationalised Commercial Bank	200,000,000	-
Private Commercial Bank	300,000,000	-
	500,000,000	-
Long term loan		
Bangladesh Bank (Refinance)	2,923,779,656	1,413,776,432
Kreditanstalt Für Wiederaufbau (KFW)	25,720,367	37,669,431
Non-Convertible Zero Coupon Bond (note-10.1.1)	657,368,402	850,349,443
	3,606,868,425	2,301,795,306
	5,378,180,201	2,347,393,668

- 10.1.1 The Company issued non-convertible Zero Coupon Bond with face value of BDT 1,000 million (400 bonds with face value of BDT 2.5 million each) and discounted value of BDT 850,349,443 @ 7.5% interest which were fully subscribed as at 31 December, 2021.

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

Secured (FDR pledged as security)	1,271,311,777	45,598,362
Secured (Corporate guarantee)	-	-
Unsecured	4,106,868,425	2,301,795,306
	5,378,180,201	2,347,393,668

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

On demand	-	-
Up to 1 month	1,668,762,626	125,257,802
Over 1 month but within 3 months	433,201,470	101,958,709
Over 3 months but within 1 year	1,460,580,893	919,278,654
Over 1 year but within 5 years	1,798,027,923	1,181,286,404
Over 5 years	17,607,289	19,612,099
	5,378,180,201	2,347,393,668

11 Deposits and other accounts

Current deposits & other accounts, etc.	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits (note -11.1)	13,312,007,103	11,876,673,281
Bearer certificates of deposit	-	-
Other deposits (note-11.2)	353,353,085	423,211,691
	13,665,360,188	12,299,884,972

11.1 Term deposits

Deposits from banks and financial institutions	800,000,000	170,000,000
Deposits from other than banks and financial institutions	12,512,007,103	11,706,673,281
	13,312,007,103	11,876,673,281

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

11.1.1 Sector-wise break-up of term deposits

Government	-	-
Banks and financial institutions	800,000,000	170,000,000
Other public	-	-
Foreign currency	-	-
Private	12,512,007,103	11,706,673,281
	13,312,007,103	11,876,673,281



	2021 BDT	2020 BDT
11.1.2 Maturity analysis of term deposits		
a) Maturity analysis of deposits from banks & financial institutions		
Payable on demand	-	-
Up to 1 month	-	20,000,000
Over 1 month but within 3 months	800,000,000	150,000,000
Over 3 months but within 1 year	-	-
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
	800,000,000	170,000,000
b) Maturity analysis of deposits from other than banks & financial institutions		
Payable on demand	-	-
Up to 1 month	1,163,724,187	1,891,138,182
Over 1 month but within 3 months	1,272,393,791	2,167,661,788
Over 3 months but within 1 year	5,469,379,951	4,806,338,979
Over 1 year but within 5 years	3,067,247,806	2,562,869,118
Over 5 years but within 10 years	1,538,870,932	278,521,016
Over 10 years	390,436	144,198
	12,512,007,103	11,706,673,281
	13,312,007,103	11,876,673,281
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	316,262,554	387,634,203
Interest bearing deposit	37,090,531	35,577,488
	353,353,085	423,211,691
11.2.1 Maturity analysis of other deposits		
Payable on demand	-	-
Up to 1 month	25,554,744	30,606,967
Over 1 month but within 3 months	32,063,380	38,402,374
Over 3 months but within 1 year	122,978,442	147,291,525
Over 1 year but within 5 years	149,185,940	178,680,297
Over 5 years but within 10 years	23,570,578	28,230,529
Over 10 years	-	-
	353,353,085	423,211,691
12 Other liabilities		
Provision for gratuity (note-12.1)	8,428,268	3,065,446
KFW interest differential fund (note-12.2)	1,246,186	4,826,739
Interest suspense account (note-12.3)	159,239,508	137,171,416
Accrued expenses and payables (note-12.4)	652,935,050	855,527,217
Lease liabilities (note-12.5)	164,893,404	174,076,712
Provision for lease, loans and advances (note-12.6)	502,922,958	476,763,287
Provision on investment	-	103,208
Provision on others (note-12.7)	20,000,000	20,000,000
Provision for income tax (note-12.8)	2,056,955,970	2,015,575,278
Provision on receivable from provident fund account (note-12.9)	6,508,175	6,508,175
Dividend payable (note-12.10)	6,807,445	17,617,639
	3,579,936,966	3,711,235,118
12.1 Net defined benefit obligation - Employees' Gratuity Fund		
Fair value of plan assets (note-12.1.1)	72,051,534	61,167,359
Less: Defined benefits obligation (note-12.1.1)	(80,479,802)	(64,232,805)
	(8,428,268)	(3,065,446)

Actuarial valuation was conducted for the first time in the year 2021, The actuary assumed the opening fund liability is the same as that of the audited accounts of UFL Employees Gratuity Fund (Fund account). Opening fund asset is also similar the fund asset as shown in the audited Fund accounts except for the receivable from the Company of BDT 3,065,446.



	2021 BDT	2020 BDT
	Defined benefits obligation	Fair value of plan assets
12.1.1 Movement in net defined benefits (assets) liability		
Balance as on January 01, 2021	64,232,805	61,167,359
Interest cost/income	4,978,042	4,266,900
Current service cost	10,548,478	-
Past service cost	-	-
Remeasurement loss/gain	-	-
Actuarial loss (gain) arising from:		
Demographic assumptions	-	-
Financial assumptions	(43,573,461)	-
Experience adjustments	48,916,731	-
Contribution paid by the employer	-	11,706,383
Benefits paid	(4,705,382)	(4,705,382)
Expenses/Adjustments*	82,590	(383,726)
Balance as on December 31, 2021	80,479,802	72,051,534

* Benefits unpaid as at the date of valuation

12.1.2 Plan assets

Plan assets comprise cash at bank and investment in fixed deposit receipts amounting to BDT 16,915 and BDT 72,034,619 respectively.

2021

12.1.3 Principal actuarial assumptions

Discount rate and expected rate of return on plan assets	7.75%
Future salary growth rate	6.00%
Withdrawal rate	
Age till 30 years	9.00%
Age from 30 to 40 years	5.00%
Age from 40 to 50 years	0.50%
Age above 50 years	0.00%

12.1.4 Sensitivity analysis

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

2021

	Increase	Decrease
Discount rate (1% movement)	(10,864,129)	13,238,327
Future salary growth (1% movement)	13,340,843	(11,121,316)

12.2 Kreditanstalt Fur Wiederaufbau (KFW) interest differential fund

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

Balance as on January 01	4,826,739	9,760,958
Addition during the year	1,426,270	1,951,176
	6,253,009	11,712,134
Adjusted against training programme	(5,006,823)	(6,885,395)
	1,246,186	4,826,739

12.3 Interest suspense account

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

Balance as on January 01	137,171,416	112,353,417
Add: Amount transferred to "interest suspense" account during the year	45,428,789	54,331,712
Less: Amount recovered from "interest suspense" account during the year	(3,042,944)	(9,838,721)
Less: Written off during the year	(20,317,753)	(19,674,991)
	159,239,508	137,171,416

12.4 Accrued expenses and payables

Liabilities for expenses	480,533,065	660,610,140
Liabilities other than expenses	172,401,985	194,917,077
	652,935,050	855,527,217

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

Liabilities other than expenses represent income tax and VAT deducted at source from depositors, suppliers, employees and collection against leases, loans and advances etc.

**12.5 Lease liabilities**

	2021 BDT	2020 BDT
Balance as on January 01	174,076,712	168,191,694
Addition during the year	11,601,424	76,084,805
Interest charged during the year	12,693,981	11,076,567
Disposal during the year	-	(47,352,097)
Office rent adjustment made during the year	(33,478,713)	(33,924,257)
	164,893,404	174,076,712

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

12.6 Provision for lease, loans and advancesGeneral provision on lease, loans and advances

Balance as on January 01	129,955,131	95,901,285
Provision made for the year (note-35)	(36,251,321)	34,053,846
	93,703,810	129,955,131

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

Balance as on January 01	-	-
Provision made for the year (note-35)	12,059,572	-
	12,059,572	-

Specific provision on unclassified lease, loans and advances

Balance as on January 01	8,237,846	34,473,459
Provision made for the year (note-35)	(7,615,393)	(26,235,613)
	622,453	8,237,846

Specific provision on classified lease, loans and advances

Balance as on January 01	337,956,794	320,092,527
Fully provided debt written off during the year	(56,943,537)	(44,114,734)
Amount realised from written off clients	22,047,752	12,566,366
Provision released during the year (note-35)	(833,225)	-
Provision made for the year (note-35)	94,173,760	49,412,635
	396,401,544	337,956,794

Provision on receivable others and off balance sheet item

Balance as on January 01	613,517	1,948,490
Provision made for the year (Note-35)	(477,938)	(1,334,973)
	135,579	613,517
	502,922,958	476,763,287

Provision surplus/(shortage):

	2021	2020		
	Required	Maintained	Required	Maintained
General provision on lease, loans and advances	92,843,894	93,703,810	96,012,383	129,955,131
Special provision 2% (15% payment for deferral clients)	12,059,572	12,059,572	-	-
Specific provision on unclassified lease, loans and advances	616,741	622,453	6,086,218	8,237,846
Specific provision on classified lease, loans and advances	392,763,784	396,401,544	249,686,464	337,956,794
Other provisions	135,579	135,579	613,517	613,517
Total surplus	498,419,570	502,922,958	352,398,582	476,763,287
		4,503,388		124,364,705



