



expand
happiness

annual report 2013

integrated
business
solutions...



UTTARA FINANCE
AND INVESTMENTS LIMITED



expand happiness

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

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

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Welcome to the world of
reports, statements and
detailed informations of Uttara
Finance and Investments
Limited for the year ended 31
December 2013

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letter of **transmittal**

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

Respected Sir(s)

Annual Report for the year ended December 31, 2013

The undersigned on behalf of the Board of Directors and Management of Uttara Finance and Investments Limited is pleased to present herewith the Annual Report for the year ended December 31, 2013 alongwith the audited Financial Statements (Balance Sheet, Income Statements, Income Statement of Merchant Banking Operation, Statement of Cash Flows, Statement of Changes in Equity and Notes) for the above mentioned period of the company.

Thanking You.

Sincerely Yours,



Md. Jakir Hossain, FCA
EVP & Company Secretary

Date: Wednesday, March 19, 2014

letter of **invitation** from the chairman

Dear Shareholders,

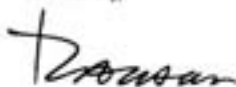
I extend a warm invitation to you to attend the 19th Annual General Meeting of Uttara Finance and Investments Limited to be held on Wednesday, April 30, at 10:00 am in Spectra Convention Centre, House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh to transact the business as per notice given herewith served by the Company Secretary of the Company.

The agenda as set out in the notice will be placed before you in the 19th Annual General Meeting for your approval to ensure exact reflection of your views. I would like to remind your right to raise questions in the Annual General Meeting. Since it is not always possible to answer instantly every question raised in the Annual General Meeting and therefore, to ensure all matters of your particular interest, you are requested to raise questions in advance on or before Thursday, April 24, 2014 addressing the Company Secretary, Uttara Finance and Investments Limited, Uttara Centre (11th Floor), 102 Shahid Tajuddin Ahmed Sarani, Tejgaon, Dhaka-1208, Bangladesh.

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

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

Sincerely,



Rashidul Hasan

Chairman

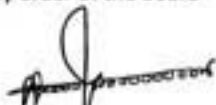
Dhaka, Thursday, March 20, 2014

notice of the 19th annual general meeting

Notice is hereby given that the 19th (nineteenth) Annual General Meeting of Uttara Finance and Investments Limited will be held on Wednesday, April 30, 2014 at 10:00 am in Spectra Convention Centre, House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh to transact the following business:

AGM 2014	19-01	Adoption of Directors' Report, Auditors' Report and audited Financial Statements for the year ended 31 December 2013;
AGM 2014	19-02	Declaration of Dividend for the year 2013;
AGM 2014	19-03	Re-appointment of Directors;
AGM 2014	19-04	Appointment of external Auditors and fixation of remuneration;

By order of the Board



Md. Jakir Hossain, FCA
EVP & Company Secretary
Tuesday, April 01, 2014

Notes:

01. The **Record Date** is Wednesday, March 12, 2014
02. Shareholders whose name will appear in the Depository Register of Central Depository Bangladesh Limited (CDBL) and/or Share Register of the Company on the Record Date will be eligible to attend the 19th Annual General Meeting.
03. A member may appoint a proxy to attend and vote on his behalf by filling the attached proxy form as per Article 46 of Articles of Association of the Company. The proxy form duly completed, signed and stamped must be deposited at the share department of the Company 72 hours before the time of holding the meeting.
04. Pursuant to the Article 47 of the Articles of Association of the Company, a corporate Member of the Company may, by resolution of the Board of Directors, authorize such person as it thinks fit, to act as representative at the meeting.
05. Admission to the meeting will be strictly on production of the attendance slip sent with the notice as well as verification of signature of Member(s) and/or proxy-holder(s)
06. Shareholders attendance counter will open at 8.30 am and continue till 10.30 am. The check in counters will be closed at 10:30am.

Share department address

Uttara Centre (11th Floor)
102 Shahid Tajuddin Ahmed Sarani, Tejgaon, Dhaka-1208
Ph.: 880-2-8142680, 880-2-8170281-5, Fax: 880-2-8142679

Special note:

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

explanatory notes for agenda of agm

Agenda - AGM 2014 19-01 adoption of directors' report, auditors' report and audited financial statements for the year ended 31 december 2013

In terms of the Companies Act, 1994, the Directors are required to present to the Shareholders at the Annual General Meeting the Directors' Report and annual audited Financial Statements including Auditors Report thereon. For the year ended 31 December 2013 the Directors' Report, the audited Financial Statements and the Auditors Report thereon is given in the Annual Report 2013 from page no. 65 to 76 and page no. 116 to 148 respectively.

Agenda - AGM 2014 19-02 declaration of dividend for the year 2013

The Board of Directors in its 108th meeting held on Sunday, March 02, 2014 recommended 30% (thirty percent) cash dividend i.e. Tk. 3.00 (Taka three) for every share of Tk. 10.00 (Taka ten) for the year 2013 subject to approval by the regulatory authorities and by the Shareholders in the Annual General Meeting. The dividend will be paid to the Shareholders whose name appeared in the Depository Register of Central Depository of Bangladesh Limited (CDBL) and/or Share Register of the Company at the close of business on Wednesday, March 12, 2014 being the Record Date.

Agenda - AGM 2014 19-03 re-appointment of directors

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



Agenda - AGM 2014 19-04 appointment of external auditors' and fixation of remuneration

The Financial Institutions Act, 1993 stipulated that an auditor of a Financial Institution cannot be appointed for more than three consecutive years. M/S S. F. Ahmed & Co., Chartered Accountants has carried out the audit of the Company for the year 2013, completed third consecutive year of audit very creditably and therefore, not eligible to continue. The Board of Directors considering the willingness and proposal of Board Audit Committee recommended for appointment of M/S Hoda Vasi Chowdhury & Co., Chartered Accountants and an audit firm of repute to be the Auditor for the year 2014 to hold office from the conclusion of the 19th Annual General Meeting until the conclusion of the next 20th Annual General Meeting of Uttara Finance and Investments Limited.

As per Section 210(10) of the Companies Act, 1994, remuneration of the Auditors' required to be approved by the Shareholders in the Annual General Meeting of the Company. As approved by the Shareholders in 18th Annual General Meeting held in 2013 the auditors' remuneration for audit services paid to the auditors for the financial year ended 31 December 2013 amounting to Tk. 100,000/- plus VAT. As proposed by the Audit Committee, the Board in its 108th meeting held on Sunday, March 02, 2014 recommended for appointment of M/S Hoda Vasi Chowdhury & Co., Chartered Accountants at a remuneration of Tk. 150,000/- plus VAT.

background

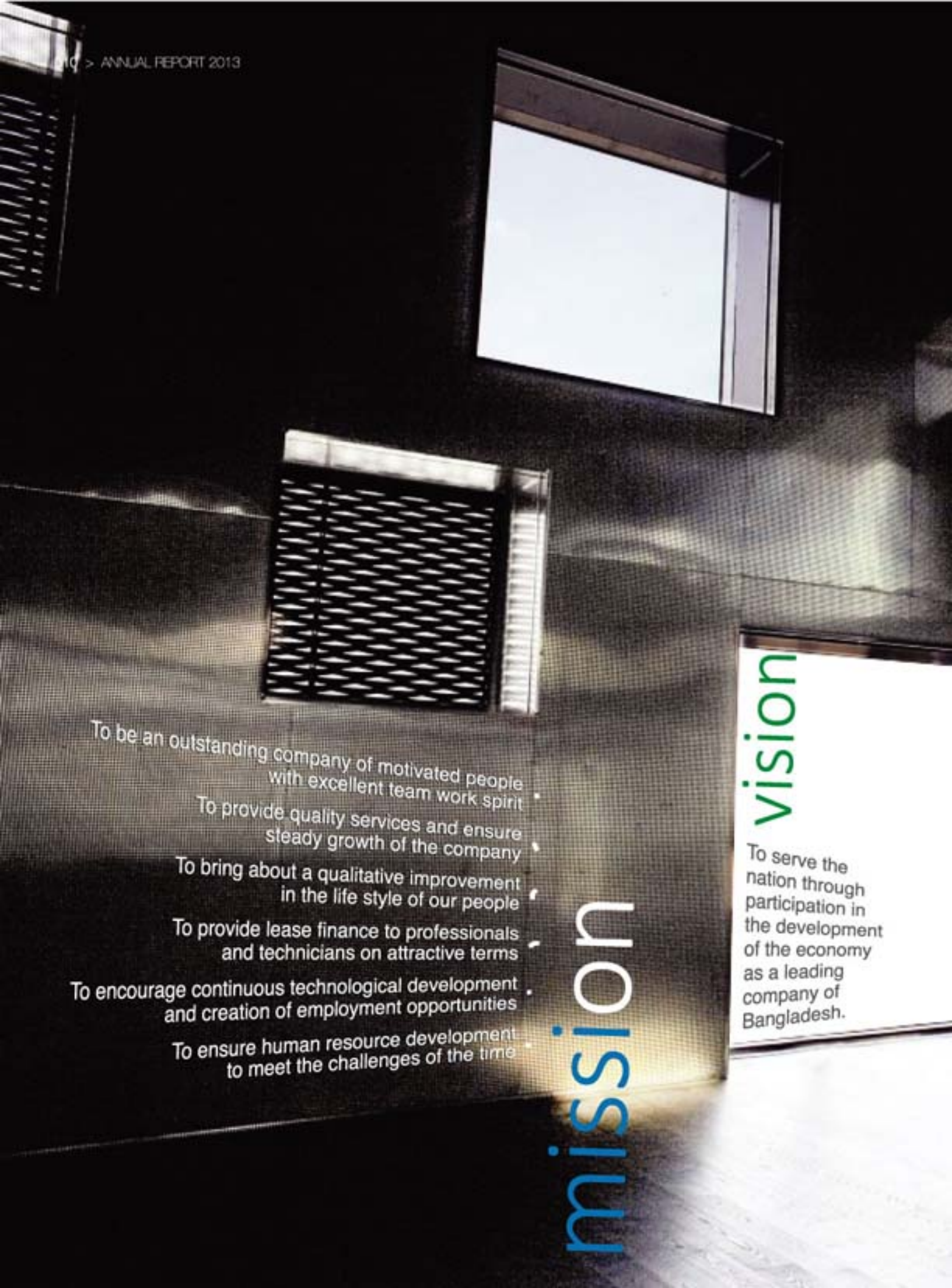
of Uttara Finance and Investments Limited

Uttara Finance and Investments Limited, a joint venture leasing and financing company, registered as a non-banking financial institution under the Financial Institutions Act 1993 and the Companies Act 1994 with licence from Bangladesh Bank to operate and transact all kinds of business as provided under the relevant laws. Uttara Finance and Investments Limited upholds its commitment towards the development of financial service sector by offering high quality services to the local entrepreneurs. The Company always focuses to the ever changing and challenging business environment and thus it endeavours to diversify into other financial services which have long-term prospects. With its continuous drive to improve, Uttara Finance and Investments Limited is well on track to be considered as one of the leading leasing companies of the country. There are three branches of Uttara Finance and Investments Limited located in Chittagong, Gulshan (Dhaka) & Bogra. The corporate branch of the Company and its registered office is located in Dilkusha, Dhaka & extended head office is located in its own premises at Uttara Centre, in the Tejgaon area.

nature

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

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

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

mission

vision

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

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

objective

principles

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

Ultimate goal

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

Corporate attitude

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

Strengths

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



Strategy

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

values we carry

- Recognition by customer
- Effort together to have the best
 - Social and economic development attitude
 - Service for People empowerment
 - Friendly office environment
 - High moral and ethical standards

company information

[www.uttara**finance**.biz](http://www.uttarafinance.biz)

Registered Name

Uttara Finance and Investments Limited

Legal Form

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

Registration No. C - 28368(2214)/95

Bangladesh Bank Licence no. আঃ প্রঃ(অ-ব্যাবসিক) বিভাগ/সক/৭/৯৫

Registered Office

JBC Tower (6th Floor), 10 Dilkusha C/A

Dhaka-1000, Bangladesh.

Phone: +880-2-9568207 (Hunting),

Fax: +880-2-9552461

www.uttarafinance.biz

Head Office (Extension)

Uttara Centre (11th Floor)

102 Shahid Tajuddin Ahmed Sarani, Tejgaon, Dhaka-

1208, Bangladesh.

Phone: +880-2-8142680, 8170281-5,

Fax: +880-2-8142679

Branch Office

Chittagong Branch

Uttara Center, F/2 Sk. Mujib Road,

Pathantuli, Chittagong, Bangladesh.

Phone: +880-31-724786, 2511760-1,

Fax: +880-31-2521970

Gulshan Branch

Nafi Tower (Level-3), 53 Gulshan Avenue (South)

Gulshan-1, Dhaka-1212, Bangladesh.

Phone : +880-2-9898441, 9898089, 9897675

Fax : +880-2-9898221

Bogra Branch

Jamil Shopping Centre (3rd Floor)

Rangpur Road, Baragola, Bogra, Bangladesh.

Phone : +880-51-69047, 67763, 67765,

Fax : +880-51-69048

CHAIRMAN

Rashidul Hasan

MANAGING DIRECTOR

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

COMPANY SECRETARY

Md. Jakir Hossain, FCA

LEGAL ADVISER

Md. Waliur Reza Chowdhury

L.L.B., Advocate

AUDITOR

S. F. Ahmed & Co.

Chartered Accountants

membership

Bangladesh Leasing & Finance Companies Association (BLFCA)

Asian Leasing & Finance Companies Association (ALFCA)

Bangladesh Merchant Bankers Association (BMBA)

Bangladesh Association of Public Listed Companies (BAPLC)

Chamber of Commerce and Industry

International Chamber of Commerce - Bangladesh (ICC)

Foreign Investors Chamber of Commerce and Industry (FICCI)

Metropolitan Chamber of Commerce & Industry (MCCI)

Dhaka Chamber of Commerce & Industry (DCCI)

bankers

Sonali Bank Ltd.

Citibank, N.A.

One Bank Ltd.

Southeast Bank Ltd.

Standard Bank Ltd.

Bank Asia Ltd.

Dutch-Bangla Bank Ltd.

Mutual Trust Bank Ltd.

Uttara Bank Ltd.

Pubali Bank Ltd.

Rupali Bank Ltd.

Agrani Bank Ltd.

The Trust Bank Ltd.

BRAC Bank Ltd.

Bank Alfalah Ltd.

IFIC Bank Ltd.

Standard Chartered Bank

Eastern Bank Ltd.

Prime Bank Ltd.

NCC Bank Ltd.

Bangladesh Commerce Bank Ltd.

Exim Bank Ltd.

Social Islami Bank Ltd.

National Bank Ltd.

Commercial Bank of Ceylon PLC

Mercantile Bank Ltd.

Jamuna Bank Ltd.

Basic Bank Ltd.

Bangladesh Development Bank Ltd.

The City Bank Ltd.

Islami Bank Bangladesh Ltd.

Dhaka Bank Ltd.

Shahjalal Islami Bank Ltd.

Premier Bank Ltd.

State Bank of India

United Commercial Bank Ltd.

company chronicles

major events

May 07	1995	Date of incorporation
August 08	1995	Date of commencement
September 07	1995	Licence from Bangladesh Bank
November 01	1995	Date of commercial operation
November 21	1995	Signing of first lease agreement
December 04	1995	Execution of first lease agreement
August 31	1997	Listing with Chittagong Stock Exchange Ltd.
September 07	1997	Listing with Dhaka Stock Exchange Ltd.
March 25	1998	Registration as Merchant Bank
May 02	2002	Opening of Branch at Chittagong
August 08	2004	Opening of Investors' Accounts
September 08	2008	Approval of Zero Coupon Bond by Bangladesh Bank
February 11	2009	Approval of Zero Coupon Bond by BSEC
April 29	2010	Opening of Branch at Gulshan, Dhaka
July 14	2011	Opening of Branch at Bogra

products and services

Leasing

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

- Operating lease
- Financing lease
- Sale and lease back

Term Financing

Finances are provided for a fixed term in different modes:

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

Merchant Banking

Merchant banking unit provides following services:

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

Documentary Credit

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

Term Deposits

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

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

capital and shareholding structures



Capital	%	Taka
Authorized		
500,000,000 ordinary shares of Tk.10 each		5,000,000,000
Issued, subscribed and paid up		
113,836,800 ordinary shares of Tk. 10 each		1,138,368,000
Shareholding Structure		
Bangladeshi sponsors	39.43	448,788,560
Foreign sponsors	7.81	88,935,000
General public (employees, other members of public)	20.66	235,206,480
Institutions	31.95	363,697,190
Foreign Investors	0.15	1,740,770

shareholders information

in the 18th annual general meeting-2013

The 18th Annual General Meeting of Uttara Finance and Investments Limited was held on Monday, May 27, 2013 at Spectra Convention Centre (Queens Hall), House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh at 10 am. Due notice having been given and a quorum being present the meeting was duly convened and constituted. The meeting was called to order by Mr. Rashidul Hasan, Chairman of the Board of Directors of the Company. The Company is taking the opportunity to convey heartiest thanks to 3,206 nos. Shareholders for their kind presence in the meeting.



Shareholders in the 18th AGM



securities and exchange commission notification

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

The Sponsors and Directors of Uttara Finance and Investments Limited from the inception of the Company never sold/transferred any shares of the Company. During the last few years the Sponsors and Directors of the Company have purchased a good number of shares from the secondary market. As on December 31, 2013 the shareholding of Directors as a whole was 43.34 percent.



Shareholding position 2013



Shareholding position 2012

Shareholding position of Sponsors and Directors

Sl. No.	Name of Sponsors/shareholding Directors	Position	2013		2012	
			Total no. of shares	Percentage (%)	Total no. of shares	Percentage (%)
1	Mr. NG Chin Keong	Sponsor Director	4,446,750	3.91	4,042,500	3.91
2	Uttara Automobiles Ltd.	Sponsor Director	8,897,090	7.82	8,088,264	7.82
3	Uttara Apparels Ltd.	Sponsor Director	9,960,720	8.75	9,055,200	8.75
4	Uttara Motors Ltd.	Sponsor Director	5,811,516	5.11	5,283,197	5.11
5	Mr. Mehdadur Rahman	Sponsor Director	2,279,196	2.00	2,071,997	2.00
6	Ms. Zakia Rahman	Sponsor Director	2,279,196	2.00	2,071,997	2.00
7	Ms. Tahmina Rahman (Tina)	Sponsor Director	2,279,196	2.00	2,071,997	2.00
8	Uttara Automobiles Manufac. Limited	Director	13,371,942	11.75	12,156,312	11.75
			48,325,606	43.34	44,841,464	43.34

pattern of shareholding and number of shareholders

Uttara Finance and Investments Limited has been running with strong capital base. As on December 31, 2013 paid up capital of the Company was Tk. 1,138.368 million against its authorized capital Tk. 5,000.00 million and as on that date total number of Shareholders was 16,713 which was 14,459 as on December 31, 2012. The shareholding pattern of the Company considering the number of Shareholders and their shareholding are given below:

Pattern of shareholding and no. of Shareholders statement

Holding	Number of holders		% of total holding		No. of shares		Value of share (@Tk.10 each)	
	2013	2012	2013	2012	2013	2012	2013 (Tk.)	2012 (Tk.)
Upto 500 shares	10,557	9,080	1.43	1.57	1,625,943	1,626,709	16,259,430	16,267,090
501-5,000 shares	5,221	4,662	7.24	6.79	8,242,022	7,028,460	82,420,220	70,284,600
5,001-10,000 shares	478	346	2.99	2.38	3,404,531	2,458,557	34,045,310	24,585,570
10,001-20,000 shares	207	169	2.45	2.26	2,787,853	2,341,807	27,878,530	23,418,070
20,001-30,000 shares	68	49	1.43	1.17	1,622,932	1,208,699	16,229,320	12,086,990
30,001-40,000 shares	44	28	1.33	0.92	1,518,862	954,501	15,188,620	9,545,010
40,001-50,000 shares	17	10	0.67	0.82	764,491	847,306	7,644,910	8,473,060
50,001-100,000 shares	44	36	2.71	2.40	3,084,181	2,486,345	30,841,810	24,863,450
100,001-1,000,000 shares	77	79	79.75	81.69	90,785,985	84,535,616	907,859,850	845,356,160
1,000,001 and above	-	-	-	-	-	-	-	-
Total	16,713	14,459	100.00	100.00	113,836,800	103,488,000	1,138,368,000	1,034,880,000



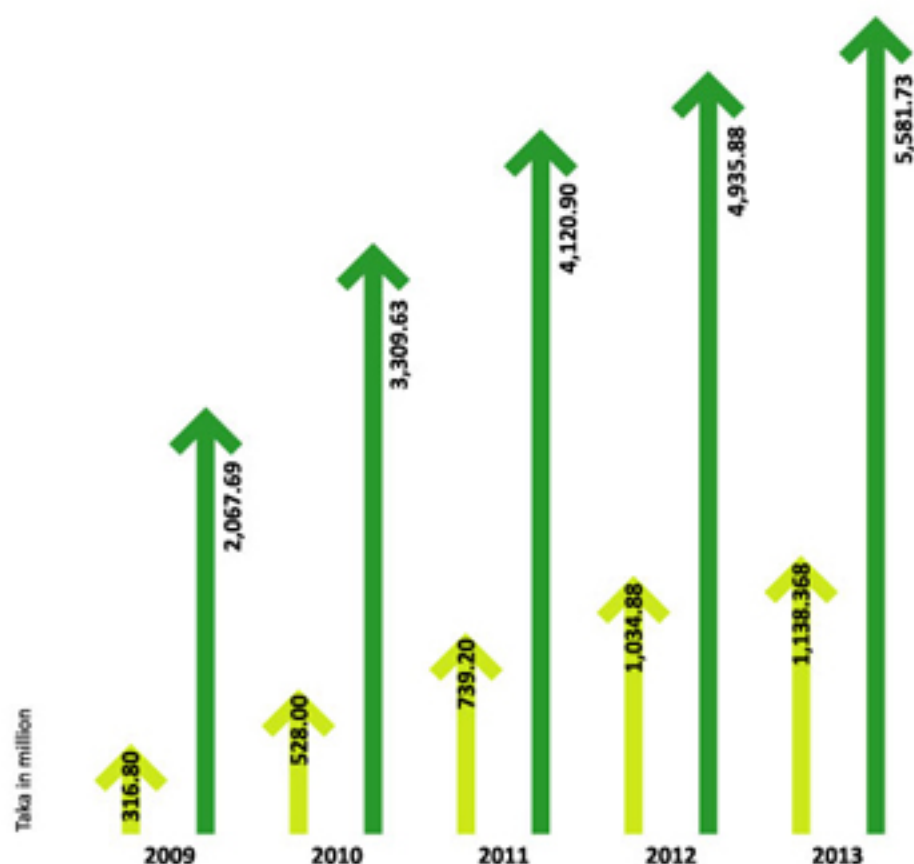
no. of shareholders
@Tk. 10/- each

capital and equity statistics

As on December 31, 2013 paid up capital of the Company was Tk. 1,138.368 million. The Bangladesh Bank vide its DFIM Circular no. 5, dated July 24, 2011 directed that minimum paid up capital of NBFIs would be Tk. 1,000.00 million by June 30, 2013. The paid up capital of Uttara Finance and Investments Limited as on June 30, 2013 was Tk. 1,034.88 million. The Board of Directors in its 102nd meeting held on Tuesday, March 12, 2013 proposed 10% stock dividend along with 20% cash dividend and after approved the same by the Shareholders in the 18th AGM the paid up capital of the Company is Tk. 1,138.368 million. As on December 31, 2013 the equity of the Company was Tk. 5,581.73 million which was Tk. 4,935.88 million as on December 31, 2012.