12.6.1 Provision for lease, loans and advances

			2021 BDT	2020 BDT
Status	Base for provision	Rate (%)	Required Provision	Kept Provision
General Provision				
Loans and leases SME-STD (Excluding SMA)	9,755,046,361	0.25%	24,387,616	24,613,493
Loans and leases STD (Excluding SMA)	6,845,627,785	1.00%	68,456,278	69,090,317
Loan/lease to the Subsidiaries/ Sister Concerns, Brokerage House, Merchant Banks, Stock dealers	-	2.00%	-	-
Special mention account (SMA)	12,334,825	5.00%	616,741 <u>93,460,635</u>	622,453 <u>94,326,263</u>
Special Reserve				
Extra provision for providing COVID related circular advantage	602,978,599	2.00%	<u>12,059,572</u>	<u>12,059,572</u>
Specific provision				
Sub-standard	127,924,851	20%	25,584,970	25,821,937
Doubtful	46,366,693	50%	23,183,347	23,398,070
Bad/ Loss	343,995,467	100%	343,995,467 <u>392,763,784</u>	347,181,537 <u>396,401,544</u>
Provision for loans, advances and leases			<u>498,283,991</u>	<u>502,787,379</u>
Other provision				
Off-Balance Sheet	2,837,915	1%	28,379	28,379
Other Asset	107,200	100%	107,200 <u>135,579</u>	107,200 <u>135,579</u>
Total provision			<u>498,419,570</u>	<u>502,922,958</u>
12.7 Provision on others				
Balance as on January 01			20,000,000	20,000,000
Provision made for the year (note-35)			-	-
			<u>20,000,000</u>	<u>20,000,000</u>
12.8 Provision for income tax				
Balance as on January 01			2,015,575,278	1,957,992,724
Add: Corporate tax for the year (note-36)			97,851,794	105,075,971
Less: Settlement of previous year's liability (note-36)			(56,471,102)	(47,493,418)
			<u>2,056,955,970</u>	<u>2,015,575,278</u>
			<u>2,056,955,970</u>	<u>2,015,575,278</u>
12.9 Provision on receivable from provident fund account				
Provision is kept due to uncertainty of realisation of the forfeited provident fund account balances against resigned employees who did not complete 5 years for the years 2015 to 2018. This is as per the income recognition described in note-24.1.				
12.10 Aging analysis of dividend payable				
i. Cash dividend payable				
Upto 1 year			2,037,506	2,948,326
Over 1 year but within 3 years			4,769,939	3,613,070
Over 3 years but within 4 years			-	3,671,482
Over 4 years but within 5 years			-	5,298,724
Above 5 years			-	2,086,037
			<u>6,807,445</u>	<u>17,617,639</u>

Unclaimed subscriptions and cash dividends for the period from 1994 to 2017 amounting to Tk. 11,232,021 have been transferred on September 27, 2021 to the Capital Market Stabilization Fund (CMSF) according to Bangladesh Securities and Exchange Commission directive no. SEC/SRMIC/165-2020/part-1/182 dated July 19, 2021.



	2021 BDT	2020 BDT
ii. Stock dividend payable		
Upto 1 year	-	-
Over 1 year but within 3 years	-	19,115
Over 3 years but within 4 years	19,115	18,232
Over 4 years but within 5 years	18,232	33,184
Above 5 years	349,172	315,988
	386,519	386,519
13 Share capital		
13.1 Authorized capital		
300,000,000 ordinary shares of BDT 10 each	3,000,000,000	3,000,000,000
13.2 Issued, subscribed and fully paid-up capital		
7,000,000 ordinary shares of BDT 10 each issued for cash	70,000,000	70,000,000
180,114,614 ordinary shares of BDT 10 each issued as bonus shares	1,801,146,140	1,801,146,140
	1,871,146,140	1,871,146,140
13.3 Capital adequacy ratio		
As per BASEL Accord guideline incorporated by Bangladesh Bank vide DFIM Circular no. 08 dated 02 August 2010 all Financial Institutions should calculate capital adequacy ratio based on solo basis as well as consolidated basis.		
A Eligible Capital :		
Tier-1 Capital	3,236,268,429	3,201,141,126
Tier-2 Capital	106,366,077	138,755,894
Total Eligible Capital (1+2) :	3,342,634,506	3,339,897,020
B Total Risk Weighted Assets (RWA):	17,503,072,803	17,643,824,956
C Capital Adequacy Ratio (CAR) (A_3 / B) * 100	19.10%	18.93%
D Core Capital to RWA (A_1 / B) * 100	18.49%	18.14%
E Supplementary Capital to RWA (A_2 / B) * 100	0.61%	0.79%
F Minimum Capital Requirement (MCR)	1,750,307,280	1,764,382,496
Surplus	1,592,327,225	1,575,514,524
Core capital (Tier-I)		
Paid up capital (note-13.2)	1,871,146,140	1,871,146,140
Share premium (note-14)	3,750,000	3,750,000
Statutory reserve (note-15)	966,450,000	921,950,000
General reserve (note-16)	190,000,000	225,000,000
Retained earnings (note-17)	204,922,289	179,294,986
	3,236,268,429	3,201,141,126
Eligible supplementary capital (Tier-II)		
General provision maintained against unclassified loan	106,366,077	138,755,894
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)	-	-
	106,366,077	138,755,894
General provision (Unclassified+SMA+Off balance sheet exposure)	106,366,077	138,755,894
Limit up to 1.25% of RWA for Credit Risk would be eligible as Tier-II capital	193,001,805	195,199,534
Risk Weighted Assets (RWA)		
A Credit Risk	15,440,144,395	15,615,962,735
On- Balance sheet	15,436,597,002	15,545,598,120
Off-Balance sheet	3,547,394	70,364,615
B. Market Risk	585,983,321	475,875,808
C. Operational Risk	1,476,945,086	1,551,986,414
Total: RWA (A+B+C)	17,503,072,803	17,643,824,956



13.4 Percentage of shareholding at the closing date

	No. of shares		Percentage	
	2021	2020	2021	2020
(i) Sponsors - Foreign	37,422,921	37,422,921	20.00	20.00
Domestic:				
- Sponsor affiliated/related entities	40,324,483	40,324,483	21.55	21.55
- Other	3,754,942	3,754,942	2.01	2.01
	81,502,346	81,502,346	43.56	43.56
(ii) Financial Institutions and Companies				
Foreign (sponsor affiliated/related entities)	17,474,639	17,474,639	9.34	9.34
Domestic				
- Sponsor affiliated/related entities	7,222,662	7,222,662	3.86	3.86
- Other	24,744,418	33,909,191	13.22	18.12
	49,441,719	58,606,492	26.42	31.32
(iii) General public – Domestic	56,170,549	47,005,776	30.02	25.12
	187,114,614	187,114,614	100.00	100.00

Total number of shares held by the foreign sponsor and its affiliated/related entities (foreign and domestic) was 102,444,705 Shares of Tk. 10.00 each representing 54.75% of the total issued shares as of 31 December, 2021.

13.5 Shareholding range on the basis of shareholding as at 31 December, 2021

No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
1 Less than 500	2,338	385,417	0.21
2 500 to 5,000	4,214	8,567,354	4.58
3 5,001 to 10,000	928	6,990,938	3.74
4 10,001 to 20,000	556	8,263,386	4.42
5 20,001 to 30,000	186	4,679,443	2.50
6 30,001 to 40,000	109	3,894,832	2.08
7 40,001 to 50,000	76	3,557,150	1.90
8 50,001 to 100,000	133	9,831,399	5.25
9 100,001 to 1,000,000	82	19,988,707	10.68
10 Above 1,000,000	16	120,955,988	64.64
	8,638	187,114,614	100.00

13.6 Composition of Shareholders' Equity:

Particulars	No. of shares	Face value per share	BDT
Paid-up Capital	187,114,614	10.00	1,871,146,140
Share Premium			3,750,000
Preference Share Capital			-
Statutory Reserve			966,450,000
General Reserve			190,000,000
Retained Earnings			204,922,289
Total Shareholders' Equity			3,236,268,429

Date of issue & other information:

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



	2021 BDT	2020 BDT
14 Share premium		
This represents a premium of 50% over the par value of share received against the issue of 750,000 shares in 1994 amounting to BDT 3,750,000.		
15 Statutory reserve		
Balance as at January 01	921,950,000	879,400,000
Addition during the year	44,500,000	42,550,000
	966,450,000	921,950,000
As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year profit to the fund until such reserve fund equal to its paid up share capital and share premium (if any). Accordingly during the year the Company has transferred BDT 44,500,000 (2020: BDT 42,550,000) to the Statutory Reserve.		
16 General reserve		
Balance as on January 01	225,000,000	225,000,000
Transfer to retained earnings during the year	(35,000,000)	-
Transfer from retained earnings during the year	-	-
	190,000,000	225,000,000
17 Retained earnings		
Balance as on January 01	179,294,986	197,727,508
Less: Cash dividend for last year	(187,114,614)	(187,114,614)
Less: Issue of bonus shares for last year	-	-
Add: Transfer from general reserve during the year	35,000,000	-
Balance remaining	27,180,372	10,612,894
Addition during the year		
Net profit after taxation	222,241,917	211,232,093
Transfer to general reserve during the year	-	-
Transfer to statutory reserve during the year	(44,500,000)	(42,550,000)
	204,922,289	179,294,986
Worker's Profit Participation Fund (WPPF)		
As per Bangladesh Labor Act 2006 (as amended in 2013) all companies fall within the scope of Worker's Profit Participation Fund (which includes Non-Banking Financial Institutions) are required to provide 5% of its profit before charging such expenses to their eligible employees within the stipulated time.		
Ministry of Finance (MoF) and Bangladesh Bank (BB) have reviewed the law and proposed to the Ministry of Labor to exclude Banks and Non-Banking Financial Institutions from the requirements of the law regarding the provision of Worker's Profit Participation Fund and accordingly Ministry of Finance issued a letter on 14 February 2017 to the Ministry of Labor to waive Banks and Non-Banking Financial Institutions from the purview of the requirement(s) of the Bangladesh Labor Act 2013.		
However, United Finance Limited maintained adequate retained earnings to keep required provision for Worker's Profit Participation Fund (from the year 2014 to 2021) subject to the final clearance from the Ministry of Labor since the matter stands unresolved.		
18 Net asset value per share (NAV)		
Total assets	25,859,745,784	21,559,654,884
Total liabilities	22,623,477,355	18,358,513,758
Net assets	3,236,268,429	3,201,141,126
Number of share outstanding (current year's)	187,114,614	187,114,614
Net asset value per share	17.30	17.11
Restated NAV:		
Net assets	3,236,268,429	3,201,141,126
Number of ordinary shares as at 31 December	187,114,614	187,114,614
Restated NAV	17.30	17.11



	2021 BDT	2020 BDT
19 Contingent liabilities		
19.1 Letters of guarantee		
Letters of guarantee (Local)	2,837,915	56,291,692
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	2,837,915	56,291,692
Guarantees		
The Company issues guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that the Company will pay to third parties and it converts into lease or loan on the basis of an agreement with the customers. The maximum amount that the Company could be required to pay under a guarantee is its principal amount.		
20 Profit and loss account		
Income:		
Interest, discount and similar income (note-20.1)	1,952,801,351	2,040,213,421
Dividend income (note-23)	44,039,206	33,755,852
Other operating income (note-24)	130,284,342	120,216,027
	2,127,124,899	2,194,185,300
Expenses:		
Interest, fee and commission etc. (note-22)	1,146,721,213	1,271,602,366
Administrative expenses (note-20.2)	543,560,726	489,241,691
Other operating expenses (note-34)	40,326,095	41,478,437
Depreciation on Company's fixed assets	75,929,762	64,354,528
	1,806,537,796	1,866,677,022
	320,587,103	327,508,278
20.1 Interest, discount and similar income		
Interest on lease, loans, and advances (Note-21)	1,929,804,471	1,998,444,556
Interest on Government security (note-23)	5,353	-
Interest on bonds (note-23)	22,991,528	41,768,865
Discount income	-	-
Interest on debentures	-	-
	1,952,801,351	2,040,213,421
20.2 Administrative expenses		
Salaries and allowances	455,343,749	419,820,014
Rent, taxes, insurance, electricity etc.	25,876,052	21,896,635
Legal expenses	14,895,357	11,633,300
Postage, stamp, telecommunication etc.	22,213,526	11,962,584
Stationery, printing, advertisement etc.	4,006,503	2,051,540
Managing Director's salary and benefits	10,595,000	10,595,000
Directors' fees	452,220	385,000
Auditors' fees	805,000	805,000
Repairs and maintenance of the Company's assets	9,373,321	10,092,618
	543,560,726	489,241,691
21 Interest income		
Lease	739,853,978	940,568,321
Term loan and home loan	927,834,743	604,255,312
Short term financing	137,122,519	266,331,018
Total interest income	1,804,811,241	1,811,154,651
Interest on deposit/balance with banks and other financial institutions	44,357,585	56,360,774
Interest on deposits under lien for credit line facilities	80,635,645	130,929,131
	1,929,804,471	1,998,444,556



	2021 BDT	2020 BDT
21.1 Interest income includes BDT 12,922,165 which was recognised as income from interest suspense account based on analysis of risk on case to case basis and prospects of recoverability, from 18 loan/lease accounts in accordance with the Bangladesh Bank DFIM letter ref. DFIM (P)1052/27/2022-35 dated January 2, 2022. Management will continue to monitor the progress of recovery in future periods.		
21.2 Prior to issuance of Bangladesh Bank DFIM Circular no. 9 dated 14 September, 2021, interest income includes BDT 11,38,841 in respect of 13 rescheduled loan/lease accounts that was recognised according to the Bangladesh Bank FID circular no. 2, dated March 5, 2007. Management has assessed this to be recoverable from the borrowers and will continue to monitor the progress of recovery in future periods.		
22 Interest paid on deposits, borrowings etc.		
a) Interest paid on deposits		
Deposits from other than banks and financial institutions	939,095,596	1,064,120,102
Deposits from banks and financial institutions	5,189,444	87,112,467
Direct deposit expenses	15,091,608	19,790,908
Interest bearing security deposits	1,880,918	1,679,701
	961,257,566	1,172,703,178
b) Interest paid for borrowing		
Bank loans	3,685,417	10,505,833
Bangladesh Bank refinance and KFW	97,789,208	59,861,986
Call loan	315,625	499,583
Overdraft	3,365,423	16,318,673
Zero Coupon Bond	67,613,993	636,546
	172,769,666	87,822,621
c) Interest expenses-lease liabilities		
	12,693,981	11,076,567
	12,693,981	11,076,567
	1,146,721,213	1,271,602,366
23 Investment income		
Interest on Government security	5,353	-
Interest on bonds	22,991,528	41,768,865
Dividend on shares	44,039,206	33,755,852
	67,036,087	75,524,717
24 Other operating income		
Reimbursement - invoice processing and collection costs	12,295,495	11,897,101
Early repayment premium	21,870,120	10,727,119
Reimbursement - documentation costs	67,939,206	36,130,541
Late payment charges	21,763,297	39,891,675
Profit on sale of fixed assets	805,876	4,032,382
Profit on sale of share	971,473	-
Income from provident fund forfeited account (note-24.1)	1,615,571	8,030,711
Miscellaneous earnings	3,023,303	9,506,498
	130,284,342	120,216,027
24.1 Income from provident fund forfeited account		
Income is recognised as per section 1 of the Financial Reporting Council (FRC) circular no. 179 dated 07 July 2020. The amount comprises forfeited account balances of resigned employees who did not complete 5 years in 2020 (comparative figure is for the year from 2015 to 2019). The corresponding accounts receivable is recognised under note-9.		
The recognition of income from forfeited account balances of resigned employees who did not complete 5 years in the year 2021 is pending subject to verification and audit of the United Finance Limited Employees Provident Fund.		
25 Salaries and allowances		
Basic salary, provident fund contribution and all other allowances	424,708,502	379,863,659
Festival and incentive bonus	30,635,247	39,956,355
	455,343,749	419,820,014
26 Rent, taxes, insurance, electricity etc.		
Rent, rate and taxes (note-26.1)	503,108	251,217
Insurance	17,189,381	14,084,623
Electricity, gas and water	8,183,563	7,560,795
	25,876,052	21,896,635
26.1 Movement of Rent, rate and taxes:		
Rent expenses charged	33,981,822	34,175,474
Less: Reclassification of rent (as per IFRS 16 Leases)	33,478,713	33,924,257
Rent expenses reported	503,108	251,217

Movement of Rent, rate and taxes have been included due to implementation of IFRS-16 Leases (office rent).



	2021 BDT	2020 BDT
27 Legal expenses		
Legal fees	9,334,686	8,350,412
Professional fees	5,560,671	3,282,888
	14,895,357	11,633,300
28 Postage, stamp, telecommunication etc.		
Stamp expenses	7,449,242	3,608,980
Postage and courier	960,694	511,449
Telephone, mobile and internet	13,803,590	7,842,155
	22,213,526	11,962,584
29 Stationery, printing, advertisements etc.		
Printing and stationeries	3,338,557	1,456,866
Publicity and advertisements	667,946	594,674
	4,006,503	2,051,540
30 Managing Director's salary and benefits		
Remuneration	7,475,000	7,475,000
Other benefits	3,120,000	3,120,000
	10,595,000	10,595,000
31 Directors' fees		
Directors' fees	452,220	385,000
	452,220	385,000
Directors' fee include fees for attending the meeting by the non-executive Directors. Each Director was paid @ Tk. 5,000 per meeting as attendance fee after deduction of tax.		
32 Auditors' fees		
Statutory audit fees (including VAT)	805,000	805,000
	805,000	805,000
33 Depreciation and repair of assets		
Depreciation - (Annexure-A)		
Furniture and fixture	8,630,143	8,642,956
Office equipment	42,965	52,894
Electrical equipment	18,091,623	13,935,659
Software	5,260,250	-
Motor vehicle	9,926,965	9,260,479
Office space	4,447,260	4,447,260
Right-of-use assets	29,530,556	28,015,280
	75,929,762	64,354,528
Repairs		
Maintenance of electrical equipment, office equipment, motor vehicle & other assets	9,373,321	10,092,618
	9,373,321	10,092,618
	85,303,082	74,447,146
Movement of depreciation and repair of assets (Right-of-use assets) have been included due to implementation of IFRS-16 Leases (office rent).		
34 Other expenses		
Training expenses	506,072	2,042,265
Books, magazines and newspapers etc.	75,512	52,449
Staffs' uniforms	718,083	1,115,691
Medical expenses	674,953	631,491
Fees and subscriptions	2,437,306	1,866,262
Bank charges	3,241,743	2,210,078
Excise duty expenses	1,732,450	1,608,450
Car expenses	896,426	1,052,265
Entertainment	4,451,229	2,474,001
Office expenses	1,877,407	2,487,746
Security services	8,792,439	8,975,771
Business promotion expenses	3,570,192	1,958,694
Annual General Meeting/Shareholder expenses	1,221,188	1,583,729
Travelling and conveyance expenses	10,131,097	6,911,370
Provision expense on receivable from provident fund account (note-12.9)	-	6,508,175
	40,326,095	41,478,437

**35 Provision for lease, loans and advances**

	2021 BDT	2020 BDT
General provision on lease, loans and advances (note-12.6)	(36,251,321)	34,053,846
Special provision 2% (15% payment for deferral clients) (note-12.6)	12,059,572	-
Specific Provision on unclassified lease, loans and advances (note-12.6)	(7,615,393)	(26,235,613)
Specific Provision on classified lease, loans and advances (note-12.6)	93,340,535	49,412,635
Provision on receivable others and off balance sheet item (note-12.6)	(477,938)	(1,334,973)
Provision for investment	(103,208)	103,208
Provision for others (note-12.7)	-	-

36 Provision for taxationCurrent tax

Corporate tax for the year on operating profit	97,851,794	105,075,971
Less: Settlement of previous year's tax liability	(56,471,102)	(47,493,418)
<u>Deferred tax</u>		
Deferred tax (note- 9.2)	41,380,692	57,582,554
	(3,987,754)	2,694,530
	(3,987,754)	2,694,530
	37,392,938	60,277,084