Equity statistics of Uttara Finance and Investments Limited as on December 31

Sl. No.	Particulars	2013	2012	2011	2010	2009
01	Authorized Capital (Taka)	5,000,000,000	5,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
02	Paid up Capital (Taka)	1,138,368,000	1,034,880,000	739,200,000	528,000,000	316,800,000
03	No. of outstanding shares of Tk. 10	113,836,800	103,488,000	73,920,000	52,800,000	31,680,000
04	Shareholders' Equity (Taka)	5,581,733,517	4,935,880,079	4,120,895,361	3,309,632,814	2,067,686,453
05	Market Capitalization (million Taka)	9,106.95	8,589.50	8,441.66	20,412.48	6,726.46



paid-up capital shareholders' equity

name of the directors, sponsors & top 10 shareholders and their shareholdings

The paid up capital of Uttara Finance and Investments Limited as on December 31, 2013 was Tk. 1,138.368 million which was Tk. 1,034.88 million in the year 2012. Out of the total paid up capital the Directors and/or Sponsors shareholding at the end of 2013 was 47.24% as against 47.23% of 2012. As per record of the Company's share register the top 10 Shareholders holding as on December 31, 2013 is 59.84%. Details of Directors and/or Sponsors shareholding and top 10 Shareholders shareholding are as given below:

Shareholding position of Sponsors/Directors as on December 31, 2013

Sl. No.	Name	Position	2013		2012	
			Total no. of shares	Total value (Tk.)	Total no. of shares	Total value (Tk.)
1	Mr. Rashidul Hasan	Chairman	394,430	3,944,300	358,573	3,585,730
2	Mr. Matkur Rahman	Nominee Director	553,665	5,536,650	503,332	5,033,320
3	Mr. Mujibur Rahman	Nominee Director	2,367	23,670	2,153	21,530
4	Mr. A.J. Masudul Haque Ahmed	Executive Director	36,776	367,760	43,433	434,330
5	Mr. NG Chin Keong	Sponsor Director	4,446,750	44,467,500	4,042,500	40,425,000
6	Mrs. Chin Keong	Sponsor Director	4,446,750	44,467,500	4,042,500	40,425,000
7	Uttara Automobiles Ltd.	Sponsor Director	8,897,090	88,970,900	8,088,264	80,882,640
8	Uttara Apparels Ltd.	Sponsor Director	9,960,720	99,607,200	9,055,200	90,552,000
9	Uttara Motors Ltd.	Sponsor Director	5,811,516	58,115,160	5,283,197	52,831,970
10	Mr. Mehdadur Rahman	Sponsor Director	2,279,196	22,791,960	2,071,997	20,719,970
11	Ms. Zakia Rahman	Sponsor Director	2,279,196	22,791,960	2,071,997	20,719,970
12	Ms. Tahmina Rahman (Tina)	Sponsor Director	2,279,196	22,791,960	2,071,997	20,719,970
13	Mr. Md. Showkat Hossain, FCA	Independent Director	-	-	-	-
14	Mr. A. T. K. M. Ismail	Independent Director	1,450	14,500	-	-
15	Uttara Automobiles Manufac. Limited	Director	13,371,942	133,719,420	12,156,312	121,563,120
16	Kazi Imad Hossain	Nominee Director	4,620	46,200	4,200	42,000
			54,765,664	547,656,640	49,809,605	498,096,050

Top 10 (ten) Shareholders on the basis of shareholdings as on December 31, 2013

Sl. No.	Name of the shareholders	2013		2012	
		No. of shares held	% of holdings	No. of shares held	% of holdings
1	Uttara Automobiles Manufac. Limited	13,371,942	11.75	12,156,312	11.75
2	Uttara Apparels Limited	9,960,720	8.75	9,055,200	8.75
3	Uttara Automobiles Limited	8,897,090	7.82	8,088,264	7.82
4	ICB	7,807,898	6.86	2,283,735	2.21
5	ICB Unit Fund	6,002,420	5.27	9,276,882	8.96
6	Uttara Motors Limited	5,811,516	5.11	5,283,197	5.11
7	Mr. NG Chin Keong	4,446,750	3.91	4,042,500	3.91
8	Mrs. Chin Keong	4,446,750	3.91	4,042,500	3.91
9	Uttara Motor Corporation Limited	3,862,830	3.39	3,511,664	3.39
10	Bangladesh Fund	3,500,075	3.07	2,610,100	2.52

return from investment

in shares of utara finance and investments limited

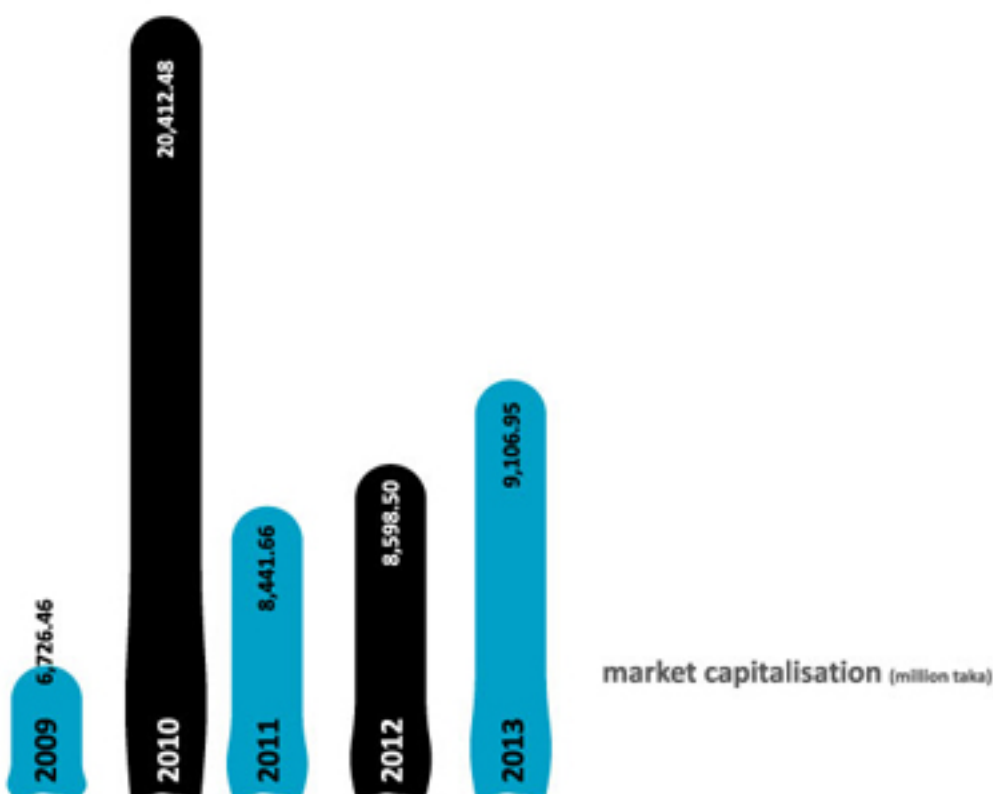
Uttara Finance and Investments Limited was incorporated in the year 1995 and from 1997 the Company consistently has been paying dividend to its Shareholders. Beside payment of cash dividend in most of the years of last 16 years the Company credited stock dividend to the Shareholders in the year 2004, 2006, 2009, 2010, 2011 & 2012. In the year 2006 and 2010 the Company also issued rights share to increase the capital to fulfill the minimum capital requirement as per Bangladesh Bank circular. After IPO in 1997 the paid up capital of the Company was 120.00 million and at the end of 2013 the paid up capital was Tk. 1,138.368 million and at present the face value per share of the Company is Tk. 10.00 which was Tk. 100.00 at the time of incorporation. The Board of Directors and Management of the Company have been giving their maximum effort to maximize the return to its Shareholders.

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

Particulars	No. of shares of Tk. 10	Amount in Taka
Investment		
Initial investment in IPO		
(assume 1 lot of 500 shares of Tk. 10 each)	500	5,000
10% stock dividend in 2004	50	-
	550	5,000
1R:1 @ Tk. 30 including premium of Tk. 20	550	16,500
	1,100	21,500
20% stock dividend in 2006	220	-
	1,320	21,500
25% stock dividend in 2009	330	-
	1,650	21,500
1R:3 @ Tk. 30 including premium of Tk. 20	550	16,500
	2,200	38,000
40% stock dividend in 2010	880	-
	3,080	38,000
40% stock dividend in 2011	1,232	-
	4,312	38,000
10% stock dividend in 2012	431	-
Total shares and cost thereof after dividend of 2013	4,743	38,000

Return

A	Market value of 4,743 shares (Ex-dividend value @ Tk. 75)	355,725
B	Cash dividend per share for share of Tk. 10	
	1997 @ Tk. 1.00 for 500 shares	500
	1998 @ Tk. 1.50 for 500 shares	750
	1999 @ Tk. 1.50 for 500 shares	750
	2000 @ Tk. 2.00 for 500 shares	1,000
	2001 @ Tk. 2.50 for 500 shares	1,250
	2002 @ Tk. 2.50 for 500 shares	1,250
	2003 @ Tk. 2.50 for 500 shares	1,250
	2004 @ Tk. 1.50 for 500 shares	750
	2005 @ Tk. 2.50 for 550 shares	1,375
	2006 @ Tk. 1.00 for 1,100 shares	1,100
	2007 @ Tk. 3.00 for 1,320 shares	3,960
	2008 @ Tk. 3.00 for 1,320 shares	3,960
	2012 @ Tk. 2.00 for 4,312 shares	8,624
	2013 @ Tk. 3.00 for 4,743 shares	14,229
		40,748
A+B	Total return since IPO in 1997	396,473
	Percentage (%) of total return since IPO in 1997	1,043.35%
	Per year average return percentage (%) (Average yearly growth)	61.37%

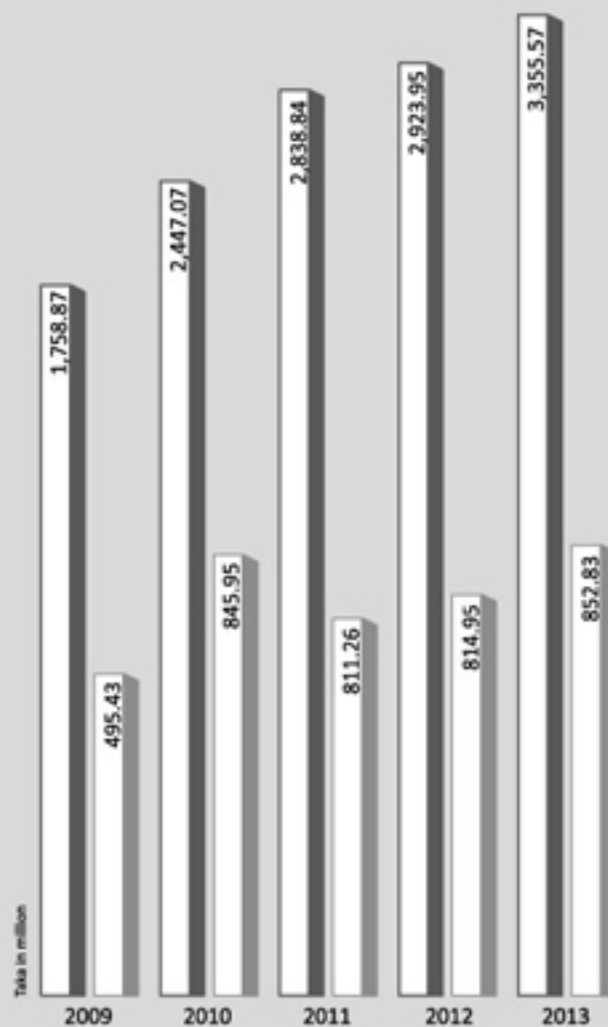


financial performances

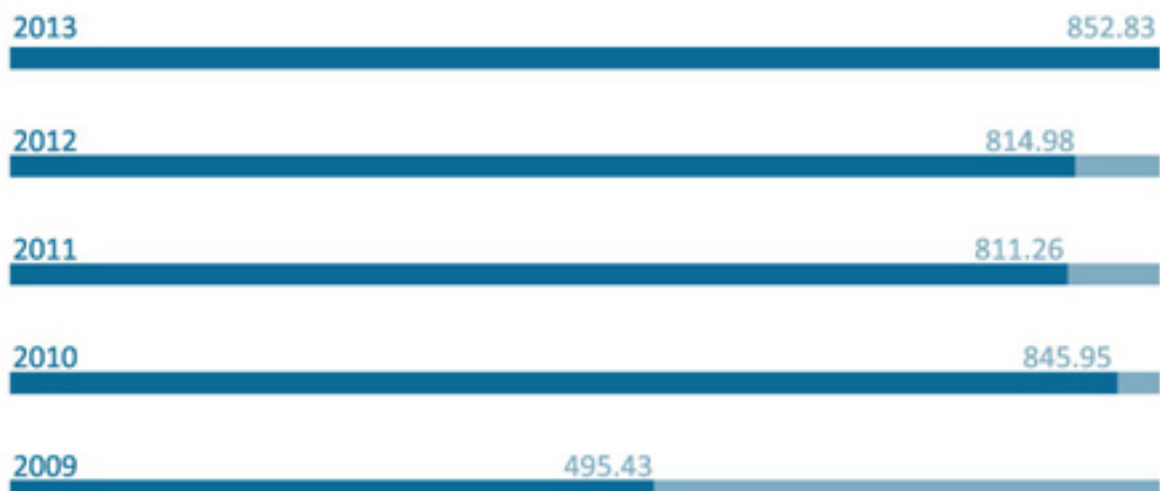
operational revenue and net profit after tax

	Unit	2013	2012
Operational revenues	Tk.	3,355,567,008	2,923,949,617
Operational expenses	Tk.	1,960,020,491	1,650,312,866
Profit before provision and tax	Tk.	1,404,469,104	1,276,990,328
Net profit after tax	Tk.	852,829,438	814,984,718
Fixed assets	Tk.	153,653,663	168,545,805
Investments in lease	Tk.	9,112,585,678	6,908,535,663
Investments in term finance	Tk.	8,949,529,704	6,584,423,039
Shareholders' equity	Tk.	5,581,733,517	4,935,880,079
Long term loan	Tk.	5,454,861,739	4,187,649,146
Term deposit	Tk.	9,228,098,424	6,651,342,423
Debt equity ratio	times	2.35	2.28
Financial expenses coverage ratio	times	1.73	1.74
Net asset value per share of Tk. 10	Tk.	49.03	47.70
Earning per share of Tk. 10 each (2012-revised)	Tk.	7.49	7.16
Dividend per share	%	30.00	30.00
Return on average equity	%	16.22	18.00

Operational revenue
Net profit after tax



historical database



Profit after tax (Taka in million)

	Unit	2009	2010	2011	2012	Taka in million 2013
Business performance		3,679.10	5,734.70	7,180.23	9,278.97	11,539.13
Contract processed		4,487.33	6,845.55	7,939.53	10,366.04	12,972.63
Cumulative investment		7,878.40	10,247.69	13,658.73	15,605.99	19,793.09

Financial performances

Operational revenues		1,758.87	2,447.07	2,838.84	2,923.95	3,355.57
Operational expenses		1,150.74	1,348.69	1,662.92	1,650.31	1,960.02
Profit before provision and tax		713.26	1,233.58	1,181.17	1,276.99	1,404.47
Net profit after tax		495.43	845.95	811.26	814.95	852.83
Fixed assets		162.63	177.67	172.80	168.55	153.65
Investments in lease		3,880.69	3,827.45	4,041.30	6,908.54	9,112.59
Investments in term finance		3,244.70	5,631.51	6,000.40	6,584.42	8,949.53
Shareholders' equity		2,067.69	3,309.63	4,120.90	4,935.88	5,581.73

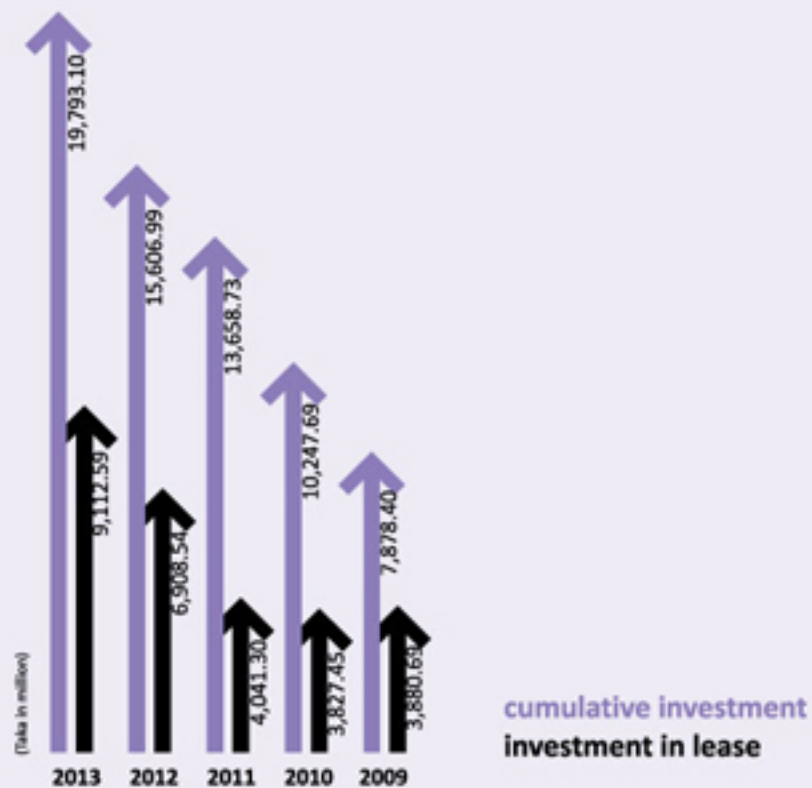
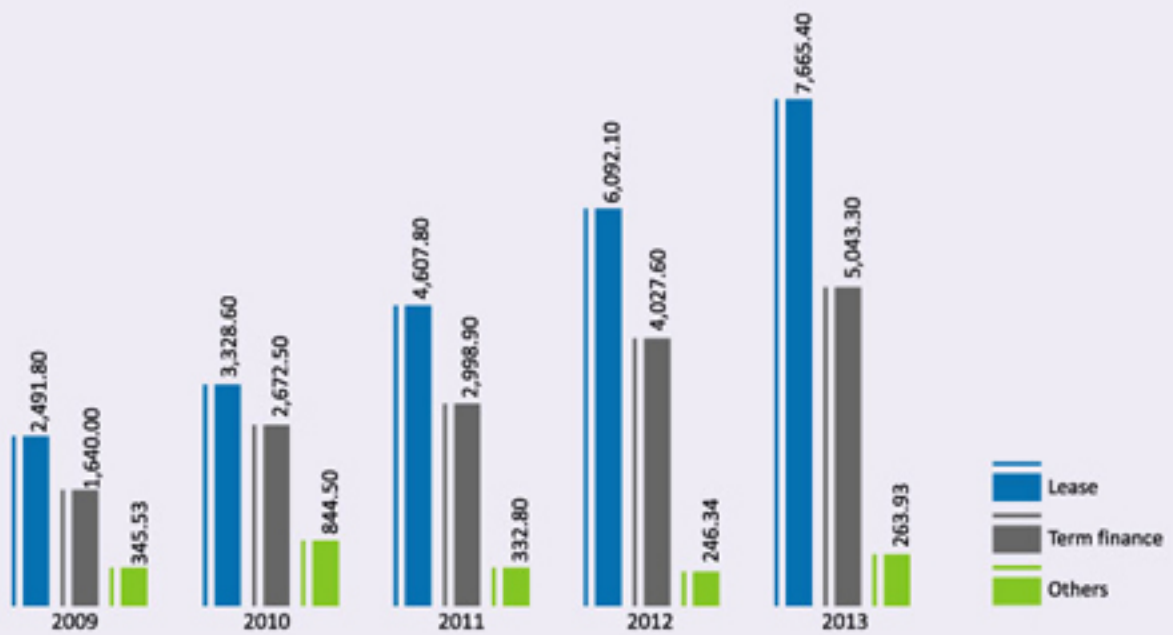
Financial ratios

Debt equity ratio	times	3.73	2.78	2.50	2.28	2.35
Financial expenses coverage ratio	times	1.67	1.98	1.72	1.74	1.73
Net asset value per share of Tk. 10	Taka	65.27	62.68	55.75	47.70	49.03

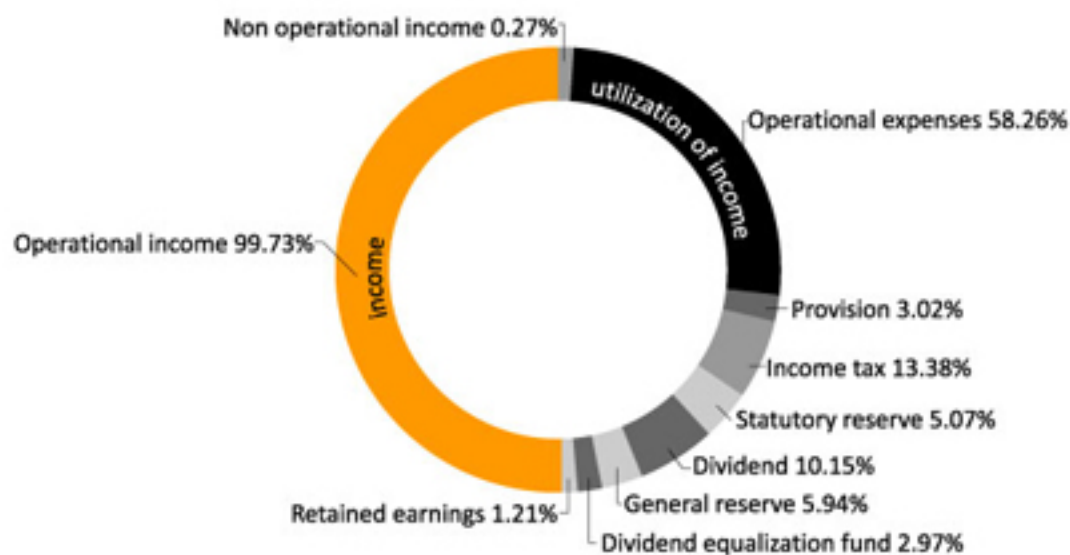
Profitability ratios

Earning per share of Tk. 10	Taka	9.38	8.74	7.84	7.16	7.49
Cash dividend	%	-	-	-	20.00	30.00
Stock dividend	%	25.00	40.00	40.00	10.00	-
Return on average equity	%	26.53	31.46	21.84	18.00	16.22
Investment to net worth	times	3.80	3.10	3.31	3.16	3.55

sectorwise business



income and utilization thereof-2013



Income	Taka	%
Operational income	3,355,567,008	99.73
Non operational income	8,922,587	0.27
Utilization of income		
Operational expenses	1,960,020,491	58.26
Provision	101,639,666	3.02
Income tax	450,000,000	13.38
Statutory reserve	170,565,888	5.07
Dividend	341,510,400	10.15
General reserve	200,000,000	5.94
Dividend equalization fund	100,000,000	2.97
Retained earnings	40,753,150	1.21



analysis of performances 2013

The economy had been experiencing further downward trend in the year 2013. Due to liquidity crisis in the year 2013 interest rate increased significantly which still now continuing though liquidity crisis did not exist in the year 2013 like previous year for liberal monetary policy of Bangladesh Bank. This reveals entrepreneurs' lesser participation in long term borrowing and also lesser trade. Despite the situation the Foreign Currency Reserve hit all time high at the end of year which was USD 18.09 billion which is around 41.88% higher than 2012. Over the year most of the financial institutions reduced fund disbursement; thus an adverse effect on business growth. Besides most financial intermediaries failed to earn profit from share trading. An added adversity for non banking financial institutions was that lending banks continued to charge high rate of interest while offered lesser rate of interest to their corporate clients.

At Uttara Finance in 2013, business marketing was more of push than demand driven. Effort of Uttara Finance to reduce dependency on commercial banks as major source of fund continued by way of marketing by Deposit Mobilization Unit and intensive fund Management in money market. Management of Uttara Finance with kind support of the Board of Directors had been able to contain the projected business; disbursement and profit growth.

In 2014, major task of Uttara Finance would be to intensify diversification of fund mobilization; reduce dependency on bank borrowing to insignificant level by way of seeking long term foreign loan; enlarge Deposit Mobilization Unit; attain more efficiency in fund management; intensify involvement in Merchant Banking business etc.

Strategy for 2014

- * Thrust recovery of overdue
- * Enlarge Deposit Mobilization Unit.
- * Securing Term Loan from foreign lenders.
- * Initiate action to raise capital base.
- * Thrust and enhance Merchant Banking to contain growth.

Mission for 2014

- * Cost reduction by securing low cost non conventional funds as mentioned above
- * Undertake opening of more branches
- * Continue to launch innovative fund mobilization activities
- * Reduction of loan classification directed at excellence in performance.

Target

Under the prevailing circumstances and demonstrated ability of Uttara Finance to cope with adverse situation in the past, management team of Uttara Finance is determined to maintain the growth rate and would make all out efforts to attain business of BDT 14,500 million. But this will practically remain subject to securing Long Term Loan from foreign sources and macro level socio-economic-political scenario. Thus, an extent of flexibility is likely to continue.

In spite of all macro level impediments in 2013 Uttara Finance reached to the following numbers:

Highlights	BDT in million
Business Contract achievement	12,972.63
Business Disbursement achievement	11,539.13
Total recovery (Lease and Term Loan)	6,575.00
Credit Line received	2,650.00
TDR (bank) received	4,900.00
TDR (non bank) received	2,242.92
Repayment of Credit Line	1,383.00
Repayment of TDR (bank)	2,994.82
Repayment of TDR (non bank)	1,571.20
Investment in Merchant Banking Unit	592.57

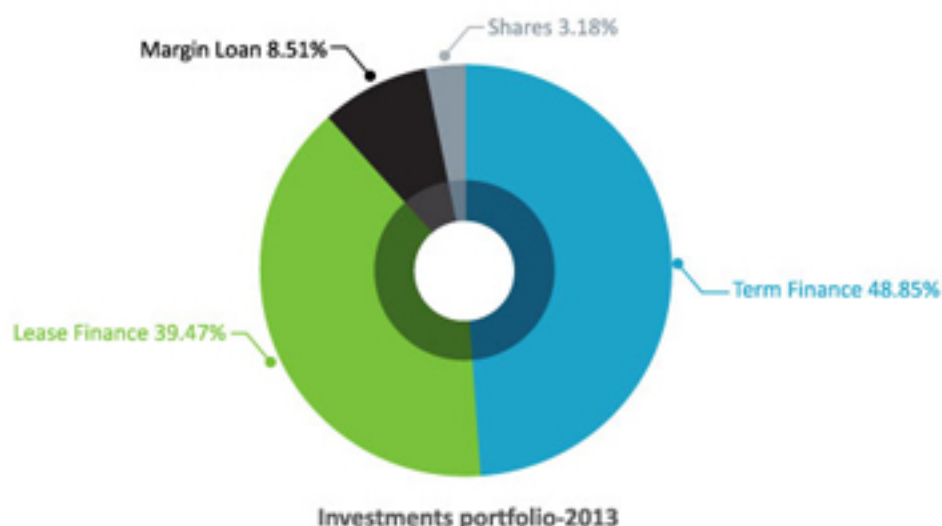
Operational and financial achievements

- During the year 2013 operational revenue of the Company was Tk. 3,355.57 million which was Tk. 2,923.95 million in 2012. The growth rate was 14.76 percent.
- The profit earned from lease and finance before provision and tax was Tk. 1,214.53 million which was in 2012 Tk. 1,142.20 crore which reflected a growth of 6.33 percent.
- Income from Merchant Banking unit in 2013 recorded Tk. 189.94 million against Tk. 134.79 million of 2012 i.e. growth 40.92 percent.
- Management expense which was Tk. 162.93 million in 2012 increased by 1.93 percent to Tk. 166.07 million in 2013.
- Shareholders' equity in 2013 of Tk. 5,581.73 million increased by 13.08 percent over the amount Tk. 4,935.88 million of 2012.
- Company's borrowings from bank and other financial institutions in 2012 was Tk. 4,187.65 million which increased by 30.26 percent to Tk. 5,454.86 million in 2013.
- Balance of Deposit received from different persons and institutions as on December 31, 2013 was Tk. 9,228.10 million which was Tk. 6,651.34 million as on December 31, 2012 i.e. growth of 38.74 percent

Income earning investment

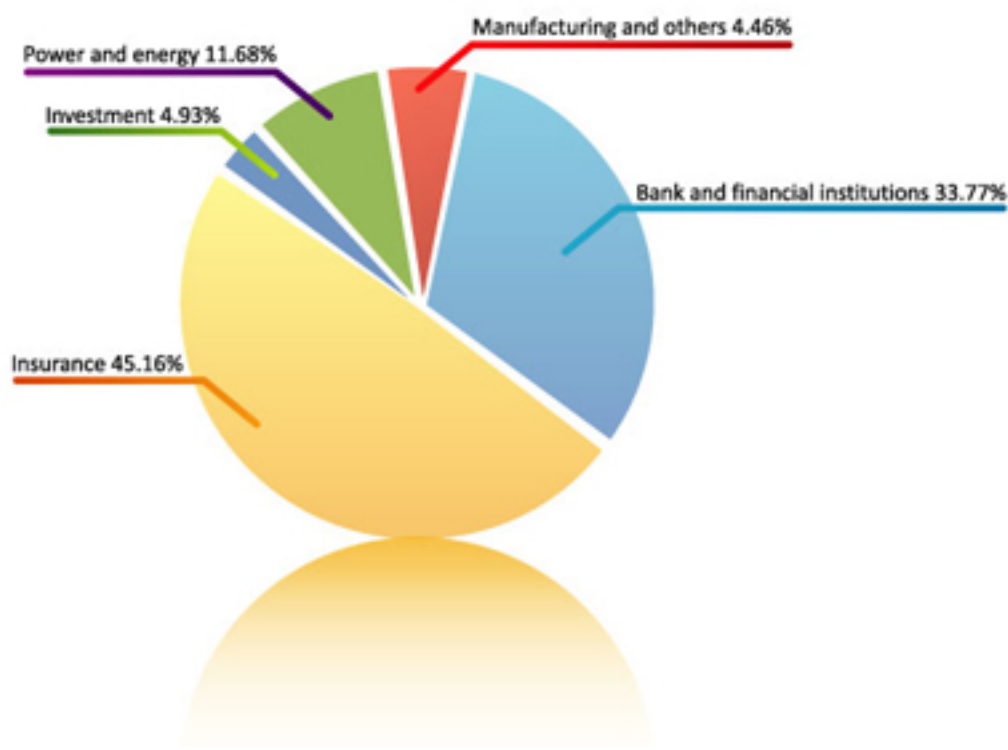
The core business of Uttara Finance and Investments Limited is lease finance. Beside lease finance the Company also extends term finance facility and margin loan to its clients. The Board of Directors from the very inception of the Company had given their effort to invest in the core business of the Company and the Management is trying its level best to ensure quality investment. Company's total investment details of 2013 and 2012 are given hereunder:

Head of investment	2013		2012	
	Amount	%	Amount	%
Lease Finance	9,112.59	48.85	6,908.54	49.55
Term Finance	7,362.72	39.47	5,174.77	37.11
Margin Loan	1,586.81	8.51	1,409.65	10.11
Shares	592.58	3.18	450.88	3.23
Total	18,654.69	100.00	13,943.84	100.00



Non performing loan/assets

After making every investment, the recovery team was very serious to collect the installments/dues from the clients in time. In spite of maximum efforts the amount of non performing loan (NPL) increased to Tk. 838.22 million in 2013 which was Tk. 408.33 million in 2012. The percentage of NPL in 2013 was 4.64 which was 2.90 in 2012. Against the non performing loan total accumulated amount of required provision was Tk. 277.54 million as on December 31, 2013 and the Company made the provision by charging the same against Company's earned profit. Besides total amount of interest suspense account was Tk. 302.60 million at the end of 2013 which was Tk. 119.56 million at the end of 2012.



Investments in shares

Uttara Finance and Investments Limited also made investment in shares. At the end of 2012 Company's investment in share was Tk. 450.88 million which came down to Tk. 592.58 million in 2013. The market price of shares in hand as on December 31, 2013 was Tk. 455.38 million i.e. Tk. 137.2 million provision was made for the difference. The investments made by the Company in different sectors to maintain a balanced diversified portfolio to minimize the risk associated with investment in shares. Sector wise investment positions in shares are given hereunder:

	No. of company	2013	%	2012	%
Bank and financial institutions	16	200,097,256	33.77	130,608,993	28.97
Insurance	9	267,596,654	45.16	265,125,851	58.80
Investment	3	29,238,761	4.93	28,016,120	6.21
Power and energy	14	69,198,232	11.68	7,073,776	1.57
Manufacturing and others	4	26,444,435	4.46	20,052,140	4.45
Total	46	592,575,338	100.00	450,876,880	100.00

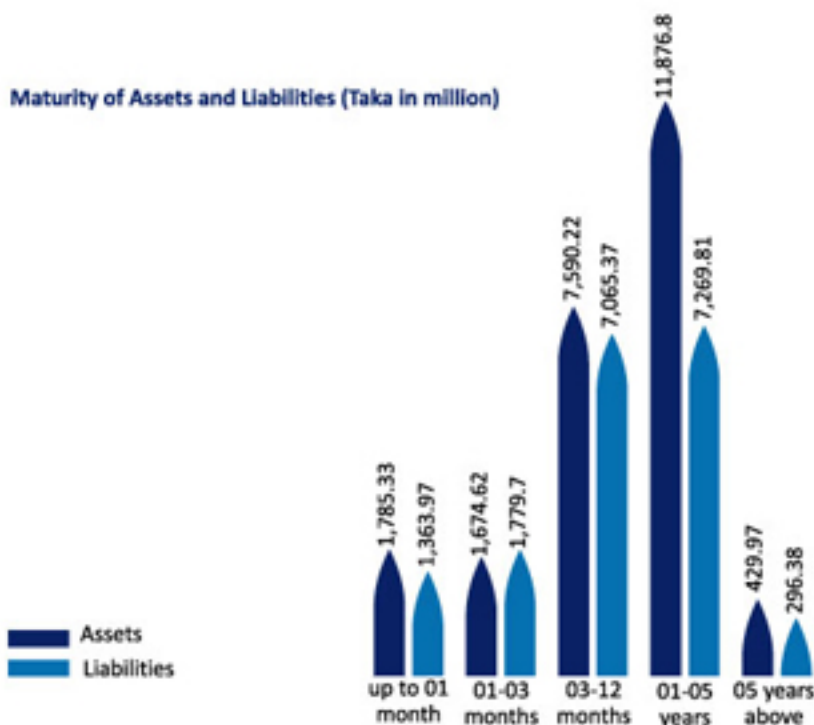
Liquidity statement

Liquidity statement given hereunder represents the liquidity position of the Company in different tenures. The statement prepared on the basis of agreement with the assets and liabilities related parties. In absence of any agreement, previous practice and best judgment had been applied to prepare the statement which was checked by the external auditors M/S S. F. Ahmed & Co. Chartered Accountants. The Asset and Liability of the Company was analyzed by the Asset Liability Management Committee regularly to ensure reasonable immediate encashable amount to meet up emergency need to pay off the financial obligations. The company feels proud to say that it never made a single day delay to pay any amount in the past even when there was a severe liquidity crisis in the money market in 2012-2013. Present position of the Company is adequate to meet up its current and future payment requirements.

Statement of Liquidity Analysis (Maturity of Assets and Liabilities) at 31 December 2013.

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	above 5 years	Amounts in Taka Total
Assets						
Cash in hand	-	-	-	-	-	-
Balance with Bangladesh Bank and its agent bank(s)	157,236,541	-	-	-	-	157,236,541
Balance with banks and other financial institutions	1,627,316,096	-	-	-	-	1,627,316,096
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	593,458,534	1,137,513,209	-	1,730,971,743
Leases, loans and advances	-	1,180,238,232	5,917,408,309	10,534,512,452	429,956,389	18,062,115,382
Fixed assets including premises, furnitures and fixtures	777,307	2,304,141	5,571,491	145,000,724	-	153,653,663
Other assets	-	492,079,024	1,073,781,653	59,806,776	-	1,625,667,453
Non-financial institutional assets	-	-	-	-	-	-
Total assets (A)	1,785,329,944	1,674,621,397	7,590,219,987	11,876,833,161	429,965,389	23,356,960,878
Liabilities						
Borrowings from Bangladesh Bank banks, other financial institutions and agents	916,905,960	405,826,991	2,287,555,127	1,844,573,661	-	5,454,861,739
Deposits	-	400,000,000	4,199,812,650	4,603,601,051	24,684,723	9,228,098,424
Other deposits	-	-	-	-	-	-
Provision and other liabilities	447,060,930	937,871,754	578,003,738	821,633,422	271,697,354	3,092,267,198
Total Liabilities (B)	1,363,966,890	1,779,698,745	7,065,371,515	7,269,808,134	296,382,077	17,775,227,361
Net Liquidity Gap (A - B)	421,363,054	(105,077,348)	524,848,472	4,607,025,026	133,574,312	5,581,733,517

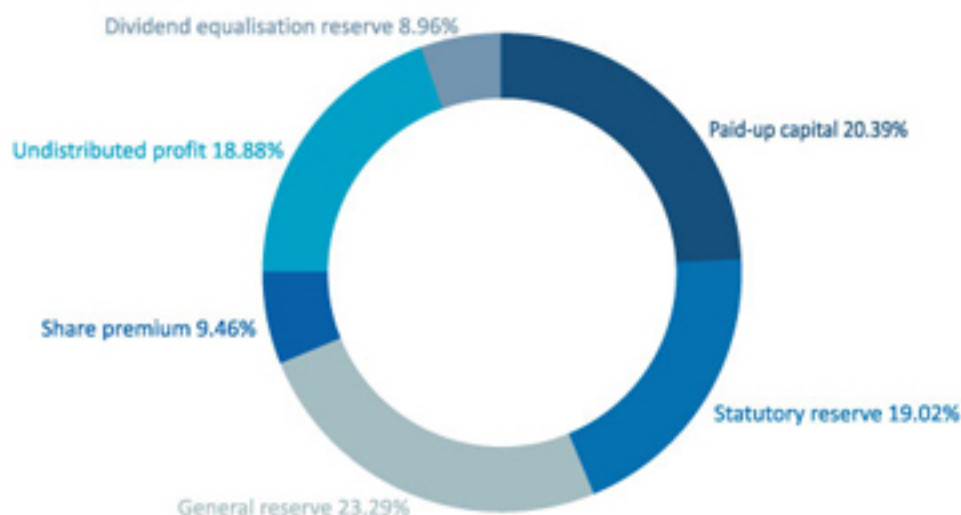
Maturity of Assets and Liabilities (Taka in million)



Shareholders' equity

The paid up capital of Uttara Finance and Investments Limited as on December 31, 2013 was Tk. 1,138.368 million and as on the same date of 2012 the paid up capital of the Company was 1,034.88 million. On the other hand total equity of the Company at the end of 2013 was Tk. 5,581.73 million against Tk. 4,935.88 million of 2012. Good amount of earning, reasonable business growth, strong dividend payout policy, raising of capital on demand of regulatory bodies, Shareholders' contribution as premium is the pillar of the handsome amount of equity and the Company now is in very strong position than its peers. The position of equity is as given under:

Heads	2013	%	Amount in Taka	
			2012	%
Paid-up capital	1,138,368,000	20.39	1,034,880,000	20.97
Statutory reserve	1,061,429,327	19.02	890,863,440	18.05
General reserve	1,300,000,000	23.29	1,100,000,000	22.29
Share premium	528,000,000	9.46	528,000,000	10.70
Undistributed profit	1,053,936,190	18.88	982,136,639	19.89
Dividend equalisation reserve	500,000,000	8.96	400,000,000	8.10
Total	5,581,733,517	100.00	4,935,880,079	100.00

**shareholders' equity**

Loan from financial institutions

As on December 31, 2013 total amount of outstanding balance of loan was Tk. 5,454.86 million which was Tk. 4,187.65 million in 2012 and Tk. 4,579.85 million in 2011. At the end of year 2013 the Company had loan balance outstanding with 27 different commercial banks and 3 financial institutions. Uttara Finance and Investments Limited is enjoying the credit facility with different banks payable on installment basis.

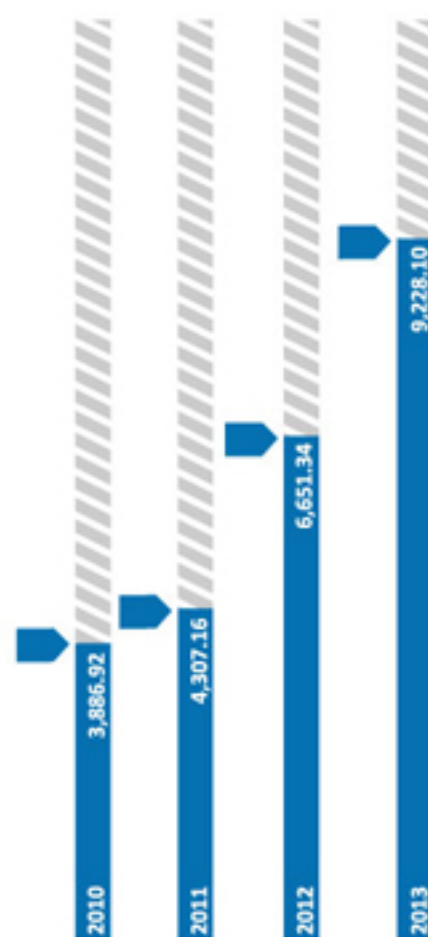
Deposit from different individuals and institutions

Deposit from different individuals and institutions is an important source of fund of Uttara Finance and Investments Limited. The amount of deposit receipts of the Company increasing day by day which is the reflection of depositors' confidence on the Company. At the end of 2013 the amount of outstanding deposit stood at Tk. 9,228.10 million which was Tk. 6,651.34 million and Tk. 4,307.16 million respectively in the year 2012 and 2011.

Source of funds

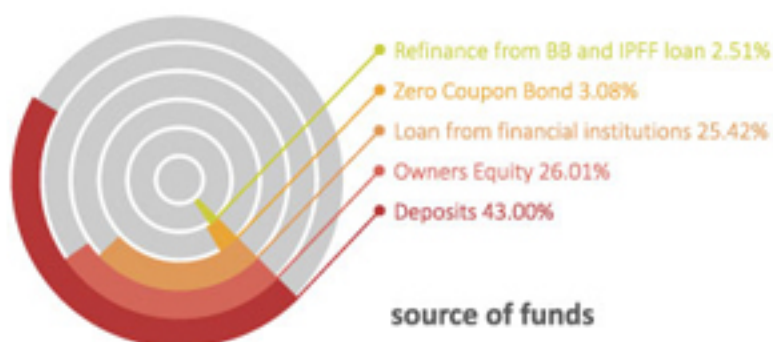
Besides Shareholders' equity, bank loan/credit line and deposits another important source of fund of the Company is zero coupon bond issued in the year 2009 and will be matured gradually in the next 6 years. Outstanding balance as on December 31, 2013 of zero coupon bond was Tk. 660.00 million and the same was Tk. 910.00 million and Tk. 1,035.00 million respectively in the year 2012 and 2011.

A statement of source of fund as on December 31, 2013 is as given below.



deposit outstanding

Head of Funds	2013	%	Amount in Taka	
			2012	%
Owners Equity	5,581,733,517	26.01	4,935,880,079	28.65
Loan from financial institutions	5,454,861,739	25.42	4,187,649,146	24.31
Deposits	9,228,098,424	43.00	6,651,342,423	38.61
Zero Coupon Bond	660,000,000	3.08	910,000,000	5.28
Refinance from BB and IPFF loan	538,135,980	2.51	543,294,319	3.15
Total	21,462,829,660	100.00	17,228,165,967	100.00



source of funds

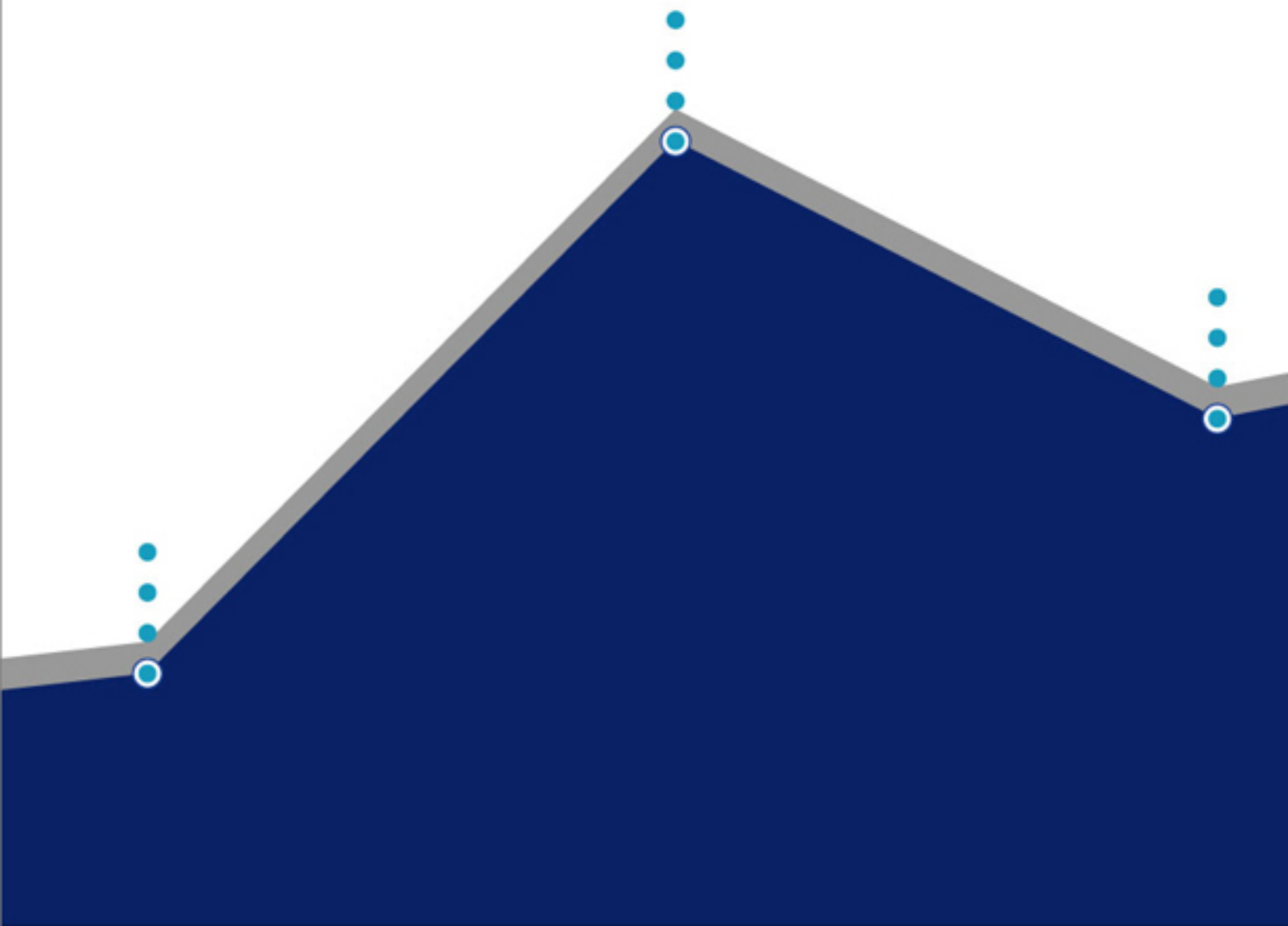
Cash flows

During the year 2013 the net operating cash flows of the Company was Tk. 1,484.11 million against Tk. 1,796.32 million of 2012 and net investment through operating activities was Tk. 154.07 million against Tk. 1,155.61 million in 2012. Net cash inflows from investing activities in 2013 was Tk. 1,051.64 million which was Tk. 232.87 million in 2012.