Average effective tax rate

Operating profit before taxes	259,634,855	271,509,177
Provision for taxation	37,392,938	60,277,084
Effective rate (36.1)	14.40%	22.20%

36.1 Reconciliation of Effective Tax Rate:

	2021		2020	
	%	Taka	%	Taka
Profit before income tax as per profit and loss account		259,634,855		271,509,177
Income tax as per applicable tax rate	37.50%	97,363,071	37.50%	101,815,941
Net inadmissible expenses (due to difference between accounting & tax depreciation, lease/loan provision, gratuity provision and others)	3.26%	8,462,740	3.38%	9,167,304
Reduced tax due to tax rate being lower than business tax rate (dividend income @ 20% and capital gain on sale of shares @ 10%)	-3.07%	(7,974,016)	-2.18%	(5,907,274)
Settlement of previous years' tax liabilities	-21.75%	(56,471,102)	-17.49%	(47,493,418)
Deferred tax	-1.54%	(3,987,754)	0.99%	2,694,530
	14.40%	37,392,938	22.20%	60,277,084

37 Earnings per share (EPS)

Net profit after tax	222,241,917	211,232,093
Number of ordinary shares outstanding	187,114,614	187,114,614
Earnings Per share (EPS)	1.19	1.13
Restatements of EPS:		
Net profit after tax	222,241,917	211,232,093
Number of ordinary shares as on 31 December	187,114,614	187,114,614
	1.19	1.13

Earnings per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of 31 December 2021 as per International Accounting Standard 33 Earnings Per Share.

38 Receipts from other operating activities

Reimbursement - invoice processing and collection costs	12,295,495	11,897,101
Early repayment premium	21,870,120	10,727,119
Reimbursement-documentation costs	67,939,206	36,130,541
Late payment charges	21,763,297	39,891,675
Profit on sale of fixed assets	805,876	-
Profit on sale of share	971,473	-
Income from provident fund forfeited account (note-24.1)	1,615,571	-
Miscellaneous earnings	2,287,085	9,559,480
	129,548,125	108,205,916



39 Payments for other operating activities			
Rent, taxes, insurance, electricity etc.	25,868,047	21,895,403	
Repairs and maintenance	9,288,321	11,312,780	
Travelling and conveyance expenses	10,131,097	6,911,370	
Annual General Meeting/Shareholder expenses	1,221,188	1,583,729	
Entertainment	4,451,229	2,474,001	
Bank charges	4,974,193	3,818,528	
Fees and subscriptions	2,437,306	1,866,262	
Medical expenses	674,953	631,491	
Directors' fees	452,220	385,000	
Books, magazines and newspapers etc.	75,512	52,449	
Training expenses	506,072	2,042,265	
Office expenses	1,877,407	2,487,746	
Security services	8,792,439	8,929,329	
Depreciation and repair of assets	29,530,556	28,015,280	
	100,280,538	92,405,633	
40 Net Operating Cash Flow Per Share (NOCFPS):			
Net cash flows from operating activities	1,052,558,027	(1,388,982,896)	
Number of shares outstanding	187,114,614	187,114,614	
NOCFPS	5.63	(7.42)	
NOCFPS (Restated)	5.63	(7.42)	
41 Reconciliation of Operating Activities of Cash Flows:			
Particulars			
Net Profit After Tax	222,241,917	211,232,093	
Depreciation	75,929,762	64,354,528	
Provision for lease, loans and advances	26,056,463	24,450,735	
Provision for taxation	41,380,692	57,582,554	
Profit on sale of fixed assets	(805,876)	(4,032,382)	
Decrease in short term loans	1,725,713,415	(1,606,351,463)	
Increase in lease, loans and advances	(2,092,055,075)	(146,864,666)	
Income tax paid	(95,420,901)	(102,091,996)	
Decrease in deposit and other accounts	1,365,475,216	(38,191,646)	
Increase in other liabilities	(187,925,112)	201,964,559	
Increase in other assets	(16,431,048)	(39,302,492)	
Increase in right-of-use assets	(11,601,424)	(11,732,720)	
Cash flows from operating activities	1,052,558,027	(1,388,982,896)	
42 Number of employees			
Number of employees who received less than BDT. 3,000 per month	-	-	
Number of employees who received an aggregate amount more than BDT 36,000 for the whole year or part of the year	873	844	
	873	844	

**43 Related Party Disclosures****43.1 Particulars of Directors of the Company as on 31 December, 2021**

Sl no.	Name of Directors	Designation	Shareholding status
1.	Imran Ahmed	Chairman	Nominated by Lawrie Group Plc.,UK having share of 20%
2	Susan Ann Walker	Director	
3	A. Rouf	Director	Nominated by United Insurance Co. Ltd. having share of 19.84%
4.	L. H. Khan	Director	
5.	A. F. M. M. Samad Choudhury	Director	Nominated by Surmah Valley Tea Co. Ltd. having share of 8.27%
6.	C. K. Hyder	Director	
7.	A. F. Nesaruddin	Director	Not applicable; no shareholdings.
8.	M. M. Alam	Independent Director	
9.	Mahbub Mustafizur Rahman	Independent Director	Not applicable, no shareholdings.
10.	Kaiser Tamiz Amin	Managing Director	Not applicable, Ex-officio capacity



43.2 Name of Directors and their interest in different entities as on 31 December, 2021

SI No.	Name of Directors	Status with United Finance Limited	Entities where they have interest
1.	Imran Ahmed	Chairman	Director 1. Eastland Camellia Ltd. 2. Duncan Properties Ltd. 3. Octavius Steel & Co. of BD Ltd. 4. Duncan Brothers (BD) Ltd. 5. Duncan Products Ltd. 6. Chittagong Warehouse Ltd. 7. Surmah Valley Tea Co. Ltd. 8. The Lungla (Sylhet) Tea Co. Ltd. 9. The Allynugger Tea Co. Ltd. 10. Amo Tea Co. Ltd. 11. The Chandpore Tea Co. Ltd. 12. The Mazdehee Tea Co. Ltd.
2.	A. Rouf	Director	Director 1. Octavius Steel & Co. of BD Ltd. 2. Duncan Brothers (BD) Ltd. 3. Duncan Products Ltd. 4. Chittagong Warehouse Ltd. 5. Eastland Camellia Ltd. 6. Duncan Properties Ltd.
3.	Susan Ann Walker	Director	Director 1. The Lungla (Sylhet) Tea Co. Ltd. 2. The Allynugger Tea Co. Ltd. 3. Amo Tea Co. Ltd. 4. The Chandpore Tea Co. Ltd. 5. The Mazdehee Tea Co. Ltd. 6. Surmah Valley Tea Co. Ltd.
4.	L. H. Khan	Director	Director National Brokers Ltd.
5.	A. F. Nesaruddin	Director	Senior Partner, Hoda Vasi Chowdhury & Co., Chartered Accountants
6.	C.K. Hyder	Director	-
7.	A.F.M.M. Samad Choudhury	Director	-
8.	M. M. Alam	Independent Director	-
9.	Mahbub Mustafizur Rahman	Independent Director	Independent Director Aamra Networks Limited
10.	Kaiser Tamiz Amin	Managing Director	-

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

As on 31 December 2021 no such contract exists.

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

As on 31 December 2021 no such share issue exists.

43.5 Transactions with Directors and their related entities

Name of the Party	Name of Directors	Related by	Nature of transaction	Amount in BDT	Status of loan and advances
The Lungla (Sylhet) Tea Co. Ltd.	Imran Ahmed Susan Ann Walker	Common Director -Do-	Lease Term Deposit Office rent	594,853 95,491,260 4,019,112	Regular
Duncan Properties Ltd.	Imran Ahmed A. Rouf	-Do- -Do-	Term deposit Office rent	34,807,384 123,648	
Macalms Bangladesh Trust	Imran Ahmed A. Rouf A.F.M.M Samad Choudhury	Trustee -Do- -Do-	Term Deposit	32,075,610	
National Brokers Limited	L. H. Khan	Common Director	Term Deposit	92,089,646	
Duncan Brothers (BD) Ltd.	Imran Ahmed A. Rouf	-Do- -Do-	Term Deposit Office rent	47,921,744 2,874,788	
Eastland Camellia Ltd.	Imran Ahmed A. Rouf	-Do- -Do-	Term Deposit	88,465,211	
United Insurance Co. Ltd.	A. Rouf L. H. Khan A.F.M.M. Samad Choudhury	Nominated Director -Do- -Do-	Lease Term Deposit Insurance premium	1,171,546 60,612,500 8,283,363	Regular
Duncan Products Ltd.	A. Rouf Imran Ahmed	Common Director -Do-	Term Deposit Drinking Water Bill	13,257,373 38,556	Regular
Amo Tea Co. Ltd.	Imran Ahmed Susan Ann Walker	-Do- -Do- -Do-	Term Deposit Office rent	394,037,705 2,874,788	
The Chandpore Tea Co. Ltd.	Imran Ahmed Susan Ann Walker	-Do- -Do- -Do-	Office rent	697,770	
The Mazdehee Tea Co. Ltd	Imran Ahmed Susan Ann Walker	-Do- -Do- -Do-	Office rent	697,770	
Camellia Duncan Foundation	Imran Ahmed A. Rouf	Trustee -Do-	Term Deposit	40,520,495	
Octavius Steel & Company of Bangladesh Limited	Imran Ahmed A. Rouf	Common Director -Do-	Term Deposit	9,843,558	

**43.6 Lending policy to related parties**

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

43.7 Investment in the Securities of Directors and their related concerns

As on 31 December 2021 no such investment exists.

44 Commitment**Capital expenditure**

Capital expenditure amounting to BDT 20.85 million was contracted for procurement of various hardware (server, router and security devices) but not incurred during the period ended 31 December, 2021 (2020: BDT 19.50 million). These hardware will be delivered by the vendor in 2022; therefore the expenditure will be recognised in the year 2022. There was no other material capital expenditure authorised by the Board but not contracted for at 31 December, 2021 (2020: 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 2021, the Company had BDT 1,107,605,009 commitment with customers (2020: BDT 1,156,440,894).