Operating expenses

In the year 2013 the operating expenses of the Company recorded to Tk. 1,960.02 million out of which Tk. 1,793.95 million was financial expenses, Tk. 126.84 was Management expenses and Tk. 39.23 million was depreciation and others. In the year 2012 the same was Tk. 1,650.31 million, Tk. 120.42 million and Tk. 42.51 million respectively. The Management expenses includes salary and benefits of employee, office rent, office maintenance, meeting expenses, printing & stationeries, travelling and conveyance, legal expenses etc.

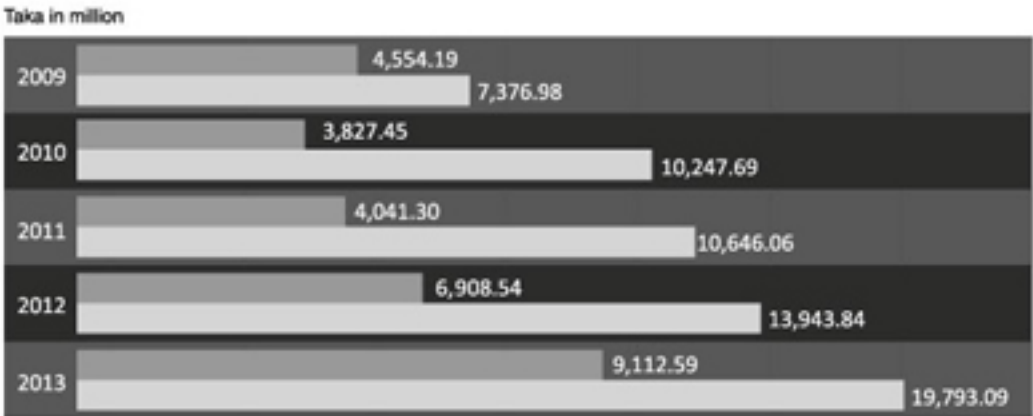
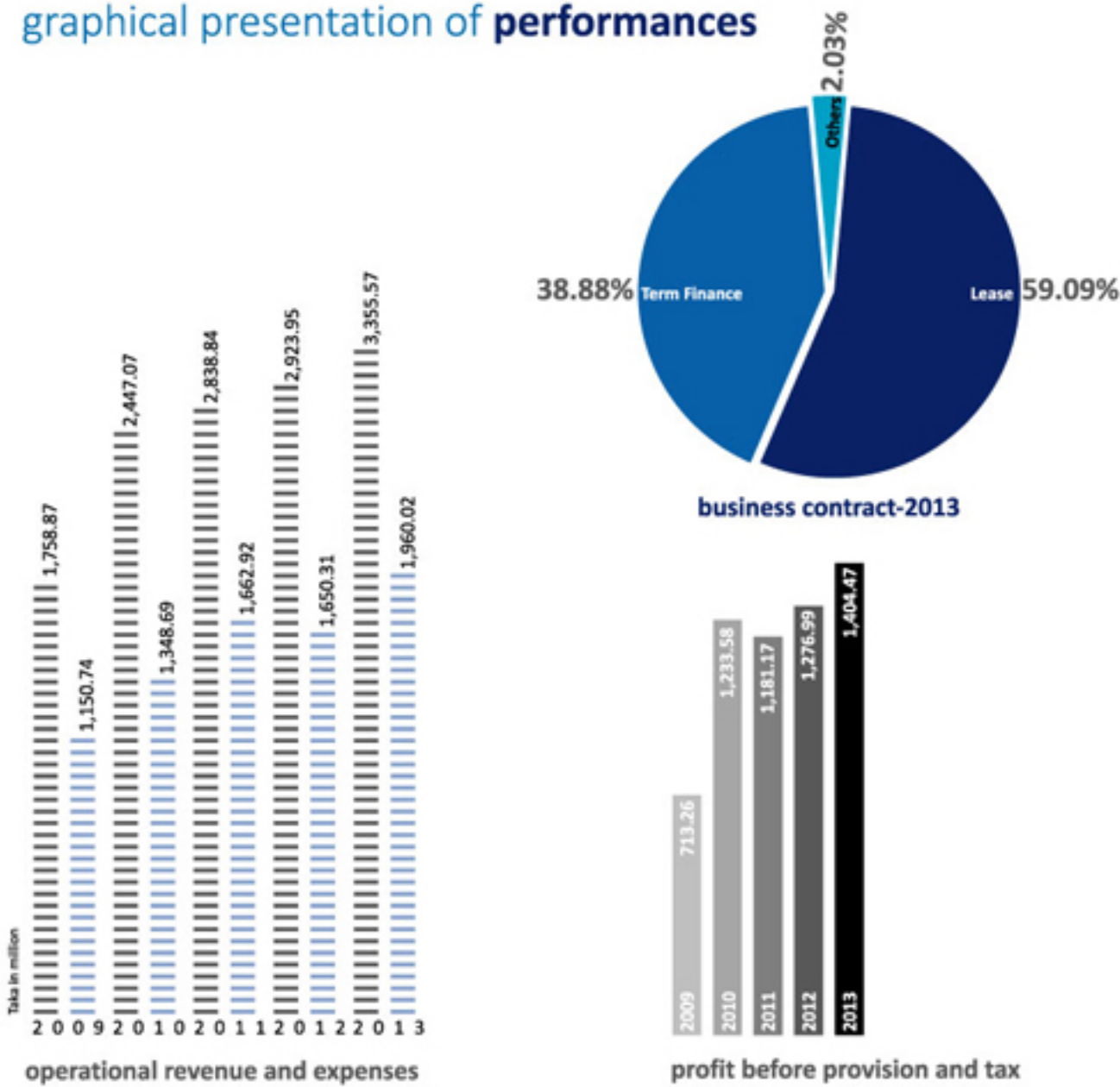
Global financial crisis had been the major contributor in over-all reduced business activity. However, business always hopes for the better and money never sleeps. Neither UFIL will stop to grow, Insha-Allah.

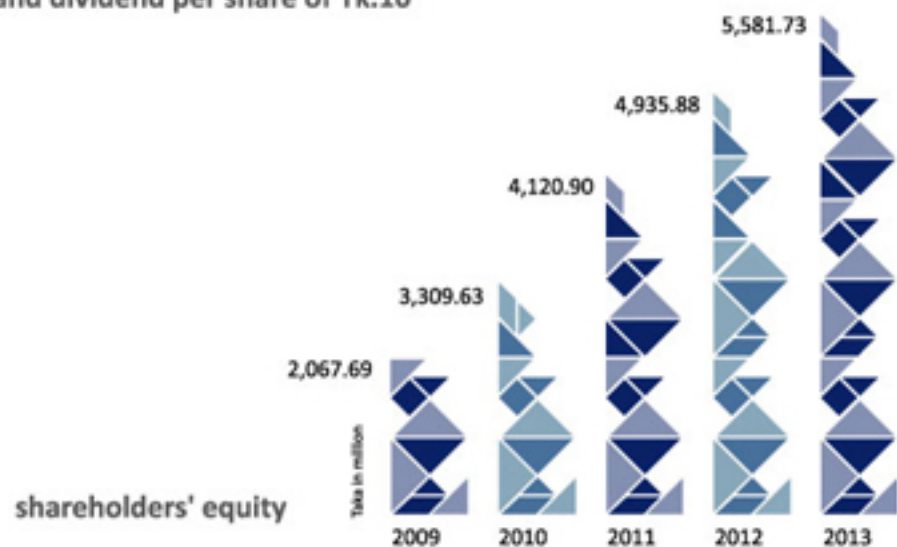
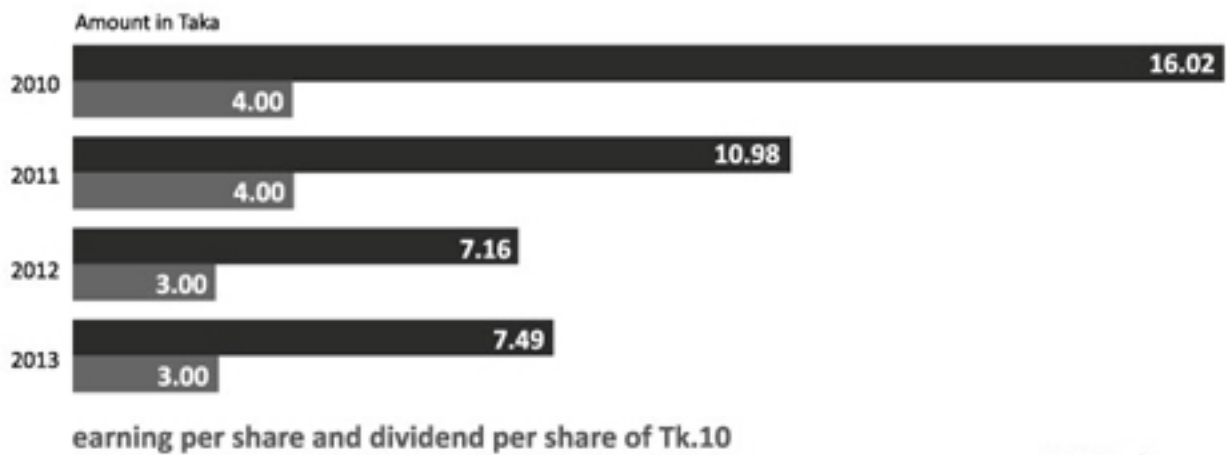
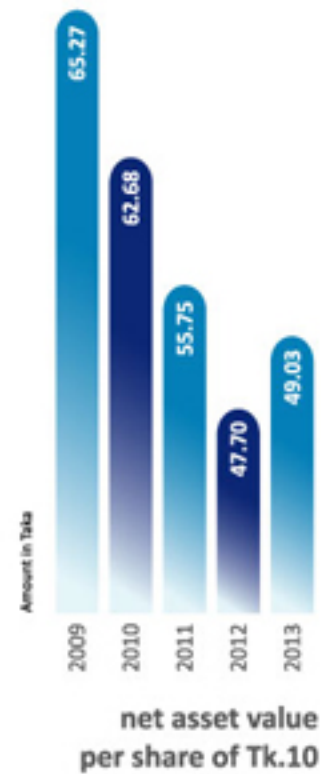
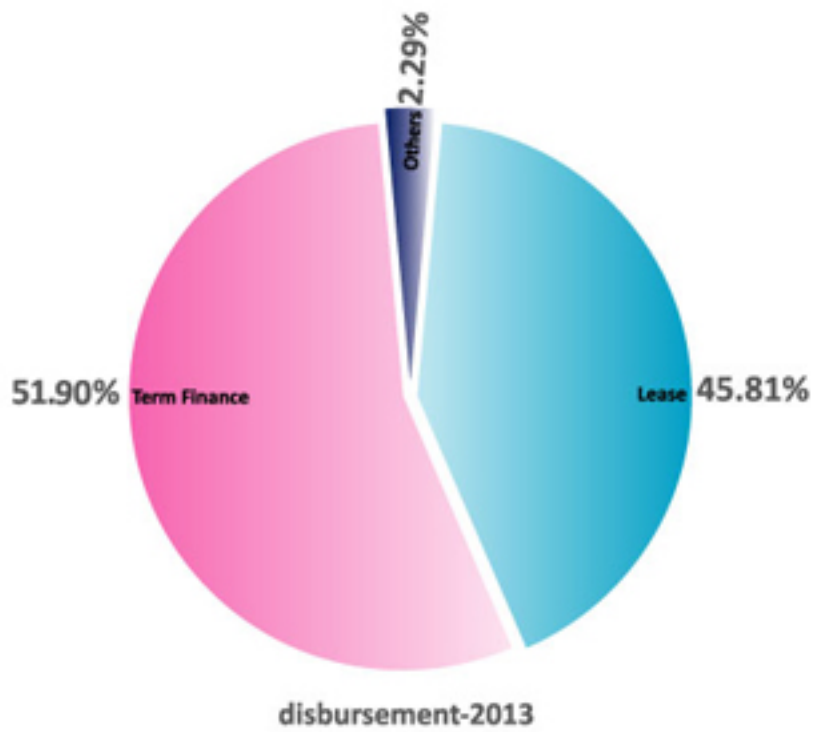


graphical presentation



graphical presentation of performances





board of directors

Chairman

Rashidul Hasan

(Nominee Director of Uttara Automobile Manufacturers Limited)

Vice Chairman

Matiur Rahman

(Nominee of Uttara Automobiles Limited)

Directors

Mujibur Rahman

(Nominee of Uttara Apparels Limited)

Mehdadur Rahman

Zakia Rahman

NG Chin Keong

Tahmina Rahman (Tina)

Kazi Imdad Hossain

(Nominee of Uttara Motors Limited)

Md. Showkat Hossain, FCA

Independent Director

A. T. K. M. Ismail

Independent Director

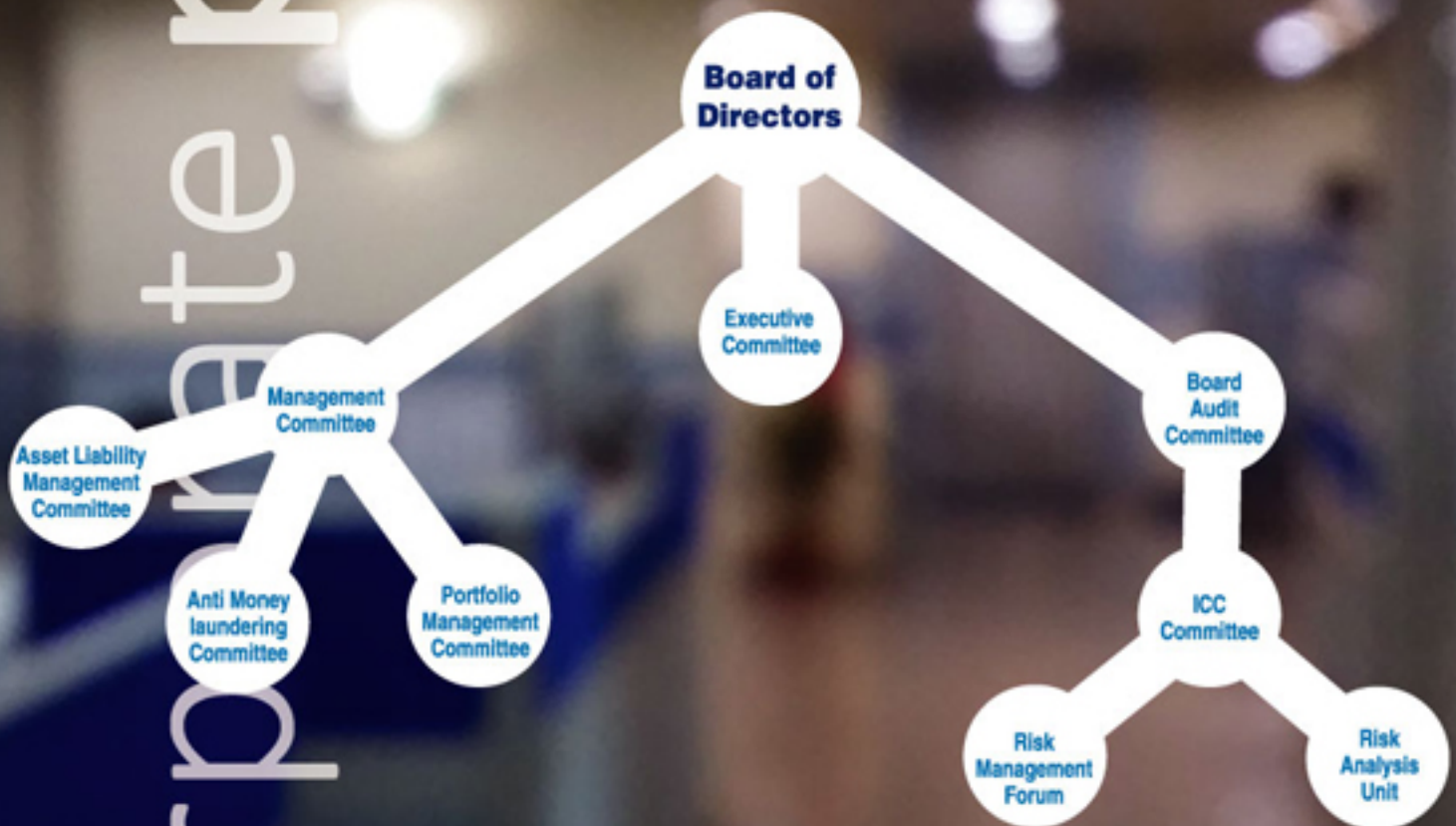
A J Masudul Haque Ahmed

Executive Director

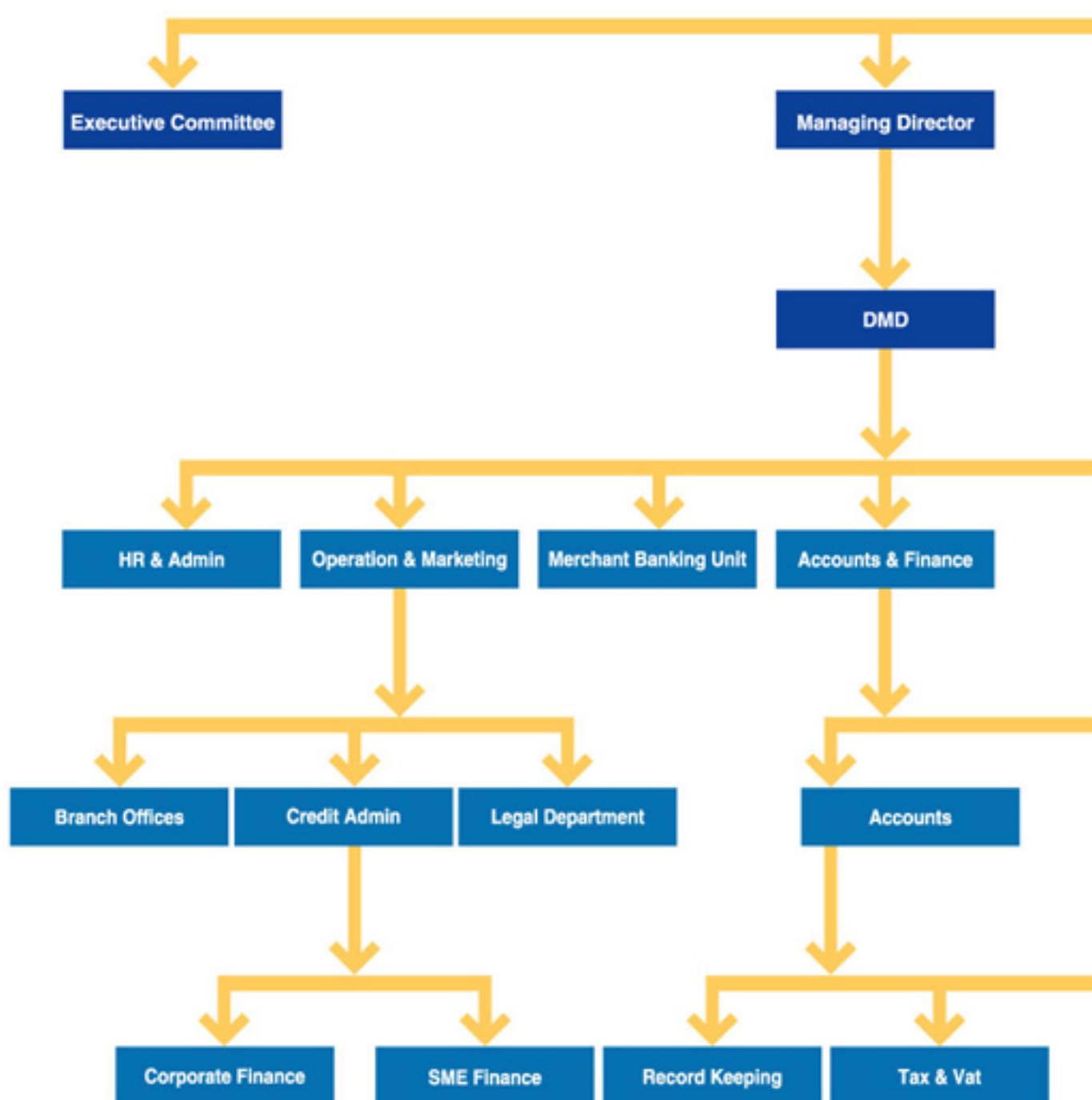
Managing Director

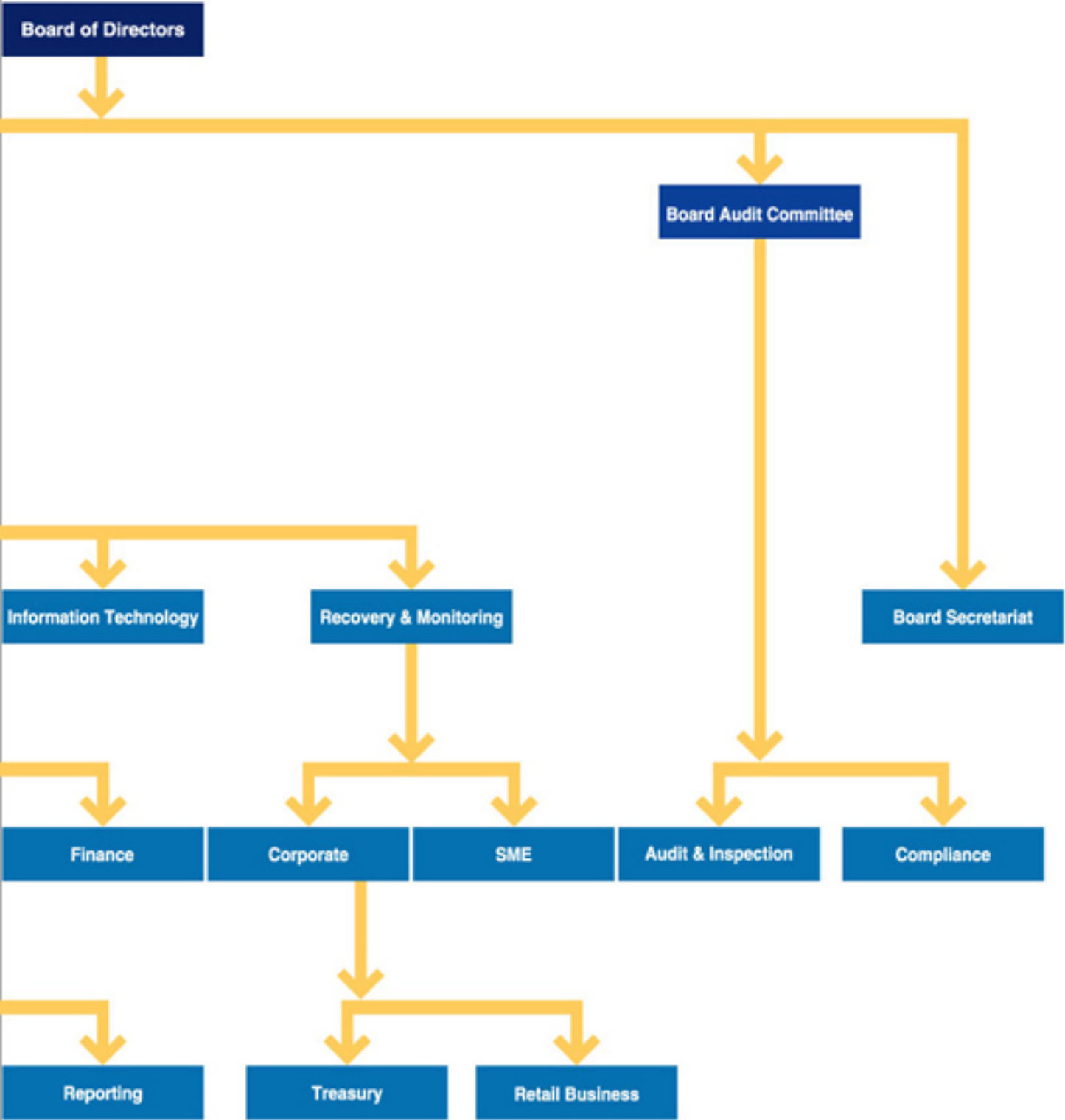
S. M. Shamsul Arefin, M. Com., MBA

corporate profile



organogram







different committees
**of board of directors
and management**

Executive Committee

Chairman

Mujibur Rahman, Director

Members

Mehdadur Rahman, Director

Kazi Imdad Hossain, Director

Tahmina Rahman (Tina), Director

A. T. K. M. Ismail, Independent Director

S. M. Shamsul Arefin, Managing Director

A J Masudul Haque Ahmed, Executive Director

Audit Committee

Chairman

A. T. K. M. Ismail (Independent Director)

Members

Mujibur Rahman, Director

Mehdadur Rahman, Director

Management Committee

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

A J Masudul Haque Ahmed, Executive Director

Anil Chandra Das, Sr. Executive Vice President

Md. Jakir Hossain, FCA, Executive Vice President

Anti Money laundering Committee

Anil Chandra Das, Sr. Executive Vice President

Md. Jakir Hossain, FCA, Executive Vice President

Uttam Kumar Saha, Sr. Vice President

Md. Mainuddin, Sr. Assistant Vice President

Asset Liability Management Committee

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

Md. Jakir Hossain, FCA, Executive Vice President

Uttam Kumar Saha, Sr. Vice President

Kazi Arifuzzaman, Sr. Assistant Vice President

Portfolio Management Committee

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

Anil Chandra Das, Sr. Executive Vice President

Md. Jakir Hossain, FCA, Executive Vice President

Uttam Kumar Saha, Sr. Vice President

ICC Committee

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

Kazi Arifuzzaman, Sr. Assistant Vice President

Md. S. M. Kamruzzaman, Sr. Principal Officer

Md. Kamruzzaman (Ryan), ACA, Principal Officer

Md. Kamruzzaman Mollah (Baker), Principal Officer

Risk Management Forum

Uttam Kumar Saha, Sr. Vice President

Kazi Arifuzzaman, Sr. Assistant Vice President

Md. Mainuddin, Sr. Assistant Vice President

Md. Mesbah Uddin Mahmud, Sr. Assistant Vice President

Nizamul Haque, Sr. Principal Officer

Risk Analysis Unit

Md. Aershad Hossain Khan, Principal Officer

Rajib Kumar Saha, Sr. Officer

Abu Kawsar, Sr. Officer

directors' profile



Rashidul Hasan
CHAIRMAN

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

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

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

directors' profile



Matiur Rahman
VICE CHAIRMAN

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

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



Mujibur Rahman
DIRECTOR

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

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

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



Mehdadur Rahman
DIRECTOR

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

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



N.G. Chin Keong
DIRECTOR

Mr. N.G. Chin Keong born on 31 August 1954 in Singapore. He is a Certified Public Accountant and also a renowned business man of Singapore. Mr.

Chin Keong has no other investment in Bangladesh and he is Sponsor Director of Uttara Finance and Investments Limited.



Kazi Imdad Hossain
DIRECTOR

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



Zakia Rahman
DIRECTOR

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



Tahmina Rahman (Tina)
DIRECTOR

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



Md. Showkat Hossain FCA
INDEPENDENT DIRECTOR

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



A. T. K. M. Ismail
INDEPENDENT DIRECTOR

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

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

management

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

Managing Director

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

Fellow, British Institute of Management (UK)

Executive Director

A J Masudul Haque Ahmed

Ex-Managing Director

House Building Finance Corporation

Bangladesh Krishi Bank

Karmasangsthan Bank

Sr. Executive Vice President

Muhammad Abdul Hamid, FCMA

Head of Chittagong Branch

Sr. Executive Vice President

Anil Chandra Das

Head of Operation, Monitoring and HR

EVP & Company Secretary

Md. Jakir Hossain, FCA

Sr. Vice President

Uttam Kumar Saha

Chief Financial Officer

Sr. Asst. Vice President

Md. Sirajul Islam

Head of Recovery and Legal Affairs

Sr. Asst. Vice President

Kazi Arifuzzaman

Head of ICC

Sr. Asst. Vice President

Md. Mainuddin

Head of Treasury

Sr. Asst. Vice President

Faruk Jamil

Head of Corporate Finance and

Incharge of Gulshan Branch

Asst. Vice President

Mohammad Shahinur Rahman

Head of Merchant Banking Unit



report of human resources

Human Resources

Uttara Finance and Investments Limited's (UFIL) strength is the quality and perseverance of its employees and their shared sagacity of being part of a unique team. Their diverse vantage points and unique abilities create wide range of skills and knowledge that strengthen Company's success in achieving goals. In order to achieve its expected growth and achieving goal, it is essential to train-up and retain its quality up to the mark.

To achieve target in the financial institutions it depends, more than anything else on the know-how, experience, talent and commitment of a Company's human capital. For Uttara Finance and Investments Limited to continue to succeed, the Company must be able to attract, develop and retain highly experienced and qualified human resources.

Uttara Finance and Investments Limited puts importance on keeping employees informed about the Company's vision, mission, strategy, goals and focus. Moreover, the Company provides regular communication to its employees with information relating to the current-affairs of events and achievements.

Recruitment

Being part of an Uttara Finance and Investments Limited member it demands a standard level of meticulousness and commitment. Working in the Company requires individuals of exceptional ability and great efforts have been made in assembling company's current group of employees.

Uttara Finance and Investments Limited believes that having a wide-range of age and experiences in its workforce it helps the Company meeting the wide-ranged needs of its valued clients, agents, etc. This is shown in the structure of the workforce. 89 percent of the Company's employee population is in the 25-45 age range, with the average age of Uttara Finance and Investments Limited employee being 32 years.

Uttara Finance and Investments Limited places a special emphasis on ensuring that new positions are filled by the most skilled and qualified candidates, in terms of their education, experience and ability.

Recruitment strategy of Uttara Finance and Investments Limited is based on attracting highly qualified candidates through employee networks, selective head-hunting and advertisement. Human

Resource Committee is responsible for recruiting the talents. The Human Resource Department is an important partner in achieving these targets.

Career and development

Uttara Finance and Investments Limited comprises a group of enterprising female and male members who are distinguished by their initiatives, diligence, imagination and ambition. The Company's work is driven by a sense of teamwork and solidarity that transcends Company's hierarchy. The people of Uttara Finance and Investments Limited are part of a culture of integrity and leadership, which help their role in creating. They form a community in which people's potential and talents are cultivated with the aim of establishing lifelong careers.

Length of service

The average length of service within the Company is almost 7 years.

Job satisfaction and retention

Uttara Finance and Investments Limited seeks not only to attract the most qualified personnel, but to retain them by creating a superior working environment and attending to their needs. To ensure success for the Company as a whole, employees are encouraged to engage in synergetic teamwork, and every effort is made to facilitate communication and the flow of information. Employee initiative and responsibility are promoted through challenging assignments where rewards are determined by results.

Employee turnover at the Company was at a comparable level to the previous year. The total turnover rate for the company was around zero percent, which is largely dependent on external factors. The real challenge is to keep unwanted turnovers (resignation) at a minimum and we may state that we could meet this challenge with success.



Incentives

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

Transport facilities

Uttara Finance and Investments Limited provides full-time cars to the top Executives. In addition, adequate allowances are provided to senior and mid level Executives. Transport facilities for other employees are provided in the form of pick up and drop.

Cultural and sporting events

Uttara Finance and Investments Limited contributes in annual picnic, celebrates Bengali and English new year and also arrange Iftar party.

Maternity benefits

Female employees are entitled to this benefit.

Insurance scheme

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



Human resource strategy

- Ensure maximum employees success – empower the individual, provide an opportunity to show initiative and command independent initiative;
- Maintain a spirit of ambition, efficient decision-making, flexibility and quick responses to changes;
- Attract qualified personnel by creating a motivated workplace;
- Retain competent employees by creating a superior workplace;
- Provide new employees with appropriate training from the outset;
- Encourage employees to maintain professional skills and give them the opportunity to develop and grow;
- Create a strong management team;
- Sustain an environment that supports a balance between work and life;
- Ensure equal opportunities, with regard to employment, work facilities, assignments, training, job development and financial benefits;
- Arrange the interests of employees with the ultimate interests of the Company.

Statement on work force of 2013

Level of employee	No. of employees	percentage (%)
Management cadre	93	61.59%
Non-management cadre	15	9.93%
Support staff	43	28.48%
Total	151	

Male Female ratio

Male	127	84.00%
Female	24	15.89%
Total	151	

Average age of employee

	Years
Management cadre	36
Non-management cadre and Support staff	30

Payment of salary and allowances

	Taka
Total salary	74.37 million
Managing Directors Salary	9.00 million

Employees movement

Total employee as on January 01, 2013	150
Fresh appointment during the year	6
Retirement / resignations	5
Total as on December 31, 2013	151

Training to the employees

During the year of reporting total 17 employees participated in 09 different training programs. For the training programs the employees' of the company were engaged for 13 working days.

risk management

Risk, the uncertainty and possibility of loss is an integral part of business specially inherent with leasing and financing business due to dealing with financial matters some of which are beyond control called uncontrollable risk. Other type of risk called controllable risk, can never be avoided or mitigated simply because of financial and practical limitations but to minimize by taking steps. Therefore all organizations have to accept some level of residual risks.

Risk management is a practice of systematically selecting cost effective approaches for minimising the effect of threat realization to the organization. Risk management is nothing but taking precautionary measures to minimize both the financial and non-financial risks in a business environment. Risk management proposes applicable control for the observed risks. For leasing and financial business there are eight types of risks namely:

- a) Credit Risk
 - Concentration Risk
- b) Market Risk
 - Interest Rate Risk
 - Currency Risk
 - Equity Risk
 - Commodity Risk
- c) Operational Risk
 - Legal Risk
 - Political Risk
- d) Liquidity Risk
 - Refinancing Risk
- e) Business Volume Risk
- f) Reputational Risk
- g) Profit Risk
- h) Information Technology Risk

Leasing business has emerged to fill up the gap between Commercial Banks and Small Enterprises requiring finance mainly for vehicles and machineries and bill discounting. Firms who face difficulties in borrowing from banks because they are considered as risky by the Commercial Banks and the same idea has given the opportunity to invest by NBFIs. The NBFIs found it profitable to borrow from banks and re-invest the same through lease or direct finance.

Commercial Bankers felt the NBFIs undoubtedly used to occupy some of their business. It is also clear that NBFIs still carry out a large volume of useful investments. It would therefore make a sense for a bank to lend money to NBFIs at relatively lower rates, enabling them to invest in risky sectors. The NBFIs are facing intense competition from banks since banks compel NBFIs to borrow from them at higher rate of interest.

Banks do not allow long term finance to NBFIs. In absence of market in securitized private asset-based debts and lack of market debt instrument, scope of raising fund for long term financing is very narrow.

The following factors are behind different kind of risk:

- Difficulty in choosing core business
- Encompasses a blend of banking and non banking services
- Loans and advances either liquid or of questionable quality
- Short term and unstable funding and mismatches in asset liability terms
- High risk of business like transport
- Lack of ideal capital market
- Poor legal and regulatory frame work
- Market size & participants
- Money market volatility



Uttara Finance and Investments Limited, one of the leading non-banking financial institutions is always concerned about every risk factor mentioned above and even about the political unrest and world economic downtrend. To minimize risks several steps have already been taken and efforts exist on the following subjects.

- Portfolio investment management
- Arranging long term loan to avoid the mismatch of short term borrowing and long term loan
- Expert opinion for choosing core business area, financial statement analysis
- Maximum effort for collection within the legal frame work
- Modernization of HR and infrastructure to compete with the leading developed company
- Find-out more business sectors for introduction of new products for future
- Searching low cost but long term financing from local and foreign sources
- Long term business plan
- Taking of steps to avoid undue and unfair competition with other commercial banks
- Risk base pricing
- Securitization
- Business diversification

Uttara Finance in all respects believes that it's risk management strategy proved very fruitful and effective development work may be ensured through financial and economic policies to enable the following conditions to exist;

- a) Stable macro-economic environment
- b) Legal frame work in financial discipline
- c) Effective direct and indirect incentives for leasing business and
- d) Ideal capital market & money market





chairman's report

Bismillahir Rahmanir Rahim

Dear Valued Shareholders,

Assalamo Alaikum.

I, on behalf of the Board of Directors have great pleasure to extend a hearty welcome to you all to the nineteenth Annual General Meeting of Uttara Finance and investments Limited. I have the pleasure to present before you the Annual Report of 2013 including the audited financial statements. I would take this opportunity to briefly discuss the developments during the year and also some issues following the close of our financial year in December 2013.

In the fiscal year 2011-12 the economy had grown by 6.71 percent based on strong export growth with agriculture, industry and service sectors all performing well. During the fiscal year 2013-14 Bangladesh economy has been adversely affected mainly due to prolonged political disturbances which affected the economy including imports, exports as well as production in the industrialized manufacturing sectors. The Finance Minister has declared to have attained a GDP growth of 6.2 percent during the year under review. The ADB however cautiously mentioned a growth of 6.00 percent during the fiscal year. As per report of Bangladesh Bank exports grew by over 18 percent, imports by only 8.5 percent and remittances nearly 10 per cent which resulted in Bangladesh having a record foreign exchange reserve of over \$18.00 billion at the end of the year 2013 which was more than sufficient to meet country's import requirement of six months. As is evident, some restrictive measures adopted by the central Bank has started yielding results and imports have started falling as indicated by lower number of new Letters of Credit openings. Some inflationary pressures however continued throughout the year mainly due to upward adjustments in energy and petroleum prices, higher domestic credit growth and high global food prices.

The positive development in the securities market has been the demutualization of both Dhaka and Chittagong Stock Exchanges as was decided earlier by the Government. The elections were held in a peaceful manner and now both the bourses are headed by qualified persons. The political problems facing the country during the current year have not helped the situation in the stock market and there were continued fluctuations in the market and large numbers of investors remained shy to invest in such a situation. However the expectation is very high now as Bangladesh Securities and Exchange Commission is taking a number of measures to make the transactions in the Stock Exchanges more transparent. Some software has been installed to detect any foul play during the trading hours as well as any unusual price hike. Steps have also been taken to streamline the IPO application process and reduce the time as well as hassles for the investors.

The problems of the Leasing industry as mentioned last year continued this year also. There were some efforts during the year to resolve a number of problems but the efforts ultimately fizzled out, as the authorities could not provide satisfactory solutions to the problems. Due to existing problems and in spite of receiving sufficient time, some of the leasing companies could not raise their paid up capital to Tk. 100.00 crore as required under Basel II. The prayers for extension of time has been granted to a number of them but since the time due to political problems has not been very conducive many of the Leasing Companies were looking for favourable situation and innovative ideas to increase their capital and penetrate the competitive market.

In spite of a difficult year mainly due to prolonged political problems and law and order situation we are in a position to give you a result which is indeed a remarkable achievement and is likely to please all of you as shareholders of the Company. During the year under review, we reached a milestone of projects sanctioned and amount disbursed during the year and finally showed a post tax profit of Tk. 85.28 crore. This milestone was achieved with hard work, dedication of all the employees under prudent leadership of Managing Director and considerable support and guidance of the members of the esteemed Board of Directors. We wish to assure you all that your Company will continue to look for opportunities to diversify and bring new products into the market for further development and progress and we will make every effort to give you higher profits on your investments. We are deeply grateful to you for your confidence in our efforts. You have been the most receptive, cooperative and patient shareholders and Insha Allah we will not disappoint you.

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

The management of the Company has been very dynamic to meet day-to-day situation effectively during the days of political turmoil filled with uncertainty and the entire management team performed admirably and in unison in a praiseworthy manner to produce a remarkable result under the leadership of the Chief Executive of the Company. I seek your blessings for the management staff of Uttara Finance so that their brilliant efforts may continue in 2014 heralding a

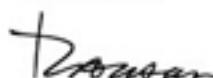
brighter future for the Company.

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

Wishing you all a happy and a prosperous year.

May Almighty Allah's blessings be on you all.

Allah Hafez



Rashidul Hasan



message from
managing director & ceo

Dear Shareholders, valued clients and well wishers,

Assalamu Alaikum,

I am grateful to Almighty Allah SWT that we have been successful to arrange the Annual General Meeting and presenting Annual Report and Accounts for 2013 and also express my thanks to all of you for attending the meeting.

It is my proud privilege to inform you that we had already achieved a successful position in the Financial Market as we had been rated AA- and has also been awarded a certificate by The Institute of Chartered Accountants of Bangladesh (ICAB) 13th ICAB National Award for best presented Annual Reports 2012. This certificate signifies the transparency of our Company.

In spite of national and global recession and inflation, extreme competitions in the small geographical scenario and other challenges, Uttara Finance and Investments Limited had been able to put up an impressive performance on the top line keeping bottom-line parameters in focus. This was possible only due to the dedication and efforts of all our employees, support from our customers and guidance of our Chairman and the Board of Directors as well. I take this opportunity to thank every one of them individually and also look forward to have their continued support in the coming days.

Faster and good Client Service is our motto and we are working hard to further improve this services gradually to the apex of excellence by maintaining the criteria and guidelines of our Regulators and abiding by the Law of the Land. You are aware of the fact that our company is well equipped to provide all types of Leasing Services in respect of Leasing activities for our valued clients. We do not mean only business but business with satisfaction of the valued clients.

During 2013 the Company's business operations were very promising but we could successfully achieve the business, execution and profit targets though there were severe political unrest down to the whole Country. Considering present trend of business and the demands of the Clients the Management had already redesigned Leasing Business, Term Finance, Portfolio & Merchant Banking activities. However these are done only after considering our fastness with timely initiatives and also by abiding the rules and regulations of Central Bank i.e. Bangladesh Bank, Securities and Exchange Commission, Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited as well as of other relevant authorities.

Our motto is that Good Governance in Corporate Sector includes transparency, accountability, fairness and responsibility. We believe in true and effective Corporate Governance for the growth and development. So the issues of Corporate Governance are continuously receiving priority and keen attention in all aspects of the Company's Management. It is our firm determination and wishes to attend the highest pick in this arena to keep our promising standard in maintaining the Good Governance.

We are hopeful that in the years to come, our valued shareholders, clients and well wishers will continue extending their esteemed love, affection and helping hand and will thus make the pavement of the better future where we will be at the highest pick of Financial Institutions in Bangladesh.

Best regards,



S. M. Shamsul Arefin
Managing Director & CEO



report of the **board of directors**

Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamu Alaikum

I, on behalf of the Board of Directors of Uttara Finance and Investments Limited take this opportunity to extend a hearty welcome to all of you in the 19th Annual General Meeting of the Company. I also take this opportunity to present before you the Eighteenth Annual Report of the Company along with the Financial Statements and Auditor's Report thereon for the year ended December 31, 2013 for your kind perusal.

Economic scenario worldwide

The world economies, particularly in the western part of the world, after four years of economic turmoil, the global economy in 2013, appears to be now reaching a period of relative calm. As reported by the Economy Watch 'the United States has somehow managed to avoid the fiscal cliff at the start of the year, the trial risks of a Greek exit from the EUROZONE or a massive loss of market access in Italy and Spain have been drastically reduced. China, for better or worse will undergo an economic rebalancing while even the so called "harbingers of doom" the banks that caused the financial crisis in the first place have been either saved or somewhat reined in, with greater fiscal responsibility and regulations placed on these financial institutions. The world economy, it seems, will be able to muddle through for the next year at least.'

Growth of the developing countries has slowed down compared to the pre-crisis period. Even after four years of debt crisis of Europe and USA, the developed countries have been trying hard to achieve the pre crisis growth rate. As per report of IMF in the year 2013 the world GDP at current price after 3.31 percent growth stands at \$74.171 trillion. The GDP of major advanced economies (G7) stands at \$34,067.56, Other Advanced Economies (Excluding G7 and Eurozone) \$6,655.76 billion and European Union at

\$17,227.74 billion, Emerging and Developing Economies \$29,128.86 billion and Developing Asia \$13,499.86 billion showing growth of 1.258 percent, 2.455 percent, 0.004 percent, 5.307 percent and 7.131 percent respectively. The European Union's executive body and European Commission have forecast a 0.3 percent contraction in the Euro zone economy in 2013 but the actual is not upto the mark. Growth of two large economies in Europe, Germany and France, reported 0.613 percent and -0.066 percent growth in the year 2013 against the expected growth 0.6 percent and 0.2 percent respectively. The governments of those countries have reduced their spending. Unemployment levels have been decreasing across the world's largest economy. The jobless rate of USA, fell to 6.6 percent from 7.9 percent showing gain than the most-pessimistic forecast.

Kaushik Basu, Senior Vice President and Chief Economist at the World Bank said "Global economic indicators show improvement. But one does not have to be especially astute to see there are dangers that lurk beneath the surface. The Euro Area is out of recession but per capita incomes are still declining in several countries. We expect developing countries growth to rise above 5 percent in 2014, with some countries doing considerably better, with Angola at 8 percent, China 7.7 percent, and India at 6.2 percent. But it is important to avoid policy stasis so that the green shoots don't turn into brown stubble."

The share of the working-age population in the labor force, known as the labor force participation rate was 63.3 percent at the end of March 2013 fell to 63 percent in February 2014, the lowest since May 1979. The average number of hours worked for all employees increased while earnings stagnated. To recover, different austerity measures have already been taken and some areas have shown marked improvements. Trading on the stock and bond markets has improved and stock indexes have risen across Europe. Experts opined that uncertainty created by the debt crisis will gradually fade away.

In the year 2013 the growth recorded in African Economies is 5.572 percent against forecasted growth rate of 4.8 percent. South Africa and Egypt are the main two hubs of this area's economy. For the year 2014 the forecasted growth rate of this area is 5.0 percent which is slightly less than the achievement of 2013. The big South Africa's economy posted moderate growth of 2.84 percent in 2013, higher from 2.5% in 2012. Though a good number of challenges like armed conflicts, insufficient efforts for poverty reduction and education exist in this area, high rate of growth of income per capita continued due to strong performance of oil-exporting countries.

The protest and demonstrations which are popularly known worldwide as "Arab Spring" held in the year 2011 mainly in Algeria, Jordan, Egypt, Libya, Bahrain, Yemen and Syria and which has already brought regime change in Egypt, Tunisia, and Libya, affected not only those countries but all over the world both economically and politically. Due to unrest in the oil hub, price of this very necessary fuel of the world increased substantially which led to increase of cost of living all over the world. Countries like Bangladesh have been suffering a lot due to return of a good number of manpower from the Middle Eastern countries with uncertain future. The export of manpower is badly affected.

In the year 2013 the combined GDP growth of developing countries is around 5.31 percent which is increasing gradually than past year. A good number of measures have already been taken by the affected developed and developing countries. Growth in developing countries is expected to be achieved @ 5.5 percent in the year 2014. High unemployment, fiscal consolidation, and a narrow business confidence are expected to be continued in the year 2014 in developed high-income countries and growth in USA and Europe may not reach the growth rate of pre-crisis period.