45 Claim against Company not acknowledged as debt

Unsettled income tax returns/appeals are under process for assessments/settlement with the National Board of Revenue and honorable Supreme Court (High Court Division and Appellate Division). However, required tax provisions are available to cover the said amount, if any liability arises in future.

Excepting above, there were no such claims against the Company which required to be acknowledged as debt at 31 December 2021.

46 Proposal of dividend

The Board of Directors has recommended a cash dividend of BDT 1.00 per ordinary share (2020: @ BDT 1.00 per ordinary share) i.e. a total of BDT 187.11 million for 187.11 million ordinary shares held on the record date 17 April 2022.

47 Dividend Remitted to non-resident shareholders

An amount of Tk. 33,565,628.90 equivalent to GBP 279,505.58 (2019: Tk. 33,508,128.90 equivalent to GBP 300,386.90) was remitted to non-resident shareholder as dividend for the year 2020.

48 Foreign currency transactions

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

49 Collection of Audited Financial Statements during sanction or renewal of Lease/Loan facility.

Bangladesh Bank in its DFIM Circular no 8 issued on 17th August 2021 instructed the financial institutions to collect and preserve in loan file the statutory audit report audited by chartered accountant and prepared for the stakeholders before sanctioning any loan to the Public Interest Entity. Following the circular United Finance Limited has sanctioned 626 clients who are in the Cottage, Micro, Small & Medium Enterprises (CMSME) category and fall under the definition of Public Interest Entity as per Financial Reporting Act 2015, but have yet to complete the statutory audits of their financial statements. All borrowers in this category have been advised in writing to comply with the regulatory requirements.



50 Highlights on the overall activities

SI No.	Particulars		2021	2020	Growth (%)
1	Paid-up capital (note-13.2)	MBDT	1,871.15	1,871.15	-
2	Total Eligible capital (note-13.3)	MBDT	3,342.63	3,339.90	0.08%
3	Capital surplus (note-13.3)	MBDT	1,592.33	1,575.51	1.07%
4	Total assets	MBDT	25,859.75	21,559.65	19.95%
5	Total Term deposits (note-11.1)	MBDT	13,312.01	11,876.67	12.09%
6	Total lease, loans and advances (note-7.1)	MBDT	17,228.27	15,136.21	13.82%
7	Total contingent liabilities and commitments (note-19)	MBDT	2.84	56.29	-94.96%
8	Loan to deposit ratio (note-7.1/note-11.1)		1.29	1.27	1.55%
9	Percentage of classified lease, loans and advances against total leases, loans and advances (note-7.8)	(%)	3.56	3.14	13.55%
10	Profit after tax and provision	MBDT	222.24	211.23	5.21%
11	Amount of loans classified during the year	MBDT	614.15	475.18	29.25%
12	Provisions kept against classified loans (note-12.6)	MBDT	396.40	337.96	17.29%
13	Provision surplus (note-12.6)	MBDT	4.50	124.36	-96.38%
14	Cost of fund	(%)	6.36	8.23	-22.72%
15	Interest earning assets	MBDT	21,741.49	18,577.84	17.03%
16	Non-interest earning assets	MBDT	4,118.26	2,981.82	38.11%
17	Return on Equity (i)	(%)	6.90	6.62	4.24%
18	Net Return to total earning assets	(%)	1.02	1.13	-9.43%
19	Return on total assets (ii)	(%)	0.94	0.98	-3.95%
20	Income from investment in shares and bonds (note-23)	MBDT	67.04	75.52	-11.24%
21	Earnings per share (iii)	BDT	1.19	1.13	5.21%
22	Net income per share (iv)	BDT	1.19	1.13	5.21%
23	Price earning ratio (v)	Times	17.76	15.68	13.30%

MBDT= Bangladeshi BDT in Million, BDT= Bangladeshi BDT

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

Kaiser Tamiz Amin
Managing Director

L.H. Khan
Director

M.M. Alam
Director

A. Rouf
Director

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

Annexure - A
(From note - 8)

	Furniture & fixture	Office equipment	Electrical equipment	Software	Motor Vehicle	Office Space	Right-of-use assets	Total
Cost								
Balance at 01 January, 2021	125,245,787	585,229	144,775,864	-	60,804,986	177,890,411	200,175,313	709,477,590
Addition during the year	1,001,007	45,858	9,668,630	25,003,000	13,482,250	-	11,601,424	60,802,167
Disposal/adjustment	(1,802,956)	(9,500)	(14,089,969)	-	(5,131,240)	-	(3,075,787)	(24,109,453)
Balance at 31 December, 2021	124,443,838	621,586	140,354,525	25,003,000	69,155,996	177,890,411	208,700,949	746,170,304
Accumulated depreciation								
Balance at 01 January, 2021	82,064,704	430,120	87,765,475	-	38,738,896	13,712,387	39,215,050	261,926,632
Charge for the year	8,630,143	42,965	18,091,623	5,260,250	9,926,965	4,447,260	29,530,556	75,929,762
Disposal /adjustment	(1,723,425)	(9,500)	(13,918,432)	-	(4,280,775)	-	(3,075,787)	(23,007,920)
Balance at 31 December, 2021	88,971,422	463,586	91,938,666	5,260,250	44,385,085	18,159,648	65,669,818	314,848,475
WDV at 31 December, 2021	35,472,416	158,001	48,415,859	19,742,751	24,770,910	159,730,763	143,031,131	431,321,830
WDV at 31 December, 2020	43,181,083	155,109	57,010,389	-	22,066,090	164,178,023	160,960,262	447,550,957



Disclosures under Pillar-III Market Discipline

Scope of the Disclosure

Qualitative Disclosures:

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

Quantitative Disclosures:

Not Applicable

Capital Structure

Qualitative Disclosures

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

Tier 1 Capital ("Core Capital")	Tier 2 Capital ("Supplementary Capital")
<ol style="list-style-type: none">1. Paid up capital<ol style="list-style-type: none">a. Non-repayable share premium accountb. Statutory reserve2. General reserve3. Retained earnings4. Minority interest in subsidiaries5. Non-cumulative irredeemable preference shares6. Dividend equalisation account	<ol style="list-style-type: none">1. General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) for Credit Risk<ol style="list-style-type: none">a. Revaluation reservesb. 50% Revaluation reserves for Fixed Assets2. 45% Revaluation reserves for Securities3. All other preference shares<ol style="list-style-type: none">a. In addition to the above condition of reserve requirements, the amount of Tier 2 Capital must be limited to 100% of the amount of Tier 1 Capital

Quantitative Disclosures

The details of capital structure are provided as under

	Amount in Crore BDT
1. Fully Paid-up Capital/Capital lien with BB Statutory Reserve	187.11
2. Non-repayable share premium account	0.38
3. Statutory Reserve	96.65
4. General Reserve	19.00
5. Retained Earnings	20.49
6. Minority interest in subsidiaries	-
7. Non-Cumulative irredeemable preferences shares	-
a. Total Tier 1 Capital	323.63
a. Total Tier 2 Capital	10.64
b. Other deductions from Capital	-
Total Eligible Capital	334.26



Capital Adequacy (CAR)

Qualitative Disclosures

At present the Company CAR stands at 19.10% of the total Risk Weighted Assets (RWA), against the minimum regulatory requirement of 10% of RWA.

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

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

1. Focusing on expanding investment in Small and Medium Enterprises (SME) on a nationwide scale and keeping lending to large corporate entities at a sustainable level.
2. Encouraging unrated corporate clients to be rated from External Credit Assessment Institutions (ECAIs) recognised by Bangladesh Bank and also notifying rated corporate clients to be reassessed before expiration.
3. Focusing on home loan financing as it is fully secured against residential property.
4. Monitoring overdue clients to minimise loans that are past due for 90 days or more through robust collection mechanisms.
5. Mitigating credit risk by taking eligible financial collateral against transactions.

Quantitative Disclosures

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

	Amount in Crore BDT
Capital requirement for Credit Risk	1,544.01
Capital requirement for Market Risk	58.60
Capital requirement for Operational Risk	147.69
Total and Tier 1 Capital ratio:	
○ CAR on Total capital basis (%)	19.10%
○ CAR on Tier 1 capital basis (%)	18.49%

Credit Risk

Qualitative Disclosures

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

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

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

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



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

Quantitative Disclosures

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

	Amount in Crore BDT
Lease finance	635.72
Term loan	721.63
Home loan	226.71
Short term loan	138.77
Total	1,722.83

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

	Amount in Crore BDT
Dhaka	789.22
Chattogram	300.18
Rajshahi	184.06
Khulna	171.64
Rangpur	132.90
Mymensingh	71.02
Barishal	54.45
Sylhet	19.36
Total	1,722.83

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

	Amount in Crore BDT
1. Agricultural sector	46.51
2. Industrial sector:	
a) Service industry	128.79
b) Food production/processing industry	240.56
c) Chemical & pharmaceutical	36.16
d) Plastic industry	26.68
e) Garments	44.24
f) Textile	33.99
g) Paper, printing and packaging industry	124.92
h) Iron, steel & engineering industry	46.00
i) Leather & leather products	25.12
j) Electronics and electrical industry	22.29
k) Telecommunication/information technology	0.10
l) Jute and jute products	43.39
m) Cement/concrete and allied industry	10.97
n) Glass and ceramic industry	0.72
o) Ship manufacturing industry	-
p) Power, gas, water and sanitary service	5.83
4. Transport & communication	89.26
5. Real estate & housing	236.88
6. Trade and commerce	473.82
7. Others	86.58
Total	1,722.83



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

	Amount in Crore BDT
Up to 1 month	72.14
Over 1 month but not more than 3 months	171.76
Over 3 months but not more than 1 year	615.81
Over 1 year but not more than 5 years	606.20
Over 5 years	256.92
Total	1,722.83