The growth of developing Asian regional economy is 7.13 percent also failed to achieve the expected level in the year 2013 of 7.5 percent. In the year 2013 Japan's economy did better and instead of shrinking due to two decades of deflationary

stagnation, recorded 1.58 percent growth after one year of recovery from the earthquake-related disasters in 2011. The growth rate of ASEAN 5 in the year 2013 is 5.875 percent whereas growth rate of developing Asia recorded 7.131 percent. The largest economies of this region India and China, lead the growth rate of Asia Region by achieving 5.676 percent and 8.038 percent respectively whereas both Korea and developing countries like Pakistan, Bangladesh and Sri Lanka followed the two big economies. Since the largest export market of South Asian countries had severely been affected by the debt crisis in the previous years, bank lending and foreign direct investment (FDI) in this area declined in 2013.

World economy forecast for 2014

Year 2014 is going to be very crucial for the world economy. Reduction of unemployment is the main challenge for the developed countries. Most of the developing countries are facing a different set of challenges. Growth in high-income country during the year 2013 was around 1.26% against forecast of 1.4 percent. Natural disaster, political and social unrest, dependence on developed countries, lack of infrastructure etc. are the barrier of developing countries to have the expected growth. Expected Growth in developing countries during the year 2014 is around 5.5 percent which was 5.7 percent in 2013.

However, despite different tribulations Christine Lagarde, Managing Director of IMF is hopeful to record 4.5 percent growth of the world economy in the year 2014. She stated that "Yet, global growth is still stuck in low gear. It remains below its potential, which we think is somewhere around 4 percent. This means that the world could create more jobs before we would need to worry about the global inflation genie coming out of its bottle. Momentum strengthened in the latter half of 2013 and should strengthen further in 2014—largely due to improvements in the advanced economies. For the advanced economies in particular, it means that central banks should return to more conventional monetary policies only when robust growth is firmly rooted. At the same time, countries need to use the room created by unconventional monetary policies to put in place the reforms needed to jumpstart growth and jobs."

Bangladesh economy

In spite of lot of political, social and structural limitations in the country and uncertainty in the global economy, the economy of Bangladesh, over the last ten years has been maintaining its Gross Domestic Product (GDP) growth of nearly 6 percent. In the fiscal year 2012-2013 though the political unrest had destabilized the economy, the GDP growth of the country recorded 6.2 percent which was 6.7 percent in the fiscal year 2011-2012. This growth rate is 0.05 percent higher than The Asian Development Bank's (ADB) forecasts of 5.7 percent. Though as per record of last few years increasing trend of GDP growth has been broken, the growth rate has placed Bangladesh among the top 10 nations achieving the highest GDP growth in the fiscal year 2012-2013. Though all the uncertainty still exists including increased political unrest, the government of Bangladesh targeted 6.08 percent growth for the fiscal year 2013-2014 and 6.14 percent for the fiscal year 2014-2015. World rating agency Moody's found variety of positive aspects of Bangladesh's financial condition -- steady economic and financial movements, a positive industrial sector, steady exchange and bank interest rates, and also the momentum in reforms and therefore, long term forecast shows growth rate 5.85 percent in the fiscal year 2019-2020 and 5.60 percent in the fiscal year 2029-2030.

Overseas employment and RMG sector are the main sources of countries foreign income. The RMG sector witnessed a big growth in export and this happened in spite of the various limitations and hindrances, as well as road block, hartal, shortage of power and gas, workers' unrest and worldwide concern for death of more than a thousand of garment workers at Rana Plaza 'building collapse' tragedy and only after one year of 111 garment workers' death due to fire. In the year 2013 the Readymade Garments Sector bagged 18 billion USD and it is very much anticipated that by the end of 2020 this will reach around 45 billion USD.

Due to slump in the overseas employment sector in the early part of the year remittance inflow has been on a gradual decline in the last half of 2013.

According to Bangladesh bank statistics during this period remittance inflow went down by 8 percent. In spite of various negative activities of foreign currency earnings the foreign exchange reserves of Bangladesh Bank against USD 12.8 billion in the month of December 2012 crossed the record USD 18 billion mark in December 2013 which is second in South Asia and almost equivalent of six months import coverage of the country. External sector performance has improved markedly with strong external current account position and much larger capital and financial account inflows, leading to a rapid reserve buildup. This positive and welcoming development however has happened in an environment when Bangladesh is passing through a challenging time though some analysts opined it as weakness of the economy to use available resources for domestic investment.

Manpower export also dropped in the last calendar year as many friendly countries like Saudi Arabia, Kuwait, UAE, Qatar, Bahrain, Oman Libya and Malaysia considered to be traditional destinations almost closed their doors to Bangladesh workers. As per report of Bureau of Manpower, Employment and Training (BMET) country's manpower export dropped by 37 percent in the last 10 months of 2013 compared to the corresponding period of 2012. However, in the year 2013 remittance from overseas employment reached to USD 13 billion against a brand new high of 14 billion USD in the year 2012.

Agriculture and food sectors are expected to be nearly self-sufficient though the government has plan to import rice for marketing through OMS. Due to fuel price hike several times in the past year the Furnace oil based power sector was affected seriously. The rental power policy that had power output enlarged significantly and import from India increased the power supply to the national grid to 10,000 MW of electricity but is yet to match with the ever-increasing demand of the country. Fuel and power price hike affected agriculture and other social sectors and hurt marginalized individuals through hikes in prices of essential products and if government executes the plan of electricity price hike it will definitely put further pressure.

During the first 6 months of fiscal year 2013-2014 implementation of ADP has experienced a slow pace. Only 20 percent of ADP has been implemented during the 1st half and it is very much unlikely that ADP implementation can go above 70 percent at the end of the year if the present trend continues. The main risk to implement ADP is collection of revenue which is expected to be collected BDT 1,360.9 billion against budgeted amount BDT 1,674.59 billion. The assurance from development partners fell sharply in the current fiscal year compared to the previous year and fund flow is unlikely to increase in the remaining period of the year as some development partners have already expressed their dissatisfaction over January 05 election.

Reducing poverty by controlling inflation and creating employment opportunity is the main challenge of Bangladesh Government. The unemployment rate of the country is now 4.5 percent though per capita income all time high USD 1,044. The increase of price of daily necessities increased the poverty level which is now more or less 40% of the total population. The inflation rate of essential goods reached double digit again and in 2012 after reducing by 5 percent now came down to 7.44 percent. Creation of employment opportunity is the first priority of the Government to reduce poverty and poverty reduction strategy paper II outlined that SME is a vital element of the Strategic Block for pro-poor growth and as underlying in the sixth five year plan 2011-2015, Bangladesh Bank has given high importance to channeling funds to this sector to gear up the pace of pro poor growth rate.

The Government of Bangladesh has been making outlines of the strategies to achieve a healthy economic growth. Experts from different segments of the society opined that besides SME development, labour intensive industrialization is the only way to achieve higher GDP growth. Infrastructural facility, electricity and gas supply are not sufficient and therefore investment in the productive sectors has come to a standstill for which growth of this sector is not satisfactory. In the last year of five years term of the previous

elected government the political unrest of the country had increased like anything on the issue of caretaker government for the parliamentary election and trial of war criminals. Besides, the present 14 parties' alliance government has passed its last few months by tackling the share market crash, Padma Multipurpose Bridge issue, Destiny scandal and Sonali Bank-Halmark scam. After being re-elected in the January 05 election where 18 parties' alliance did not participate the government besides different analysts know that the coming days are very crucial and we are hoping political unrest will be gone forever for the betterment of the country.

Capital market of Bangladesh

After 2010 the position of stock markets has been deteriorating day by day and the markets were not in good shape in the year 2013 like 2012 and 2011. During the last 3 years the regulatory bodies, Stock Exchanges, all investors, Merchant Bankers, Brokers experienced biggest ever fall of share prices. Capital market experts opined that this market now lost its general behavior due to margin loan. The regulatory bodies have made a lot of reform works which might prove good in the long term. In the last part of 2013 market analysts considering the market P/E and other fundamentals opined that this situation of the market is very attractive for investment. For providing relief to the large number of small investors who suffered monetary losses, the government has unveiled a stimulus package for the investors. After January 5 election, different bodies of stock market trying their level best to make the market attractive and also to recover the confidence of the investors. Investors, who are still active in the market after suffering huge loss now very careful to act in the market. Initial Public Offering (IPO) and Right Issue are main two tonics to attract new and as well as old investors in the market. But issuer companies did not show interest as they fear that they will not get expected price. In the year 2013 total 11 issues have come to market as against 17 issues of 2012. Experts and Merchant Bankers opined that the number of issue could have been higher if the market remains stable.

After collapse of stock market, issue of reform measures of stock exchanges came to the fore front. Revised index has started in the main bourses at the end of January 2013. Taking into consideration the global trend, demutualization of both the exchanges have already been made like most of the stock exchanges in the developed and developing countries. Demutualization ensured the operational transparency and enhances investor's confidence regarding fair trading but it is not the ultimate remedy of all problems of the market. If effectively implemented, demutualization will be helpful for stock brokers, investors and management.

Payment of tax

Uttara Finance and Investments Limited deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits income taxes of the Company's income. During the year of reporting the company directly contributed to the national economy by way of payment to the government exchequer Tk. 491.90 million as income tax, Tk. 100.31 million as against tax deduction at source and deducted value added tax of Tk. 2.83 million which was Tk. 397.75 million, Tk. 60.40 million and Tk. 2.43 million respectively in the year 2012.

Industry outlook for 2014

All of the non banking financial institutions of Bangladesh have passed a very challenging year along with other related industries of Bangladesh due to high interest rate, less investment opportunity due to political unrest, road blockade and hartal, anti government movement, poor infrastructure, fall in stock market, etc. Most of the business men who run their business taking finance from different banks and FIs are forced to become defaulters and this number may increase in the future.

Bangladesh Bank, the Central Bank of Bangladesh,

is the prime authority of monetary policy might continue with tight credit policy to control the inflation. The Finance Minister already declared that the government was preparing to make its budget for the year 2014-2015 taking into consideration the construction of Padma Bridge. The revenue collection of current fiscal is not upto the mark and expected that the deficit of revenue collection would exceed BDT 100 billion. Thus it is very much clear that government borrowing from different commercial banks will increase to meet up with more development expenditures. The stability of money market is likely to be uncertain.

Interest rate in the money market is likely to be increased further for tight monetary policy and the economy may see a slowdown in terms of business activity. Taking into consideration of the above all factors, Uttara Finance and Investments Limited has prepared its business plan for the year 2014. The Management of the Company has been making all out efforts to achieve the business target.

Principal activities of the company

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

Operational performance of Uttara Finance

In spite of different hurdles in the year 2013 and the achievement of Uttara Finance and Investments Limited were remarkable. By the grace of the Almighty Allah and by maintaining a prudent operating policy the company maintained a steady growth in all of the growth indicators. During the year of reporting the business growth was substantially higher over the figures of 2012. Total business contracts processed in 2013 increased to Tk. 1,297.26 crore as against Tk. 1,036.60 crore in 2012. The growth is 25.15 percent. Despite severe liquidity crisis in the monetary market total disbursement had been made in 2013 for Tk. 1,153.92 crore which was 24.30 percent higher than the achievement of 2012 of Tk. 927.90 crore. In the year 2013 Uttara Finance achieved operational revenue growth of 17.84 percent. This trend is likely to be maintained in spite of difficulties presently faced in the leasing and finance sectors and Insha Allah the shareholders will be presented a good result at the end of the year. Brief statements of different achievement of 2013 and growth over 2012 are as given below:

	2013	2012	Taka in crore % of growth
Business performance			
Contract processed	1,297.26	1,011.97	25.58
Contract disbursed	1,153.91	903.46	24.80
Financial performances			
Operational revenues	335.56	292.39	14.76
Profit before provision and tax	140.45	127.69	17.04
Net profit after tax	85.28	81.49	4.64
Income from operation	139.87	127.58	12.76
Profit from MBU	18.99	13.48	41.82
Fixed assets	15.37	16.85	6.88
Investments in lease	911.26	690.85	31.90
Investments in term finance	736.27	517.48	42.28
Investments in margin loan	158.68	140.97	12.57
Investments in shares	59.26	45.09	31.43
Shareholders' equity	558.17	493.58	14.91

Branch operation

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

Information technology

To ensure the best and quality service to its customer, generate and deliver instant error free report for internal and external use Uttara Finance and Investments Limited has been using integrated software which is exclusively designed and developed for non banking financial institutions. For smooth IT operations the Company established a strong IT department headed by a Chartered Accountant as Departmental Head consisting of qualified professional personnel. IT Personnel are

involved with development of software, database integration and migration, hardware procurement, installation and maintenance, network infrastructure development to ensure trouble free links, troubleshooting of different network, pc devices etc. Besides IT department is also responsible for backup of data, backup power, central surveillance cctv, antivirus, terminal server, new branches connectivity, internet and intranet connections.

Financial result

The accounts for the year ended 31 December 2013 have been audited by M/S. S. F. Ahmed & Co., Chartered Accountants, a renowned audit firm, for the third year. After thorough scrutiny of all books of accounts and systems they have compiled and certified the figures. The Board states that;

- The Financial Statements prepared by the Management of the Company are fairly presented.
- Proper Books of Accounts have been maintained.

- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates have also been made based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS), as applicable in Bangladesh has been followed in preparation of the financial statements.
- e) Effectively implemented and monitored internal control system is sound.
- f) Subject to appliance of various measures regarding going concern the Board has no doubt about the ability of the company to continue its operation in foreseeable future.
- g) There is no significant deviation in operating results in comparison with last years.

As per the audited Financial Statements for the year ended 31 December 2013 the gross profit and net profit margin of the Company was 47.93 percent and 24.75 percent which were 49.13 percent and 27.87 percent respectively in the year 2012. During the year of reporting there was no extraordinary gain or loss in the reported profit and there is no significant deviations from the last year's operating results. The year end results of 2013 with comparative figures of 2012 is as under:

Description	2013		2012	
	Taka	(%)	Taka	(%)
Operational Revenues	3,355,567,008		2,923,949,617	
Interest expenses	1,793,950,329	53.46	1,487,381,915	50.87
Gross profit	1,651,616,679	46.54	1,436,567,702	49.13
Operational Expenses	1,960,020,491	4.95	1,650,312,866	5.57
Non Operational income	8,922,587	0.27	3,353,577	0.11
Profit before Provision and Tax	1,404,469,104	41.85	1,276,990,328	43.67
Tax Expenses	450,000,000	13.37	285,489,855	9.75
Provisions	101,639,666	3.02	176,515,755	6.03
Profit after Tax	852,829,438	25.42	814,984,718	27.87
Earning Per Share (2012 adjusted)	7.49		7.16	

Significant deviation of operating results'

As per the audited financial statements for the year ended 31 December 2013 net profit earned was Tk. 852.83 million which was Tk. 814.98 million in the year 2012 showing 4.64 percent growth and there was some improvement in profit earning. This profit was mainly derived from the core business of the company. Taking into consideration the volatile capital market situation, political unrest and other matters, substantial provision had been made by the Company for classified loan/leases and diminution in the value of investment and therefore provision charged Tk. 101.64 million in 2013 which was Tk. 176.52 million in 2012 which means provisions decreased by Tk. 74.88 i.e. 42.42 percent than the last year. Lease investment increased by 31.90 percent than 2012 due to significant increase of investment in lease during 2013. Balance with banks and financial institution was showing increase by 2.38 percent. In the year 2013 net profit earned was Tk. 215.20 million in first quarter (Q1), Tk. 458.32 million at half year

end and Tk. 705.38 million at end of third quarter (Q3) which was Tk. 184.62 million, Tk. 425.79 million and Tk. 691.65 million respectively in the year 2012 which means no significant deviation occurred between quarterly financial performances.

Related party transaction

In terms of Bangladesh Accounting Standard 24 namely "Related party disclosures" the Company discloses the transactions in notes to the financial statements under the head "Related party transactions" mentioning the basis of finding out related parties and their transactions. Descriptions of transactions as recorded by the Company related with its Directors are given in the note 35 to the financial statements.

Proposed appropriation of profit

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

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

Description	2013 Taka	2012 Taka
Statutory Reserve @ 20 % of net profit	170,565,888	162,996,943
Dividend @ 30% (dividend @ 30% 2012)	341,510,400	310,464,000
General Reserve	200,000,000	200,000,000
Dividend Equalization Fund	100,000,000	100,000,000
Retained Earnings for the year	40,753,150	41,523,775

Dividend

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

Plan for utilization of undistributed profits

At the end of the year 2013 the amount of undistributed profit of the Company was Tk. 2,512.43 million which was Tk. 2,171.67 million at the end of 2012 maintained in the name of general reserve, dividend equalization fund and retained earnings excluding the statutory reserve Tk. 1,061.43 million and Tk. 890.86 million respectively. This strong base of equity enables the company to show healthy NAV and has been helping the Company to carry out its regular business operation. This undistributed profit already had been invested through disbursement against lending for profit maximization. In the coming years, if needed, this fund is to be distributed to the Shareholders in the form of Dividend and/or to meet contingencies in future as authorized under Article 100 of the Schedule I of the Companies Act 1994. Additionally with this retention, a reasonable debt equity ratio is maintained for having the borrowing power.

Key operating and financial data

Key operating and financial data for last five years is given in the page no. 29 under the head historical database.

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

In the year 2013 the Company has not collected any fund through public issue or right issue or repeat public offering or direct listing or through any other instrument except issuing of term deposit receipts. The detailed movement of term deposit receipts is given in the note no 10 of the financial statements.

Directors

The Board of Directors of the Company consists of 8 Members excluding Managing Director, two independent Directors and one Executive Director. As per Article 62 of the Company one-third of the total number of Directors is to retire by rotation every year. Accordingly, three Directors namely Mr. Matiur Rahman, Mr. Mehdadur Rahman and Mr. Kazi Imdad Hossain retired from their office and being eligible offered themselves for re-election.

Directors' attendance in the board of directors meetings

During the year 2013 the Board of Directors met 6 times. Most of the Directors were present in all the meetings. During the year 2013 average presence of the Board Members was 81.67 percent. The Company Secretary and Chief Financial Officer were also present in all the meetings. Attendance detail of each Director is appended below:

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

Directors' remuneration

Other than fees for attending the Board meetings and Executive Committee meetings, the Directors including the Independent Directors are not entitled to any other remuneration. As per DFIM circular letter no. 03 dated 24 February 2010 the company paid @ Taka 5,000 to the non executive Directors for attending each Board of Directors meeting and Executive Committees meeting. During the year of reporting a sum of Tk. 305,000 was paid to the Directors for their attendance in the meetings which was Tk. 205,000 in 2012. Details of directors' emoluments paid during the year are given in notes 29 to the financial statements.

Pattern of shareholdings

As on December 31, 2013 the paid-up Capital of Uttara Finance and Investments Limited is Tk. 1,138,368,000 and the Authorized Capital is Tk. 5,000,000,000 where the nominal value per share is Tk. 10 each. As per Clause 2(k) of SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 pattern of Shareholdings of Related parties, Directors, CEO, Executives, Head of Internal Audit, Company Secretary & CFO including their spouses and minor children and Shareholders having 10% or more voting interest are given below. Details of shareholdings at end of 2013 are given in the note no. 12 of the financial statements.

Sl. No.	Name of Shareholders	Status of Shareholder	No. of Shareholding
01	Uttara Motors Limited	Sponsor	5,811,516
02	Uttara Automobiles Limited	Sponsor	8,897,090
03	Uttara Apparels Limited	Sponsor	9,960,720
04	Mr. Rashidul Hasan	Chairman	394,430
05	Ms. Chin Keong	Sponsor	4,446,750
06	Mr. Matiur Rahman	Director	553,665
07	Mr. Mujibur Rahman	Director	2,367
08	Mr. Mehdadur Rahman	Sponsor	2,279,196
09	Mr. Kazi Imdad Hossain Nominee	Director	4,620
10	Ms. Zakia Rahman	Sponsor	2,279,196
11	Ms. Tahmina Rahman (Tina)	Sponsor	2,279,196
12	Mr. NG Chin Keong	Sponsor	4,446,750
13	Mr. Md. Showkat Hossain, FCA	Independent Director	nil
14	Mr. A. T. K. M. Ismail	Independent Director	1,450
15	Mr. S. M. Shamsul Arefin	CEO	nil
16	Mr. Md. Jakir Hossain, FCA	Company Secretary	1,336
17	Mr. A J Masudul Haque Ahmed	Executive Director	36,776
18	Mr. Muhammad Abdul Hamid, FCMA	SEVP	nil
19	Mr. Anil Chandra Das	SEVP	nil
20	Mr. Uttam Kumar Saha	SVP	nil
21	Uttara Automobiles Manufacturing Ltd.	Director	13,371,942

Independent Directors

As per Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of Bangladesh Securities and Exchange Commission, the appointment of Independent Director should be approved by the Shareholders in the Annual General Meeting. In compliance with the section 1.2(i) of the above said notification 2 (two) new

Independent Directors namely Mr. Md. Showkat Hossain, FCA and Mr. A. T. K. M. Ismail have been appointed by the Board of Directors for a period of 3 (three) years and as per section 1.2(iii) of the same notification the Shareholders in the 18th Annual General Meeting held on Monday, May 27, 2013 approved the appointment of the Independent Directors.

Recognition of annual report 2012

In the year 2013 Uttara Finance and Investments Limited was awarded "Certificate of Merit" for the best published Annual Reports 2012 given by the Institute of Chartered Accountants of Bangladesh (ICAB) in Non-Banking Financial Services Sector.

The company was also awarded "Certificate of Merit" for the best published Annual Reports 2012 given by the Institute of Cost and Management Accountants of Bangladesh (ICMAB) in Non-Banking Financial Institution Sector.

The Board believes this kind of achievement is possible only due to relentless combined efforts of all officers and staff of the company and also for the best corporate practices and financial reporting.

Auditors

M/S S. F. Ahmed & Co., Chartered Accountants (representing firm of Ernst & Young International, Inc of New York, USA) one of the leading Chartered Accountants firms in Bangladesh carried out the audit of the Company for the year 2013 and completed third year of audit very creditably. The Financial Institutions Act, 1993 stipulated that an auditor of a Financial Institution cannot be appointed for more than three consecutive years. In compliance with the same M/S S. F. Ahmed & Co., Chartered Accountants cannot be allowed for audit for the next three years term.

The Board of Directors considering the willingness and proposal of Board Audit Committee, recommended for appointment of M/S Hoda Vasi Chowdhury & Co., Chartered Accountants, a representing firm of Deloitte & Touche Tohmatsu and an audit firm of repute to be the Auditor for the year 2014 to hold office from the conclusion of the 19th Annual General Meeting until the conclusion of the next 20th Annual General Meeting of Uttara Finance and Investments Limited.

Internal control

Internal controls are integral part of sound management. Reviewing the effectiveness of internal control is an essential part of the Board's responsibilities while management is

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

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

Going concern

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

The Directors of Uttara Finance and Investments Limited considered the future profitability, cash flows, quality of asset & liability, current ratio, renewal and repayment of debt, nature of borrowing, creditors repayment credibility, investment portfolio, equity, employees turnover etc. in making their assessment and after due assessment, the Directors were satisfied that the Company had adequate resources to continue its operation for the foreseeable future. A separate report on going concern has been set out on page-84.

Status of corporate governance

Status of compliance of corporate governance as per Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 of Bangladesh Securities and Exchange Commission and DFIM Circular No. 07 dated September 25, 2007 of Bangladesh Bank are given hereafter in page no. 92 and 101 as 'Annexure-I' and 'Annexure-II' respectively. Professional certificate on status of compliance of corporate governance also given in the page no. 104

Conclusion

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

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

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

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

On behalf of the Board of Directors



Rashidul Hasan
Chairman

report of the **audit committee**

The audit committee of Uttara Finance and Investments Limited is a Sub-Committee of the Board of Directors. As per corporate governance guideline issued by Bangladesh Securities and Exchange Commission vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012, Internal Control & Compliance (ICC) guidelines of Bangladesh Bank through DFIM circular no. 13, dated October 26, 2011 stated that the Committee is responsible for submitting their report to the Board whether the financial statements of the company reflects true and fair view of the states of affairs. The Committee is also responsible for ensuring a good monitoring system. These responsibilities and compliance along with appropriate governance are incorporated in the Committee Charter.

Members of Audit Committee

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

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

Sl. No.	Name	Position in the Board	Position in the Audit Committee
1.	Mr. A. T. K. M. Ismail	Independent Director	Chairman
2.	Mr. Mujibur Rahman	Director	Member
3.	Mr. Mehdadur Rahman	Director	Member
4.	Mr. Md. Jakir Hossain FCA	Company Secretary	Secretary

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

Scope of work of Audit Committee

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

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

Responsibilities and functions of the Audit Committee

The Audit Committee is responsible for:

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

For the year ended 31 December 2013 the Audit Committee after considering, analyzing and reviewing information provided by Management, internal audit and external audit states that:

1. The internal control system of the Company is adequate and effective;
2. The control system have ensured that the Company's assets have been safeguarded;
3. Accounting records have been maintained properly;
4. The external auditors performed their audit independently;
5. Audited financial statements recommended for approval by the Board to place before the Shareholders in the 19th AGM of the Company;
6. Responses of Management on management report submitted by external auditors appeared as satisfactory;
7. Responses of Management on inspection report submitted by Bangladesh Bank appeared as satisfactory;
8. There are no material deviations on compliance rules, regulations, orders, notifications, circulars etc. issued by different regulatory bodies;
9. Available resources of the Company have been utilized efficiently;
10. Considering the eligibility the external auditors are recommended for appointment for the year 2014;

sd/-
Chairman
Audit Committee
March 01, 2014

Report on **fund management**

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

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

- a) Improving the rates of interest
- b) Access to funds on same day
- c) Diversifying bank credit risk

Money Market Scenario of Bangladesh for financial institutions

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

Treasury Functions of Uttara Finance

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

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

Year 2013 was comparatively stable than 2012. The commercial banks came out from liquidity crisis which was seen throughout the year 2012. Interest rates on all types of deposits and borrowings-lending came down from the beginning of 2013. The call money rate also moved down further.

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

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

Liquidity Management

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

In the year 2013 Uttara Finance have managed its fund in a very effective manner to meet its funding objectives and enhanced its liquidity position to ensure adequate liquidity in an adverse market scenario. The disbursement requirement, maturity of credit line installments, term deposit maturity, and other payments obligations of the Company regularly monitored by the ALCO and accordingly strategized well poised plans to meet the liquidity requirements from dependable funding avenues in desired time buckets.

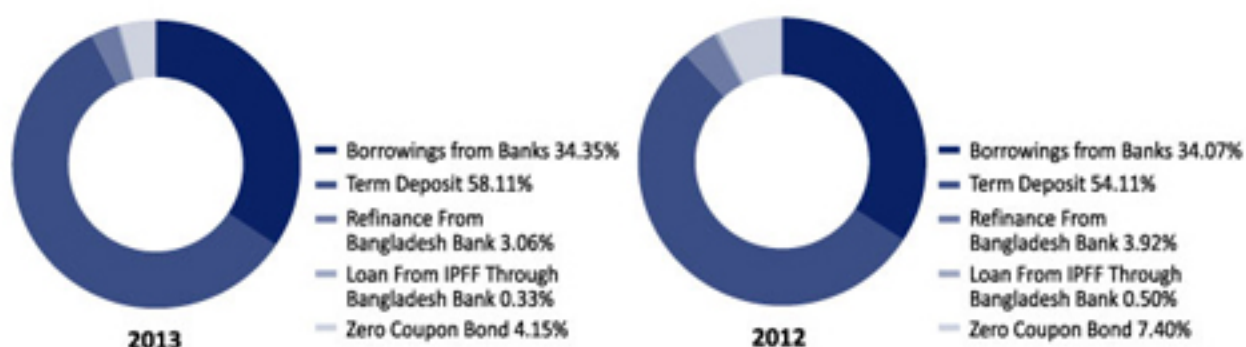
Sources of borrowed fund

The prime funding source of Uttara Finance has been term deposit for the last couple of years, increasing day by day due to investors' confidence on the company. As of December 31, 2013 total term deposit amount was BDT 9,228.10 million which was BDT 6,651.34 million in the year 2012 which means the growth rate of deposit is 38.74 percent. During the year of reporting BDT 10,184.24 million deposits received as against BDT 3,504.00 million in 2012 whereas BDT 7,607.48 million paid on maturity which was BDT 1,159.82 million in the previous year.

The treasury department of the Company has been trying to reduce reliance on conventional borrowing from the commercial banks. In the year 2012 the deposit borrowing ratio was 55.83:44.17 which at the end of 2013 stands at 62.85:37.15 while deposits contributed 51.92 percent funding portfolio which was 46.10 percent in earlier year.

Besides deposits and bank borrowings strong focus was laid on utilization of Bangladesh Bank's (BB) refinancing windows and loan from IPFF through Bangladesh Bank which is the lowest cost funding avenue of the Company. Uttara Finance is currently participating in Small and Medium Enterprise (SME) refinancing schemes, women entrepreneur refinance scheme and Agro refinancing scheme of Bangladesh Bank. At the end of 2013 balance of Bangladesh Bank refinance scheme was BDT 486.14 million and balance of loan through IPFF was 51.99 million against BDT 481.85 million and BDT 61.45 million of 2012 respectively. The company also issued Zero Coupon Bond balance of which at the end of 2013 was BDT 660.00 million against 910.00 million of 2012. A schedule of growth of different sources of fund is given below:

Source of Fund	Balance as on 31 December 2013		Balance as on 31 December 2012		Growth over 2012	Percentage of growth over 2012
	Amount	%	Amount	%	Amount	%
Borrowings from Banks	5,454,861,739	34.35	4,187,649,146	34.07	1,267,212,593	30.26
Term Deposit	9,228,098,424	58.11	6,651,342,423	54.11	2,576,756,001	38.74
Refinance From Bangladesh Bank	486,142,640	3.06	481,847,647	3.92	4,294,993	0.89
Loan From IPFF Through Bangladesh Bank	51,993,340	0.33	61,446,672	0.50	(9,453,332)	(15.39)
Zero Coupon Bond	660,000,000	4.15	910,000,000	7.40	(250,000,000)	(27.47)
	15,881,096,143	100	12,292,285,888	100	3,588,810,255	29.20%



Cost of borrowings (COB)

During the year most of the Banks and NBFIs paid comparatively higher amount of interest due to increased rate of interest of borrowings and deposits in the year 2012 whereas the rate of interest at the end of 2013 was comparatively lower than the previous year. During the year the company charged total financial cost BDT 1,793,950,329 which was BDT 1,487,381,915 in the year 2012. The average cost of borrowings for the year 2013 was 11.30 percent against 12.10 percent of 2012.

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

Asset-Liability Management

Among different risks, liquidity risks and interest rate risks are major two risks of financial institutions for which a system is required to detect them to ensure sustainability of the organization in the long run. The Asset Liability Committee (ALCO) comprised of Senior Management of the organization is responsible to establish approved Asset Liability Management (ALM) Policy. Key responsibility of the committee is to review and manage potential liquidity risks and interest rate risks which may arise from market movements, regulatory changes and/or changes in economic/political environment and to ensure compliance with the regulations of Bangladesh

Bank in respect of statutory obligations. The committee also reviews and set deposit-pricing and asset-pricing strategy and determine deposits and assets growth for better Asset Liability Management (ALM) of the Company.

Conclusion

Due to prolonged political unrest, Bangladesh economy had passed very difficult time particularly in the 2nd half of the year 2013. The cautious fiscal and monetary policy adjustments adopted by the government in the course of 2013 had contributed to the restoration of macroeconomic stability to some extent. After January 05 general election the newly elected Government and Bangladesh Bank jointly started the journey with very cautious approach to stage a come back. Considering last two months position of liquidity of different banks and interest rate scenario it is likely that interest rates may not increase in the coming days. The situation may be change if the Government started to borrow from banks for meeting up development cost and to control inflation Bangladesh Bank takes steps to tighten the money supply. Any prolonged uncertainty in this context may have serious implications for the performance of the financial sector.

internal control report on responsibilities of board of directors and management

Internal control is a system to provide reasonable but not absolute assurance to manage risks related with material misstatement, loss or fraud. Total elimination of risks is not possible, but can minimize through effective and sound internal control system.

To ensure good corporate governance as well as to safeguard Shareholders' investments and the Company's assets internal control system is very effective tool. Internal control system is essential to operate business in efficient and effective manner, ensures sound financial reporting and control procedures as well as compliance with the relevant laws and regulations.

Uttara Finance and Investments limited as a listed company enclosed hereunder a statement prepared in accordance with the regulatory requirements on internal control of the Company.

Responsibility

The Board is responsible for company's internal control system that covers not only financial matters but also good governance, operations, risk management and compliance with applicable laws, regulations, rules, directives, guidelines as well as internal policies, processes, procedures and also for reviewing the adequacy and integrity thereof. Therefore, an ongoing process has been established by the Board for identifying, evaluating, managing and reporting the significant risks. The Management responsible to assists the Board by implementation of approved policies and procedures and development thereof to meet the changing financial environment. The Board delegates responsibilities to the relevant Board Committees namely the Board Audit Committee and the Executive Committee. These Committees examine and consider all matters within their scope of responsibilities and make recommendations to the Board for approval, if required.

As per section 184 of Companies Act, 1994 (Act no. XVIII of 1994) the Board of Directors is responsible for preparation of Board of Directors Report and the report to be prepared following corporate governance guideline given by Bangladesh Securities and Exchange Commission vide their notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 to include in annual report for presenting before the Shareholders in the Annual General Meeting.

The Management is responsible for preparing the Financial Statements for each accounting year in accordance with International Financial Reporting Standards (IFRSs) as adopted by the ICAB, Bangladesh Securities and Exchange Rules 1987, the Listing Regulations of the Stock Exchanges and applicable other laws and regulations which to give a true and fair view of the state of affairs.

The Board established Internal Control System includes Risk Management Process that regularly reviewed through its Risk Management Committee. Risk exposures are adequately managed so that the expected returns compensate the risks taken. To mitigate any identified weaknesses in the control environment the board takes appropriate measures for proper management of risks. Assets & Liabilities Management Committee (ALCO), Credit Committee and Basel II Implementation Committee are the Risk Management Committees of the Company for overall risk management.

Internal Audit

Internal Audit department performs regular audit of the Company's day to day operational activities and report to the Audit Committee. The department reviews the system of internal controls and audit plans regularly. Management takes appropriate actions as per the auditors' recommendations and

the same are reviewed in regular meetings of Audit Committee. Details of the activities of Audit Committee of the Company are given in the Audit Committee Report.

Compliance

Compliance with laws, regulations and internal policies and procedures are carefully monitored by Risk Management Committee and if any deviation found the Committee reports immediately to the senior Management to take proper action and precautionary measures for non-compliance.

Management Committee (MC)

The Management Committee where key Management personnel are the Members and Managing Director as the Chief Executive Officer is the Chairman manages the strategic direction and provides strategic guidance to the Functional Units. The Management Committee meets regularly to discuss about strategic and operational matters.

Internal Policies and Procedures

Documented Policies, procedures and processes are made available to employees and the same are reviewed and updated as and when it required to ensure appropriate controls to manage operational risks. There is clear procedure for investment appraisals and expenditure.

Business plan

At the beginning of the year the Management prepares budgets and makes business plans for the year and the same is placed before the Board meeting for kind review and approval by the Board. The budget and business plan are discussed by the Senior Management and the Board before approval. The Board taking into consideration the six months achievements and other relevant matters, if required, revise the budget. The Management at the end of each year submits a detailed report to the Board on achievements against the approved budget and variances thereof.

Review of Performances

Company's financial performances are reviewed by the Management on regular basis. The

Management Committee reviews the monthly accounts at their monthly meetings. Quarterly, half yearly and annual reports are reviewed by the Board Audit Committee before submission to the Board for approval to Communicate to the Stakeholders and regulatory bodies.

Opinion of the external auditors

S. F. Ahmed & Co., Chartered Accountants, carried out annual audits for the year ended 31 December 2013 and submitted their reports along with the audited financial statements. In their report the auditors clearly states how they reviewed the system of internal controls, accounting policies, assumptions, estimates etc. to report. They believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for our audit opinion. They have also examined the financial statements of the Company together with all the financial records and opined that the financial statements prepared in accordance with Bangladesh Accounting Standards /Bangladesh Financial reporting Standards, gives a true and fair view of the state of affairs of the Company as at 31 December 2013 and the results of its operations and its cash flows for the year then ended and comply with the requirements of Companies Act, 1994, the Financial institutions Act 1993, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh bank and other applicable laws and regulations.

report on **ability to continue as going concern**

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

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

Every year the management of Uttara Finance and Investments Limited made assessment to find out material uncertainties that may raise reasonable doubt about the Company's ability to continue as going concern. The assessment was made by the management on the basis of financial results for the year ended December 31, 2013, relating events after the Balance Sheet date, creditors' behavior, business plan, future expected outcome and inherent risk involved in business. Management has considered following factors to judge whether the Company is running as going concern and also to prepare financial statements for the year ended 31 December 2013 based on going concern assumption:

Financial Factors

Current Assets

The amount of current assets and current liabilities of Uttara Finance and Investments Limited as on 31 December 2013 is Tk. 12,179.01 million and Tk. 9,162.99 million means net current assets Tk. 3,016.02 million and the same was Tk. 3,064.57 million in 2012. Positive current assets represents the ability to meet its short-term obligations from its short-term assets.

Fixed Term Deposits with excellent repayment records

During the year ended 31 December 2013 the Company received fixed term deposits Tk.

10,184.24 million and on maturity repaid amount was Tk. 7,607.48 million. At the end of 2013 outstanding balance of fixed term borrowing amount of the Company was Tk. 9,228.10 million (2012-Tk. 6,651.34 million) which is yet to mature for payment to the depositors on due date and based on past experience it may be assured that major part of the present outstanding amount would be renewed further due to lenders confidence on the Company.

Short Term Borrowings

The short term borrowings of the Company as on 31 December 2013 indicates company's less dependency on short term borrowings.

Consistent support by lenders

Borrowings from different banks are the main source of funds of the Company and it has excellent track record in repayment of installments/matured amount. During the year 2013 the Company received against credit facility Tk. 3,750.00 million and repaid Tk. 2,428.79 million. Outstanding balance of borrowed amount as on 31 December 2013 was Tk. 5,454.86 million. Very good and competitive terms of allowed credit facility in the year 2013 and outstanding amount at the end of the year against credit line indicates lender's confidence with easy and fair accessibility of the Company to the funding sources to meet increasing need for growth.

Positive operating cash flows

Cash flow statement of the Company for the year ended 31 December 2013 was showing positive operating cash flows of Tk. 1,330.33 million and statement of liquidity also showing positive liquidity meaning the Company has strong ability to meet current and future obligations.

Key financial ratios

Key financial ratios of the Company of last five years given in the page 'historical database' of this Annual Report is indicating Company's sound financial strength and growth prospects.

Consistent payment of dividends

Since inception the Company has been paying dividend in the form of cash or stock to its Shareholders. The Company paid average dividend @ 33.00 percent during the five years period from 2008 to 2012 reflecting Company's commitment to its Shareholders.

Credibility in payment of obligations

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

Operating performance growth

During the year 2013 total disbursement of the Company was Tk. 11,539.13 million against approval of Tk. 12,972.63 million which in the year 2012 was Tk. 9,278.97 million and Tk. 10,364.07 million showing operating growth of 24.36 percent and 25.17 percent respectively over last year whereas operating revenue of the Company for the year 2013 was Tk. 3,355.57 million which was 14.76 percent higher over the last year amount of Tk. 2,923.95 million. During the year ended 31 December 2013 the Company earned net profit after tax of Tk. 852.83 million which was Tk. 814.95 million in the year 2012. All those indicators showed Company's continuance in foreseeable periods.

Strong equity base

As on 31 December 2013 total equity of the Company stood at Tk. 5,581.73 million which was Tk. 4,935.88 million in 2012 representing an increase of 13.08 percent over last year that reflects company's long-term viability. Uttara Finance and Investments Limited has been enhancing its equity gradually with very prudent dividend policy for long term sustainability of the Company.

Timely disclosure of financial results

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

Operating Factors

Expansion of business

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

Corporate environment and employees' satisfaction

A good working environment is most important for

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

Other Factors

Maintenance of sufficient capital

Owners' equity of the Company as on 31 December 2013 stands at Tk. 5,581.73 million and the same was Tk. 4,935.88 million in 2012. At the end of 2013 the paid up capital of the Company was Tk. 1,138.368 million while the minimum paid-up capital requirement of Bangladesh Bank is Tk. 1,000.00 million. After approval of stock dividend @ 10% in the 18th AGM 2013 the paid up capital of the company stands at Tk. 1,138.368 million which was Tk. 1,034.88 million at the end of 2012.

CAMEL Rating

Bangladesh Bank, the central bank of the country and the license authority of the Company use CAMEL rating as a tool for evaluating the strength and performance. The composite CAMEL rating adjudged by Bangladesh Bank after reviewing the financial statements of Uttara Finance and Investments Limited for the year ended 31 December 2013 signified satisfactory performance and there was no adverse material observation on the activities of the Company.

Corporate governance is the way of direction and control by the Management through processes, customs, policies and laws and also relationship among the Stakeholders like Shareholders, creditors, employees, customers and suppliers to achieve the goals for which the organization is governed. An organization is a legal entity created by law that defines the existence of its own. Corporate governance guidelines summarize certain principles promoting the function of the board and its

committees and the effective governance of the company. Corporate governance disclosure mainly related with five broad categories namely:

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

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

Parties to corporate governance

The most influential party involved in corporate governance is the Board of Directors and its committees. Besides the Board of Directors, the Chief Executive Officer, other executives and line Management, Shareholders, auditors, different government agencies and authorities, stock exchanges, influential Stakeholders like lenders, suppliers, employees, creditors, customers and the community at large are also related party of corporate governance.

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

Principles of corporate governance

The following are the principles of corporate governance:

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

Composition of Board of Directors

The Board of Directors of the Company consists of 8 non Executive Directors excluding two Independent Directors. Generally the vacancies of Directors are filled up in the Annual General Meeting every year by the Shareholders after having Board of Directors' consent in the Board Meeting. As per Article 62 of the Company one-third of the total number of Directors are to retire by rotation every year and can be reelected if eligible.

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

Responsibility of Board of Directors

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

Stress Test

Uttara Finance and Investments Limited passed the stress test done by Bangladesh Bank in 2014 on the capital adequacy statement as prepared by the Company on the basis of audited financial statements for the year ended 31 December 2013 means that there is no requirement for additional capital.

Credit Rating

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

Changes in Government Policy

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

Management Assumptions

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

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

Conclusion

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

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



corporate **governance**

Independent Director

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

Members of the Board and its Committees

There are two Committees formed by the Board namely Executive Committee and Board Audit Committee. Two separate persons are Chairman of these two Committees and responsible for different types of activities with different scopes and terms of references. Both the Committees are responsible for reporting to the Board. All the Members of both the Committees are non Executive Director. The Board and its Committees' Members name and position for the year 2013 are given hereunder:

Sl. No.	Name of Directors	Position in the Board	Position in Executive Committee	Position in Board Audit Committee
01	Mr. Rashidul Hasan	Chairman	-	-
02	Mr. Matiur Rahman	Vice Chairman	-	-
03	Mr. Mujibur Rahman	Member	Chairman	Member
04	Mr. Mehdadur Rahman	Member	Member	Member
05	Mr. Kazi Imdad Hossain	Member	Member	-
06	Ms. Zakia Rahman	Member	-	-
07	Ms. Tahmina Rahman (Tina)	Member	Member	-
08	Mr. NG Chin Keong	Member	Member	-
09	Mr. Md. Showkat Hossain, FCA	Independent Director	-	-
10	Mr. A. T. K. M. Ismail	Independent Director	Member	Chairman
11	Mr. S. M. Shamsul Arefin, M. Com., MBA	Managing Director	Member	-

Directors' attendance in the meetings

During the year 2013 the Board of Directors met 6 times and the Executive Committee of the Directors also met 6 times. Most of the Directors were present in all the meetings. The Company Secretary and Chief Financial Officer were also present in all the meetings. Each honourable Member of the Board of Directors and Executive Committee are entitled to receive Tk. 5,000.00 (Taka five thousand) only for attending each meeting. Other than meeting attendance fee the non Executive Member of the Board has not received any amount as remuneration, allowances, honorarium etc. from the Company.

Chairman of the Board

The Chairman is the key person of the Board of Uttara Finance and Investments Limited appointed by the Members of the Board each year for a period of one year. The key responsibility of the Chairman is directing and organizing the business

of the Board, setting Board meeting's agendas, signing papers like minutes, Board of Directors report, Chief Executive Officer's appointment letter etc. on behalf of the Board. The Chairman of the Company has no engagement and does not interfere in the day-to-day business of the Company.

Executive Committee of the Board

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

Board Audit Committee

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

Managing Director

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

Chairman and Managing Director of the Company are separate persons

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

Directors' Independence

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

Management Committee

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

Company Secretary and CFO

The Company Secretary and Chief Financial

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

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

As per Bangladesh Bank DFIM circular Letter no. 07, dated 14 February 2013 and DFIM circular number 13 dated 26 October 2011 the minutes of Board of Directors meeting, Executive Committee meeting and Board Audit Committee are required to be submitted to Bangladesh Bank within five working days of the meeting held.

Price Sensitive Information disclosure

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

Shareholders information in the 18th Annual General Meeting

The 18th Annual General Meeting of Uttara Finance and Investments Limited was held on Monday, May 27, 2013 in Spectra Convention Centre (Queens Hall), House # 19, Road # 7, Gulshan-1, Dhaka - 1212, Bangladesh at 10 am. Due notice having been given and a quorum being present the meeting was duly convened and constituted. The meeting was called to order by Mr. Rashidul Hasan, Chairman of the Board of Directors of the Company. The company is grateful and taking the opportunity to pass heartiest thanks to 3,206 number of Shareholders for their kind presence in the meeting.

Disclosure of Financial Statements

The Company, as per requirement of the regulatory bodies, gives high priority to circulate and publish financial statements, financial data etc. in time. In the year 2013 one half yearly report and one annual report were circulated to the shareholders and two quarterly statements had been published in news papers. The Balance Sheet as on December 2012 was also published in newspapers. All of the above were also available in the web site of the company www.uttarafinance.biz.

Related party disclosure

The Company made its related party transactions on arm's length basis. The company entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard (BAS) 24; "Related Party Disclosures". Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials do not involve more than a normal risk.