Gross Non-Performing Assets (NPA)

	Amount in Crore BDT
Gross Non Performing Assets (NPAs)	61.42
Non-Performing Assets (NPAs) to outstanding loans & advances	3.56%

Movement of Non-Performing Assets (NPAs)

	Amount in Crore BDT
Opening balance	47.52
Additions	43.95
Reductions	(30.05)
Closing balance	61.42

Movement of specific provisions for NPAs

	Amount in Crore BDT
Opening balance	33.80
Provisions made during the period	9.33
Write-off	(5.69)
Write-back of excess provisions	2.20
Closing balance	39.64

Equities: Banking Book Positions

Qualitative Disclosures

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

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

Quantitative Disclosures

	Amount in Crore BDT
Quoted shares	1.54
Unquoted shares*	78.07
Total	79.61

*Unquoted shares include redeemable preference shares



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

Amount in Crore BDT

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

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

Interest Rate in the Banking Book

Qualitative Disclosures

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

Quantitative Disclosures – Interest Rate Risk under Simple Sensitivity Analysis

Particulars in BDT Crores	Up to 3 months	3 months to 6 months	6 months to 1 year	Above 1 year
Rate Sensitive Assets (RSA)	563	310	387	808
Rate Sensitive Liabilities (RSL)	541	275	361	620
Net Gap [RSA-RSL]	22	35	26	188
Cumulative Gap	22	57	83	271

Impact of Net Interest Income

1% interest rate increase	0.22	0.57	0.83	2.71
1% interest rate Decrease	-0.22	-0.57	-0.83	-2.71
2% interest rate increase	0.44	1.14	1.66	5.42
2% interest rate Decrease	-0.44	-1.14	-1.66	-5.42

Quantitative Disclosures – Increase in Interest Rate

Magnitude of Shock	Minor 2%	Moderate 4%	Major 6%
Change in the Value of Bond Portfolio (BDT in Crore)	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	1.66	3.33	4.99
Revised Regulatory Capital (BDT in Crore)	335.93	337.59	339.26
Risk Weighted Assets (BDT in Crore)	1,750.31	1,750.31	1,750.31
Revised CAR (%)	19.19%	19.29%	19.38%



Market Risk

Qualitative Disclosures

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

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

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

Quantitative Disclosures

Capital requirements for	Amount in Crore BDT
Interest rate related instruments	-
Equities	5.86
Foreign exchange position (if any)	-
Commodities (if any)	-

Operational Risk

Qualitative Disclosures

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

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

Policies and processes for mitigating operational risk:

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

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

Quantitative Disclosures

Capital requirements for	Amount in Crore BDT
Operational Risk	14.77



UNITED FINANCE LIMITED

Sustainability Report



United Finance Limited is committed to pursuing sustainable business practices in every sphere of activities in the communities which it serves. This commitment has been recognised by Bangladesh Bank Sustainability Ratings where your Company is listed as one of the top 5 Financial Institutions in the country.

This sustainability Report attempts to highlight the Company sustainability efforts in the economic, social and environmental aspects of its operations during 2021. This report contains the Company's key sustainability objectives, stakeholder engagement mechanisms, environmentally and socially impactful activities, and workforce diversity contributions.

In determining the content of this report, the developments and issues that are likely to affect the environment and society in which the Company operates are duly considered. Specifically, issues that have strong bearing on the perception of Company's ability to fulfil its stakeholders' needs in the long-run are considered material.

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



Key Sustainability Objectives:

- I. Coordinate and work with our internal and external stakeholders to minimise negative environmental effects to ensure a sustainable business environment
- II. Engage in environmentally friendly activities by reducing the internal carbon footprint, and financing ecologically sustainable ventures
- III. Promote initiatives that take into account structural changes that affect our clients and the community as a whole
- IV. Provide products and services which contribute directly or indirectly to sustainability (as defined through the UN Sustainable Development Goals) addressing environmental or social problems
- V. Create new businesses and transform existing businesses through adoption of new technology
- VI. Promote the development and active participation of a diverse workforce
- VII. Promote equal opportunities and diversity in the workforce
- VIII. Ensure a safe, secure and healthy work environment for employees

I. Coordination with Stakeholders

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



Sustainability Dimension	Stakeholders Identified	Primary Objectives of Engagement	Engagement Mechanisms
Economic	Shareholders	<ul style="list-style-type: none">Preserve and enhance Company assetsEnsure consistent return on equity	<ul style="list-style-type: none">Online Annual General meeting of shareholdersDissemination of information through disclosures and on the Company website
	Clients	<ul style="list-style-type: none">Provide customer with top class value addition servicesUnderstand the needs of clients, and provide them with professional financial services tailored to their individual needsManage the assets of clients with due and diligent care	<ul style="list-style-type: none">Dialogue with customers through our relationship managersCall centres and customer helplinesWebsite providing access to important informationProvision of a wide array of value added servicesIncreasing ease of access to services by moving towards a more robust digital platformFacilitating support to vulnerable clients to help them through the negative economic effects of Covid
	Regulators	<ul style="list-style-type: none">Strengthen internal control systems through robust accounting and internal auditEnsure compliance with all regulatory directives	<ul style="list-style-type: none">Timely and appropriate statutory reporting as and when requiredAdaptive reporting as per directives of the regulators
Environmental	Clients	<ul style="list-style-type: none">Reduce the negative social impact of clients through the adoption of new technologyEnsure operations in a manner as to minimise negative social effects	<ul style="list-style-type: none">Financing firms and initiatives that have a positive impact on the environment (e.g. financing adoption of environmentally friend equipment/technology)Financing firms and sectors that have a track record of environmental awareness
Social	Employees	<ul style="list-style-type: none">Provide employees the opportunities to use their skills and develop their abilitiesProvide a congenial and healthy work environment	<ul style="list-style-type: none">Robust grievance handling mechanismsProviding timely guidance and directives about CovidFacilitating employees with work-from-home technologies
	Local Communities	<ul style="list-style-type: none">To keep the local communities updated about the Company's initiatives and achievements.Helping the underserved and vulnerable populations as part of our commitment to the society	<ul style="list-style-type: none">Presence in social mediaActivities undertaken as Company Corporate Social Responsibilities



Engagement activity – by the numbers	2021	2020
Surveys conducted to measure customer feedback	0	0
Grievances from stakeholders raised and handled	5	15

Memberships of Industry/Associations

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

II. Environmentally Impactful Activities

Internal

The Company has adopted the following technical and infrastructural mechanisms in order to reduce its carbon footprint:

1. Movement towards a more robust online on-boarding mechanism of new clients to increase accessibility and reduce paper consumption
2. Paperless recruitment and approval systems for efficient task handling and significant reduction of paper waste
3. Video conferencing for both internal meetings and recruitment interviews.
4. Scanning and electronic transmission of internal documents
5. Replacing conventional lighting systems with energy efficient LED lighting.
6. Refurbishing and reusing old furniture and fixtures rather than replacing them.
7. E-archiving of office documents to reduce paper waste
8. Usage of electronic equipment with inverter technology instead of the conventional ones to reduce carbon footprint and save electricity
9. Procurement of hybrid cars (combination of electric and fuel combustion system) instead of conventional fuel combustion cars
10. Installing RO water filtration system at all office premises instead of using commercially purified water
11. Continuing work from home facilities for employees wherever possible even after covid-19 pandemic

External

Climate change has shifted the business dynamic, both by increasing the inherent risk of operating in certain sectors and presenting opportunities in Green Financing through refinancing options available under new regulations.

The Company is cognisant of the effects its operations may have on individuals, institutions and the community at large. During the period, its business activities led to the impacts outlined in the following section.



III. Initiatives that Affect Our Clients and the Community

Impact from the Company's Activities	2021	2020
Access to Finance		
Economic activity for the period (No. of new accounts)	1,743	804
Financial Inclusion – First Time Institutional Borrowers (No. of enterprises) ¹	376	345
Geographical Access (No. of districts) ²	64	64
Inclusion in Formal Banking System (No. of accounts) ³	-	-
Enterprise Development (No. of enterprises) ⁴	-	-
Financial Assistance received from Government (BDT millions) ⁵	2,732	920
Employment Generation		
Seasonal Employment as a result of Financing Activities (in persons) ⁶	-	6
Regular Employment as a result of Financing Activities (in persons) ⁷	1,053	936
Work Efficiency		
Increased Productivity/Month (BDT in millions) ⁸	17,543	15,345
Reduced Outsourcing Cost (BDT in millions) ⁹	96.5	94.5
Empowerment		
Breakout from Traditional Financing (%) ¹⁰	-	-
Women Entrepreneurship Financed (in persons) ¹¹	345	233
Women Farmers Financed in Agricultural Financing (in persons) ¹²	-	12
Landless Farmers Financed in Agricultural Financing (in person) ¹³	-	10

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



IV. Active Participation of a Diverse Workforce

<i>Impact from the Company's Activities¹⁴</i>	2021	2020
Diversity of Workforce		
Permanent Employees¹⁵	586	541
Male (in persons)	474	428
Female (in persons)	112	113
Non-Permanent Employees¹⁶	118	161
Male (in persons)	94	124
Female (in persons)	24	37
Full-time and Part-time Employee Comparison		
Total Full-time Employees (in persons) ¹⁷	704	702
Total Part-time Employees (in persons) ¹⁸	0	1
Ratio of Full-time Employees: Part-time Employees	704:0	702:1
Employment Generation		
Permanent		
New Employees (male)	132	81
New Employees (female)	24	19
Total New Employees	156	100
Total Resignations ¹⁹	146	90
Employment Generation	10	10
Non-Permanent		
New Employees (male)	12	35
New Employees (female)	2	6
Total New Employees	14	41
Total Resignations ¹⁹	48	58
Employment Generation	-	-
Ratio of new employees by age (Under 30: 30-50: Over 50)	67:88:1	56:85:0
Employee Training		
Employees trained (in persons)	7	1,435
Total Employee Training Hours	308	8,006
Training Ratio- Male: Female	4:3	3:1
Ratio of Training Hours (Employee: Manager: Senior Management)	4:3:0	54:5:1
Percentage of Employee Received Career Development Review (Male)	-	-
Percentage of Employee Evaluated Career Development Review(Female)	-	-
Maternity Leave		
Employees entitled to Maternity Leave (in persons)	11	6
Employees availing Maternity Leave (in persons)	11	6
Percentage of Women Employee Retention Rate after Maternity Leave	91%	100%
Percentage of Women Employee Retention Rate 12 months after Maternity Leave	50%	100%

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

15. Permanent employees are those that are eligible for Provident Fund.

16. Non-permanent employees include employees hired for a specific time period, employees hired temporarily for doing certain tasks, and employees that are on probation.

17. Full time employees are those whose working hours per day, week, month, or year, are defined according to national legislation and practice regarding working time.

18. Part-time employees are those who are not full time employees.

19. Considers the effective date of resignation of employees, as opposed to the actual resignation date.



GRI Index

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



Disclosure No.	Requirements	Location	Page No.
102 -10 ¹	Significant changes to the organisation & supply chain, including <ul style="list-style-type: none">i. Changes in the location of, or changes in, operations, including facility openings, closings and expansions;ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations)iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.	https://www.unitedfinance.com.bd/en/Home/ShareholdingStructure Shareholding Structure	-
102 -11	Whether and how the organisation applies the Precautionary Principle or approach.	Yes, Precautionary Approach to Financing	-
102 -12	A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses.	No such charters	-
102 -13	A list of the main memberships of industry or other associations, and national or international advocacy organisations.	Sustainability Report	87

Strategy

102 -14	A statement from the most senior decision-maker of the organisation (such as CEO, Chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy for addressing sustainability.	Chairman's Statement	4-6
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Ethics and Integrity

102 -16	A description of the organisation's values, principles, standards, and norms of behaviour.	https://www.unitedfinance.com.bd/en/Home/VisionMissionGoals	-
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Governance

102 -18	a. Governance structure of the organisation, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	https://www.unitedfinance.com.bd/en/Home/Management	-
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Stakeholder Engagement

102 -40	A list of stakeholder groups engaged by the organisation.	Sustainability Report	86
102 -41	Percentage of total employees covered by collective bargaining agreements.	No employees covered	-

¹ Shareholding Structure is reported in every Annual Report



Disclosure No.	Requirements	Location	Page No.
102 -42	The basis for identifying and selecting stakeholders with whom to engage.	Sustainability Report	86
102 -43	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Sustainability Report	86
102 -44	Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organisation has responded to those key topics and concerns, including through its reporting ii. The stakeholder groups that raised each of the key topics and concerns	Sustainability Report	86

Reporting Practices

102 -45	a. A list of all entities included in the organisation's consolidated financial statements or equivalent documents. b. Whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report.	Not Applicable	-
102 -46	a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organisation has implemented the Reporting Principles for defining report content.	Sustainability Report	86
102 -47	A list of the material topics identified in the process for defining report content.	Sustainability Report	86
102 -48	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	Key Operating and Financial Data Note 18 to the Financial Statements	11 65,69
102 -49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	Management Discussion and Analysis	12-15
102 -50	Reporting period for the information provided.	01 January, 2021 to 31 December, 2021	-
102 -51	If applicable, the date of the most recent previous report.	April 13, 2021	-
102 -52	Reporting cycle	Annual	-
102 -53	The contact point for questions regarding the report or its contents.	Sharmi Noor Nahar, Company Secretary	-
102 -54	The claim made by the organisation, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	Sustainability Report This report has been prepared in accordance with the GRI Standards: Core option	-



Disclosure No.	Requirements	Location	Page No.
102 -55	<ul style="list-style-type: none">a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.b. For each disclosure, the content index shall include:<ul style="list-style-type: none">i. The number of the disclosure (for disclosures covered by the GRI Standards)ii. The page number(s) or URL(s) where the information can be found, either within the report or in other published materialsiii. If applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	This table	-
102 -56	<ul style="list-style-type: none">a. A description of the organisation's policy and current practice with regard to seeking external assurance for the report.b. If the report has been externally assured:<ul style="list-style-type: none">i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance processii. The relationship between the organisation and the assurance provideriii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organisation's sustainability report	No external assurance sought	-

Material Topics

Economic performance

103 -1	<ul style="list-style-type: none">a. An explanation of why the topic is materialb. The Boundary for the material topic.c. Any specific limitation regarding the topic Boundary	Sustainability Report	86
103 -2	<ul style="list-style-type: none">a. An explanation of how the organisation manages the topicb. A statement of the purpose of the management approachc. A description of the following, if the management approach includes that component<ul style="list-style-type: none">i. Policiesii. Commitmentsiii. Goals and targetsiv. Responsibilitiesv. Grievance mechanismsvi. Specific actions, such as processes and initiatives	Chairman's Statement, Management Discussion and Analysis and Sustainability Report	4-6 12-15 86
103 -3	An explanation of how the organization evaluates the management approach.	Chairman's Statement and Management Discussion and Analysis	4-6 12-15



Disclosure No.	Requirements	Location	Page No.
201 -1	<p>a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organisation's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <ul style="list-style-type: none">i. Direct economic value generated: revenues;ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. <p>b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	Notes to the Financial Statements	41-76
201 -2	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure.	Sustainability Report	86-88
201 -3	<p>a. If the plan's liabilities are met by the organisation's general resources, the estimated value of those liabilities</p> <p>b. If a separate fund exists to pay the plan's pension liabilities</p> <ul style="list-style-type: none">i. The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;ii. The basis on which that estimate has been arrived atiii. When that estimate was made <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any adopted by the employer to work towards full coverage, and the time scale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	Sustainability Report	86-88
201 -4	<p>a. Total monetary value of financial assistance received by the organisation from any government during the reporting period.</p> <p>b. The information in 201-4-a by country</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure</p>	Sustainability Report, Shareholding Structure, and Notes to the Financial Statements	86-88 41-76



Disclosure No.	Requirements	Location	Page No.
Employment and Training			
103 -1	a. An explanation of why the topic is material b. The Boundary for the material topic c. Any specific limitation regarding the topic Boundary	Sustainability Report	86
103 -2	a. An explanation of how the organisation manages the topic b. A statement of the purpose of the management approach c. A description of the following, if the management approach includes that component i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Grievance mechanisms vi. Specific actions, such as processes and initiatives	Chairman's Statement, Management Discussion and Analysis Sustainability Report	5 12-15 86
103 -3	An explanation of how the organisation evaluates the management approach.	Chairman's Statement, Management Discussion and Analysis Sustainability Report	5 12-15 86
401 -1 ²	a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	Sustainability Report	88
401 -2	Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum: i. Life insurance ii. Health care iii. Disability and invalidity coverage iv. Parental leave v. Retirement provision vi. Stock ownership vii. Others	Notes to the Financial Statements	47
401 -3	a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender.	Sustainability Report	88
404 -1	Average hours of training that the organisation's employees have undertaken during the reporting period, by: i. Gender; ii. Employee category.	Sustainability Report	88

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



Disclosure No.	Requirements	Location	Page No.
404 -2	a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.	Sustainability Report	88
404 -3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Sustainability Report	88



Stakeholders' Segment



BOARD OF DIRECTORS

Chairman

Imran Ahmed

Nominated by

: Lawrie Group Plc of the U.K.

Directors

Susan Ann Walker

: Lawrie Group Plc of the U.K.

A. Rouf

: United Insurance Company Limited

L. H. Khan

: United Insurance Company Limited

A. F. M. Misfaqus Samad Choudhury

: United Insurance Company Limited

C. K. Hyder

: Surmah Valley Tea Company Limited

A. F. Nesaruddin

: Surmah Valley Tea Company Limited

Independent Directors

M. M. Alam

Mahbub Mustafizur Rahman

Managing Director

Kaiser Tamiz Amin

Chief Financial Officer

Zafar Ullah Khan

Company Secretary

Sharmi Noor Nahar



MILESTONES

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

Offices Opened

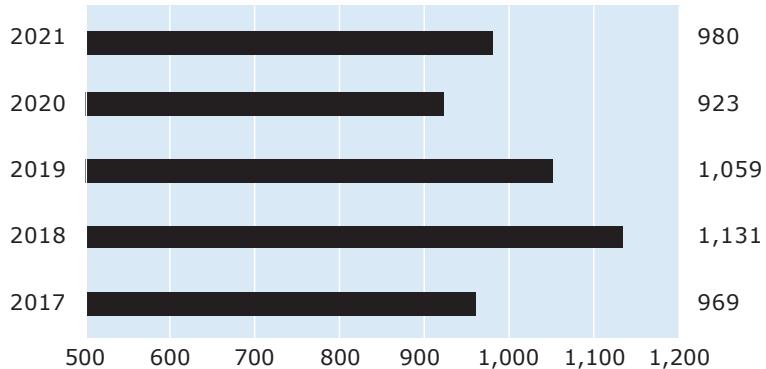
Chattogram, Agrabad	1994
Jashore, R.N. Road	2005
Gazipur, College Gate, Tongi	2006
Bogura, Borogola	2006
Sylhet, East Dargah Gate	2009
Belkuchi, Makundagati Bazar, Sirajgonj	2010
Rangpur, Station Road	2010
Chuadanga, Barabazar	2010
Bongshal, Siddique Bazar, North South Road	2011
Begumganj, Feni Road,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



PERFORMANCE INDICATORS

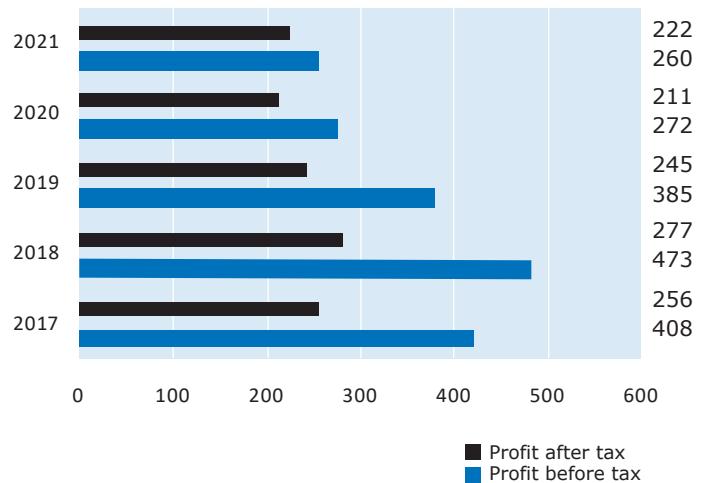
Operating income

BDT in million



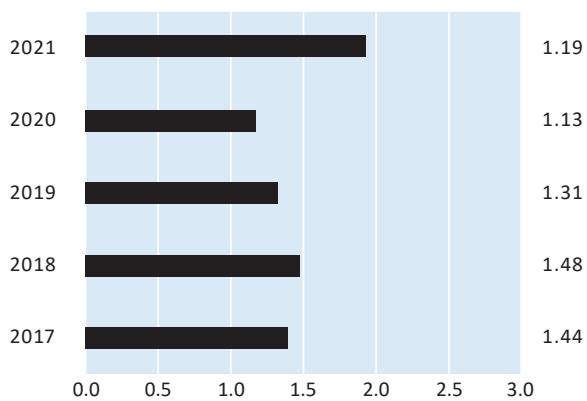
Profit before & after tax

BDT in million



Earnings per share (EPS)

Amount in BDT

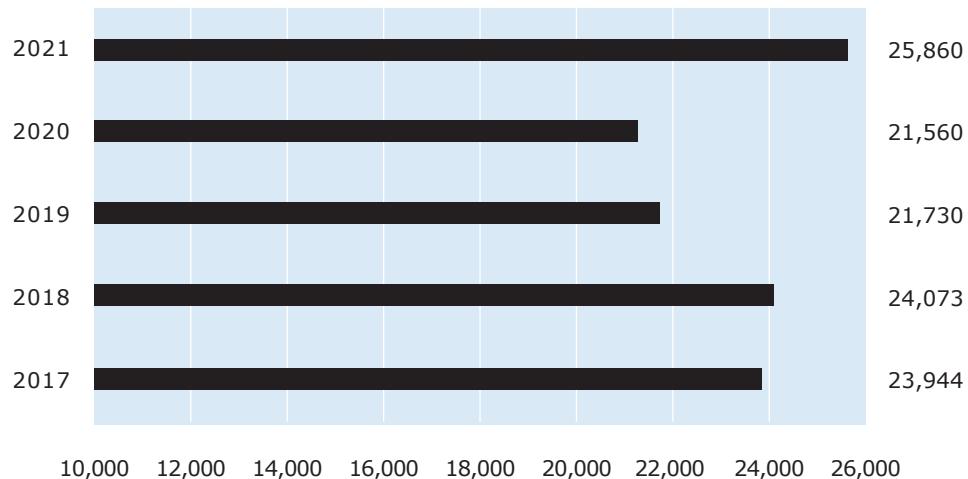




PERFORMANCE INDICATORS

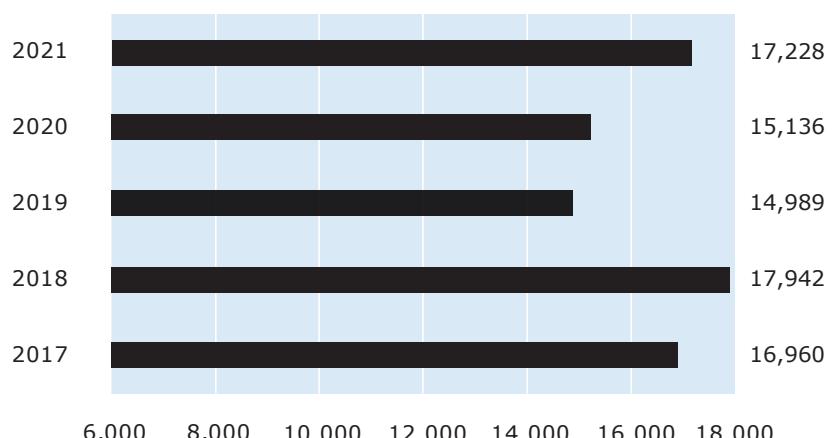
Total assets

BDT in million



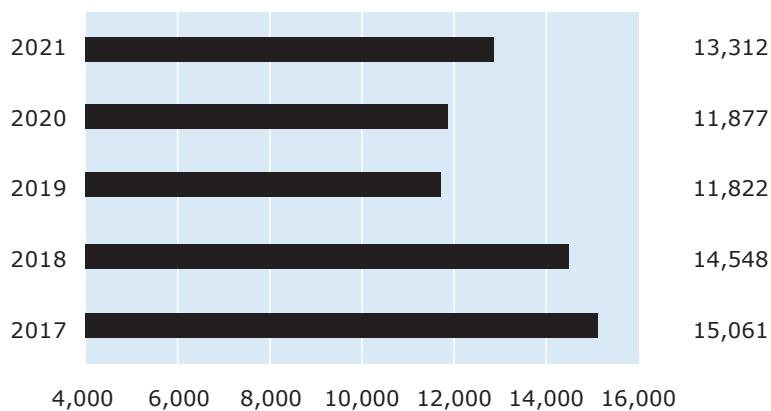
Lease, loans and advances

BDT in million



Term deposit

BDT in million

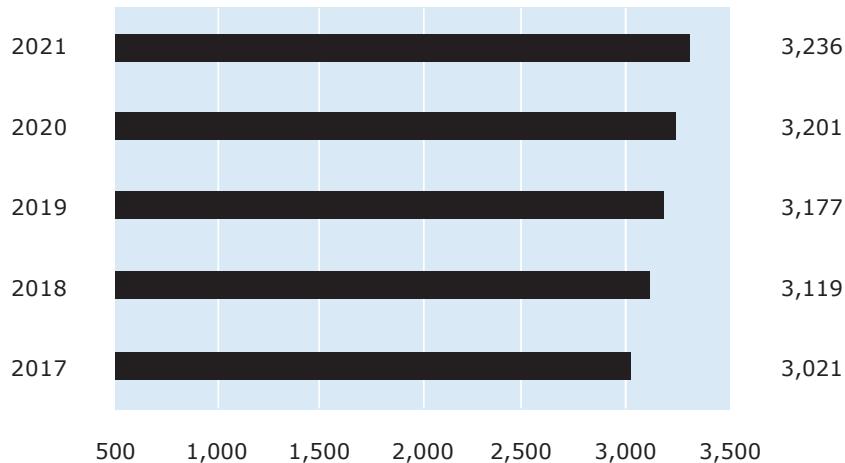




PERFORMANCE INDICATORS

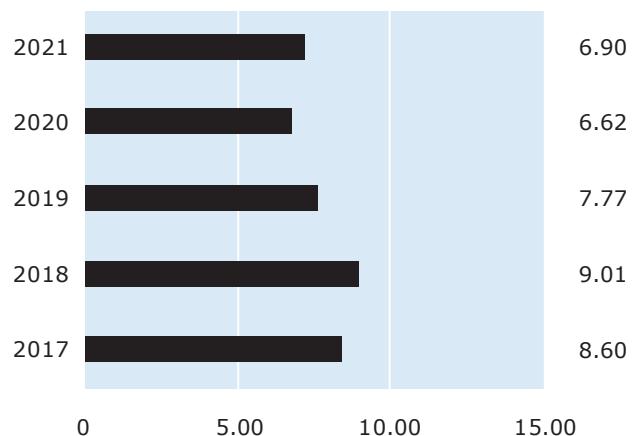
Shareholder's equity

BDT in million



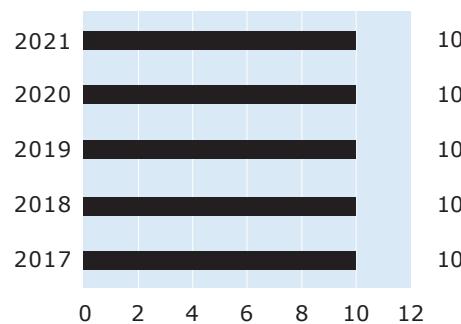
Return on equity

In percentage



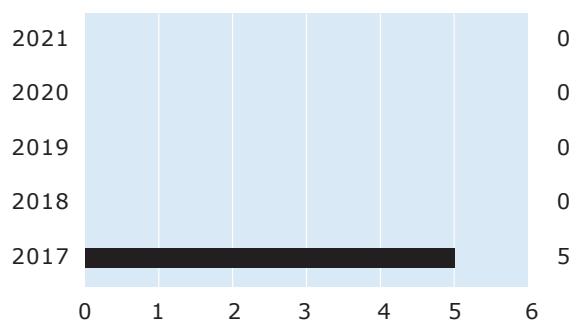
Cash dividend

In percentage



Stock Dividend

In percentage



**UNITED FINANCE LIMITED**

Camellia House
22 Kazi Nazrul Islam Avenue, Dhaka-1000

PROXY FORM

I/We _____

of _____

being a member of United Finance Limited do hereby appoint

Mr. /Ms. of _____

or (failing him/her) Mr. / Ms. _____

of _____

as my/our proxy, to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company thorough a digital platform to be held on Tuesday, May 17, 2022 at 3:00 p.m and at any adjournment thereof.

Signed this _____ day of _____ 2022

Revenue Stamp TK 20/-

Signature of Shareholder _____
Folio/BO ID No. _____
No. of Shares _____

Signature of Proxy

N.B: IMPORTANT

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



Registered Office: Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka-1000, Bangladesh
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E-mail: q&a@unitedfinance.com.bd, Website: www.unitedfinance.com.bd