Report from Management and annual budget

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

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

Annexure-I

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.1	Boards Size: The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty)	✓		The number of Board Members of the Company are ten (10) including two Independent Director
1.2	Independent Directors			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the Company's Board shall be Independent Directors	✓		The Board in its 103rd meeting held on April 29, 2013 appointed two new Independent Directors to cover total number of Independent Directors 1/5th of total Directors
1.2 (ii) a)	Who either does not hold share in the company or holds less than one percent (1%) shares of the total paid up shares of the company	✓		None of the Independent Directors hold 1% or more shares of the Company
1.2 (ii) b)	Who is not a Sponsor of the Company and is not connected with the Company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the Company	✓		
1.2 (ii) c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	✓		
1.2 (ii) d)	Who is not a member, director or officer of any stock exchange;	✓		
1.2 (ii) e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	✓		
1.2 (ii) f)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	✓		
1.2 (ii) g)	Who shall not be an independent director in more than 3 (three) listed companies;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (ii) h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2 (ii) i)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2 (iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the Annual General Meeting (AGM);	✓		Appointment of Independent Directors approved by the Shareholders' in the 18th Annual General Meeting.
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		There was no such vacancy.
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		The Board in its 103rd meeting held on April 29, 2013 approved the Code of Conduct of all Board Members and recorded in annual compliance.
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3 (ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	n/a		No such deviation occurred

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	The Directors Report to Shareholders shall include following additional statements on:			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		Relates to 'Report of the Board of Directors' at page No. 70.
1.5 (ii)	Segment-wise or product-wise performance	✓		Relates to 'Report of the Board of Directors' at page No. 71.
1.5 (iii)	Risks and concerns	✓		Relates to page No. 58.
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		Relates to 'Report of the Board of Directors' at page No. 72.
1.5 (v)	Discussion on continuity of any Extra Ordinary gain or loss	n/a		No such item exists
1.5 (vi)	Statement of all related party transactions	✓		Relates to 'Report of the Board of Directors' at page No. 72.
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	n/a		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	n/a		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	n/a		
1.5 (x)	Remuneration to directors including independent directors	✓		Relates to 'Report of the Board of Directors' at page No. 74.
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		Relates to 'Report of the Board of Directors' at page No. 71.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		Relates to 'Report of the Board of Directors' at page No. 71.
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		Relates to 'Report of the Board of Directors' at page No. 71.
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in a preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		Relates to 'Report of the Board of Directors' at page No. 72.
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		Relates to 'Report of the Board of Directors' at page No. 72.
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	✓		Relates to 'Report of the Board of Directors' at page No. 72.
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		Relates to 'Report of the Board of Directors' at page No. 72.
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		Relates to Report at page No. 28.
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	n/a		
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		Relates to 'Report of the Board of Directors' at page No. 73.
1.5 (xdi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-	✓		Relates to 'Report of the Board of Directors' at page No. 74.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xvi) a)	Parent/Subsidiary/ Associated Companies and other related parties (name wise details);	n/a		Relates to 'Report of the Board of Directors' at page No. 74.
1.5 (xvi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		Relates to 'Report of the Board of Directors' at page No. 74.
1.5 (xvi) c)	Executives;	✓		Relates to 'Report of the Board of Directors' at page No. 74.
1.5 (xvi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		Relates to page No. 23 & 74.
1.5 (xvii)	In case of the appointment/reappointment of a director the company shall disclose the following information to the shareholders:			
	A brief resume of the directors;	✓		Relates to Directors' profile page No. 48-53.
1.5 (xvii) a)	A brief resume of the director	✓		
1.5 (xvii) b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xvii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		In compliance with Corporate Governance Guideline, the Board has appointed different individuals as Company Secretary, Chief Financial Officer and Head of Internal Control and Compliance and clearly defined the roles, responsibilities and duties of these three key persons.
2.2	Requirement to attend the Board Meetings The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		Instructions are being meticulously complied

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3	AUDIT COMMITTEE:			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		Instructions are being meticulously complied
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		Instructions are being meticulously complied
3.1	Constitution of the Audit Committee:			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director.	✓		
3.1 (iii)	All members of the audit committee should be 'financially literate' and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1 (iv)	Filling of casual vacancy in the Audit Committee	n/a		There was no such vacancy
3.1 (v)	The company secretary shall act as the secretary of the Committee	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at list 1 (one) Independent Director	✓		
3.2	Chairman of the Audit Committee			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)			Will be complied

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3	Role of Audit Committee:			
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of accounting policies and principles	✓		
3.3 (iii)	Monitor Internal Control Risk management process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3 (vii)	Review the adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	✓		
3.3 (x)	Declaration to Audit Committee by the company regarding utilization of IPO/RPO, Right issue money.	✓		No such event occurred
3.4	Reporting of the Audit Committee:			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		'Report of the Audit Committee' at page No. 77-78
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-			
3.4.1 (ii) a)	Report on conflicts of interests	✓		No such event occurred
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	✓		No such event occurred
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	✓		
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓		No such event occurred
3.4.2	Reporting to the Authorities Reported to the Board of Directors about anything which has material impact on the financial condition and results of operation	✓		No such event occurred

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.5	Reporting to the Shareholders and General Investors Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii)	✓		No such event occurred
4	EXTERNAL/STATUTORY AUDITORS: The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-			
4 (i)	Appraisal or valuation services or fairness opinions.	✓		The Shareholders of the Company in the 18th Annual General Meeting appointed external auditors of the Company to perform external audit for 2013 only.
4 (ii)	Financial information systems design and implementation.	✓		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4 (iv)	Broker-dealer services.	✓		
4 (v)	Actuarial services.	✓		
4 (vi)	Internal Audit service	✓		
4 (vii)	Any other services that the Audit Committee determines	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
5	SUBSIDIARY COMPANY:			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	n/a		
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	n/a		
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	n/a		
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	n/a		
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	n/a		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO): The CEO and CFO shall certify to the Board that:-			
6 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
7 (i)	The company shall obtain a certificate from a practising Professional Accountant/ Secretary (Chartered Accountant /Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		The certificate is enclosed in this Annual Report at page No. 104
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		Relates to the 'Report of the Board of Directors' at page No. 76

Annexure – II**Compliance report on good governance guideline issued by Bangladesh Bank**

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

Sl. No.	Particulars	Compliance
1.	a. Responsibility and Scope of Directors:	
	i. Vision /mission will be set by directors. For expanding business and for achieving quality and efficiency directors will set goals and will set tactics and plan for achieving the goals. They will change, modify even deduct the tactics and plan in specific interval. But for any change or replacement of organization it is necessary to discuss with management.	Complied
	ii. For future success, Directors will make analysis of success/failure and will include this comparative analysis in the annual report. Based on this they will set future activities and tactics and will inform it to shareholders in AGM.	Complied
	iii. The Board of Directors will determine key performance indicators of Chief Executor and other employees of higher level and will evaluate it in 6 month interval.	Complied
	b. Establishment of Associated Committee:	
	For taking urgent decision executive committee can be established jointly by directors and management. But there will not be any alternative directors in such kind of committee.	Complied
	c. Financial Management:	
	i. According to Director's own decision, the annual budget and related report will be finalized.	Complied
	ii. Different related statements – income-expenditure, loan/lease statement, liquidity management, adequacy of capital, preservation of provision, law related works and directors will judge steps that will be taken if default occurs in collecting loan/lease.	Complied
	iii. The rules of purchase and procurement will be determined by Directors and based on this, they will determine the expenditure. For contraction of budget within different scope, the execution power of expenditure will be vested on Directors & related higher authority.	Complied
	iv. The execution of bank account will be determined by Director. For transparency a group will be formed based on combined effort of Director and management and they will execute the account according to their joint signature.	Complied
	d. Loan/Lease/Investment Management:	
	i. According to Directors discretion, the evaluation of the proposal of loan/lease/investment, disbursement of loan/lease/investment, regular collection and monitoring related rules will be set. Director will distribute this power efficiently and distribution of similar power will be held upon Chief Executor and concerned employees.	Complied
	ii. No Director will interfere directly or indirectly in granting loan; especially in times of related party transaction they will not give any opinion.	Complied
	iii. Director will give decision about syndicated loan/lease/investment.	Complied

Sl. No.	Particulars	Compliance
	e. Risk Management: Risk Management Guideline based on "Core Risk Management Guideline" will be permitted and checked by the audit committee	Complied
	f. Internal Audit & Compliance Management: For achieving quality and efficiency and to establish internal control as well as compliance, a regular audit committee to build up and will be permitted by the board. Internal audit report, External report and BB inspection report will be submitted to the board through Audit Committee.	Complied
	g. Human Resource Management: Principles & Service Rule regarding Human Resource Management of financial institution (Such as: Appointment, promotion, training, transfer, discipline, punishment system etc.) would be approved by the board. As per service rule, the board of directors cannot be involved in case of the appointment, promotion, transfer and punishment etc. The board can only involve based on service rule in the recruitment, provision of Managing Director, Deputy Managing Director and GM or Equivalent position to GM. No one of the board directors can involve in the selection committee of other personnel of the organization appointment and promotion except the above.	Complied
	h. Appointment of CEO & MD and his remuneration as well as increasing allowance: An efficient CEO will be recruited and his remuneration & increase of allowances will be approved by board through permitted by Bangladesh Bank.	Complied
	i. Various facilities provided to the Chairman: An office room, P.A, a telephone and vehicle facilities can be provided to the chairman for the interest of the company. Thus, the board will be approved regarding this.	Complied
2.	Responsibilities and Scope of Chairman:	
	i. As the chairman of the board would not take the executive capacity so he can not involve the administrative and operational activities.	Complied
	ii. The chairman will sign and approved the minutes of board meeting.	Complied
	iii. Appointing CEO and the increase of allowances approval related activities and papers will be signed by chairman.	Complied

Sl. No.	Particulars	Compliance
3.	Responsibilities and Scope of CEO:	
i.	The CEO will perform the responsibilities regarding financial, business and administrative. The CEO will report to the board for achieving the goal of business and to enhance of business through business plan and implementation of the plan.	Complied
ii.	He will ensure that the Financial Institution act.1993 and its related circular, rules & regulation will comply duly in the daily activities of the financial institution.	Complied
iii.	All employees' appointment and promotion except DMD and GM or equivalent position will be decided by the CEO. Thus, approval of the board of written HR policy and service rule must be followed.	Complied
iv.	The activities and job responsibilities of the employees will be restructured.	Complied
v.	All employees' transfer and punishment except DMD and GM or equivalent to GM' will be controlled by the CEO.	Complied
vi.	He will sign all papers and report which is sent to Bangladesh Bank	Complied

professional certificate on compliance of conditions on corporate governance

Auditors' certificate on the Compliance with Corporate Governance of Uttara Finance and Investments Limited.

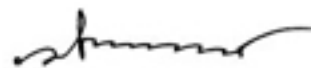
We have examined the compliance with Corporate Governance of Uttara Finance and Investments Limited for the year ended 31 December 2013 as stipulated in notification no. SEC/CMRRCD/2006-I58/I34/Admin/44 dated 07 August 2012, as ammended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission.

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

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

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

House 51 (3rd floor), Road 9, Block F
Banani, Dhaka 1213, Bangladesh
Dated, 16 March 2014



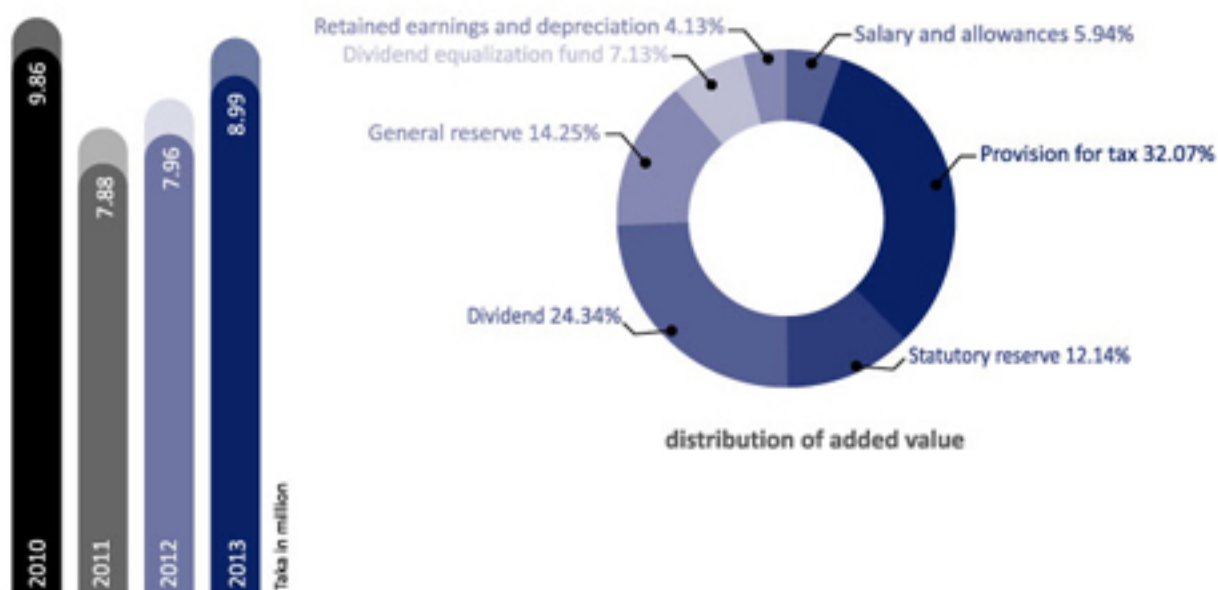
S. F. AHMED & CO
Chartered Accountants

value added statement

The valued added statement appended below is the details of total value addition by Uttara Finance and Investments Limited and distribution thereof. The distribution of added value reveals how the Company contributed

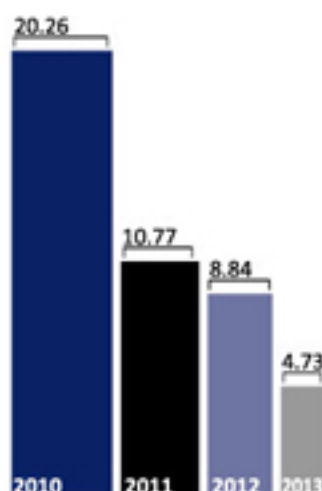
for socio-economic development by paying salaries and allowance to the employee, dividend to the Shareholders, taxes to the Government and some amount for growth and safety.

	2013		2012	
	Taka	%	Taka	%
Revenues	3,364,489,595		2,927,303,194	
Financial expenses	(1,793,950,329)		(1,487,381,915)	
	1,570,539,266		1,439,921,279	
Provision	(101,639,666)		(176,515,755)	
Operating expenditure excluding salary, allowances and depreciation	(65,544,754)		(68,982,144)	
	1,403,354,846	100.00	1,194,432,380	100.00
Distribution of added value				
Salary and allowances	83,374,591	5.94	78,097,478	6.54
Provision for tax	450,000,000	32.07	285,489,855	23.90
Statutory reserve	170,565,888	12.14	162,996,943	13.65
Dividend	341,510,400	24.34	310,464,000	26.00
General reserve	200,000,000	14.25	200,000,000	16.74
Dividend equalization fund	100,000,000	7.13	100,000,000	8.37
Retained earnings and depreciation	57,903,967	4.13	57,375,104	4.80
	1,403,354,846	100.00	1,194,432,380	100.00
No. of employees	156		150	
Value added per employee	8,995,864		7,962,823	



economic value added statement

percentage of economic value added on capital employed



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

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

The mathematical equation of economic value added (EVA) is as given below:

$$\text{EVA} = (\text{Profit after tax} + \text{provision made during the year}) - \text{Cost of average equity.}$$

The rate of cost of average equity is the expected risk free return on investment plus risk premium on investment. Bangladesh Government Sanchaya Patra rate is taken as risk free rate and investment risk premium is assumed on the basis of calculated risk.

In the table given hereunder shows the economic added value of Uttara Finance and Investments Limited for the following years ended December 31.

Sl. No.	Particulars	Amount in Taka			
		2013	2012	2011	2010
1	Profit before provision but after tax:				
2	Profit before provision and tax	1,404,469,104	1,276,990,328	1,181,166,374	1,233,584,640
3	Tax expenses	450,000,000	285,489,855	282,967,776	941,595,761
4	Profit before provision but after tax (4 = 2-3)	954,469,104	991,500,473	898,198,598	891,988,880
5	Charges for average capital employed:				
6	Average capital employed (calculation note no. 1)	5,841,395,374	4,922,227,107	3,946,353,502	2,890,346,702
7	Percentage of cost of average capital employed	11.61%	11.30%	11.99%	10.14%
8	Cost of average capital employed (8 = 6*7)	678,186,003	556,211,663	473,167,785	293,081,156
9	Economic value added (9 = 4-8)	276,283,101	435,288,810	425,030,813	598,907,724
10	Percentage of EVA on average capital employed	4.73%	8.84%	10.77%	20.72%
11	Percentage of EVA on operating revenue	8.23%	14.89%	14.97%	24.47%
12	Percentage of PAT on average capital employed	14.60%	16.56%	20.56%	29.27%

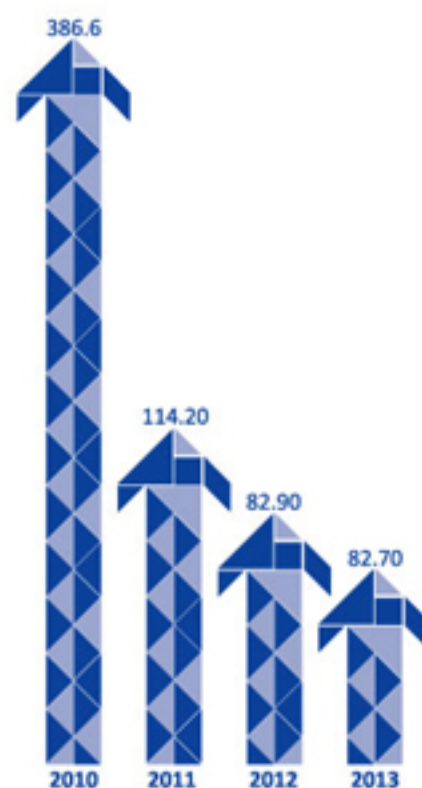
Calculation no. 1

a	Shareholders equity	5,581,733,517	4,935,880,079	4,120,895,361	3,309,632,814
b	Accumulated provision for doubtful accounts and future loss	633,408,409	531,768,743	255,910,030	206,268,799
c	Total capital employed (c = a + b)	6,215,141,926	5,467,648,822	4,376,805,391	3,515,901,613
d	Last year capital employed	5,467,648,822	4,376,805,391	3,515,901,613	2,264,791,790
e	Average capital employed (c + d)/2	5,841,395,374	4,922,227,107	3,946,353,502	2,890,346,702

market value added statement

Market value added is simply the difference between the market value of fully paid up shares and book value/nominal value of shares. Market value added statement reflects Company's performances evaluated by the market through market price of shares and therefore it is external evaluation. The acceptance of the Company to the Investor than other companies of the sector can easily be understood by market value added Statement. Different financial factors like earning per share, net asset value, dividend pay out, revenue growth, profit growth etc. and non financial factors like future prospects of products, Board of Directors, number of shares available in the market, government policy for the sector etc. works behind the market value of shares. Investors always expect positive market value added.

The statement of market value added of Uttara Finance and Investments Limited for the year ended December 31, 2013 and 2012 is appended below:



closing market price
per share of Tk. 10

Figures in Taka

Particulars	2013	2012
Market value of outstanding shares	9,414,303,360	8,579,155,200
Book value of outstanding shares	1,138,368,000	1,034,880,000
Market value added	8,275,935,360	7,544,275,200
Total no. of outstanding shares of Tk.10	113,836,800	103,488,000
Market value added per share of Tk. 10	72.70	72.90
Market price per share of Tk. 10	82.70	82.90

financial highlights as per bangladesh bank format

Sl. no.	Particulars	2013	2012
1	Paid-up Capital	1,138,368,000	1,034,880,000
2	Total Assets	23,356,960,878	19,365,209,779
3	Total Deposits	9,228,098,424	6,651,342,423
4	Total Loans and Advances	18,062,115,382	13,492,958,702
5	Total Contingent Liabilities and Commitments	-	150,000,000
6	Credit Deposit Ratio	195.73%	202.86%
7	Percentage of Classified Loans against Total Loans and Advances	4.64%	3.03%
8	Profit after Tax and Provision	852,829,438	814,984,718
9	Amount of Classified Loans During Current Year	838,223,997	408,325,026
10	Provisions kept against Classified Loans	277,535,546	200,356,726
11	Provision Surplus against Classified Loan	-	-
12	Cost of Fund	11.61%	11.30%
13	Interest Earnings Assets	18,062,115,382	13,792,958,702
14	Non-interest Earnings Assets	5,294,845,496	5,572,251,077
15	Return on Investment (ROI)	4.72%	6.04%
16	Return on Assets (ROA)	3.65%	4.21%
17	Income from Investment	5,817,416	1,177,945
18	Earnings per Share (2012- restated)	7.49	7.16
19	Net Income per Share (2012- restated)	7.49	7.16
20	Price Earnings Ratio	11.04	10.53

point to point growth pattern of each
(five) years and
average yearly
growth

of last

(ten) years

growth

1.	Revenue Year	Amount (Million Taka)	Growth of five years	Average yearly growth
	2013	3,364.49	124.60%	38.36%
	2008	1,497.97	115.32%	
	2003	695.68		
2.	Total assets			86.40%
	2013	23,356.96	137.18%	
	2008	9,847.78	306.43%	
	2003	2,423.00		
3.	Net profit after tax			75.10%
	2013	852.83	191.97%	
	2008	292.10	191.45%	
	2003	100.22		
4.	Investment in lease and term finance-cumulative			20.17%
	2013	18,062.12	165.63%	
	2008	6,799.72	13.58%	
	2003	5,986.76		
5.	Shareholders' equity			149.23%
	2013	5,581.73	378.17%	
	2008	1,667.30	232.99%	
	2003	350.55		
6.	Fixed assets			58.66%
	2013	153.65	224.43%	
	2008	47.36	111.62%	
	2003	22.38		
7.	Yearly business contract			96.30%
	2013	12,972.63	249.57%	
	2008	3,711.07	204.10%	
	2003	1,220.34		
8.	Yearly disbursement			92.77%
	2013	11,539.13	219.09%	
	2008	3,616.27	222.06%	
	2003	1,122.85		
9.	Cumulative investment			23.06%
	2013	19,793.09	168.31%	
	2008	7,376.98	23.22%	
	2003	5,986.76		
10.	Cumulative deposit			73.56%
	2013	9,228.10	183.58%	
	2008	3,254.13	194.65%	
	2003	1,104.40		

indicators of company's different growth than the previous year i.e. 2012

Growth of profit after tax **4.64%**

Profit after tax for the year 2013- Tk. 852,829,438 & 2012- Tk. 814,984,718

Growth of profit before tax & provision **9.98%**

Profit before tax & provision for the year 2013- Tk. 1,404,469,104 & 2012- Tk. 1,276,990,328

Growth of profit earned from Merchant Banking operation **40.92%**

Profit from Merchant Banking operation for the year 2013- Tk. 189,936,216 & 2012- Tk. 134,786,905

Growth of operating revenue **14.76%**

operating revenue for the year 2013- Tk. 3,355,567,008 & 2012- Tk. 2,923,949,617

Growth of total investment in lease and TF **33.86%**

total investment in lease and TF for the year 2013- Tk. 18,062,115,382 & 2012- Tk. 13,492,958,702

Growth of investment in lease **31.90%**

investment in lease at end of 2013- Tk. 9,122,585,678 & 2012- Tk. 6,908,535,663

Growth of shareholders' equity **13.09%**

shareholders' equity for the year 2013- Tk. 5,581,733,517 & 2012- Tk. 4,935,880,079

Growth of Total Investment **26.83%**

Cumulative investment at year end of 2013 Tk. 19,793.09 million and 2012 Tk. 15,605.99 million

Growth of share capital **10%**

share capital for the year 2013- Tk. 1,138,368,000 & 2012- Tk. 1034,880,000

Increase of term deposit received during the year **190.65%**

term deposit encashed during the year 2013- Tk. 10,184,238,382 & 2012- Tk. 3,504,001,460

Growth of term deposit **38.74%**

term deposit balance as on December 31, 2013- Tk.9,228,098,424 & 2012- Tk. 6,651,342,423

Growth of earning per share **4.61%**

per share earning for the year 2013- Tk. 7.49 & 2012- Tk. 7.16

Increase of net operating cash flow **107.63%**

Increase of net operating cash flow in 2013- Tk. 1,330,330,580 & 2012- Tk. 640,709,766

Achievement of business targets (lease and TF) **101.67%**

business targets for the year Tk. 12,500.00 million achievement Tk. 12,708.70 million

Growth of total business contract processed **25.15%**

Contract processed for the year 2013 Tk. 12,972.63 million and 2012 Tk. 10,366.04 million

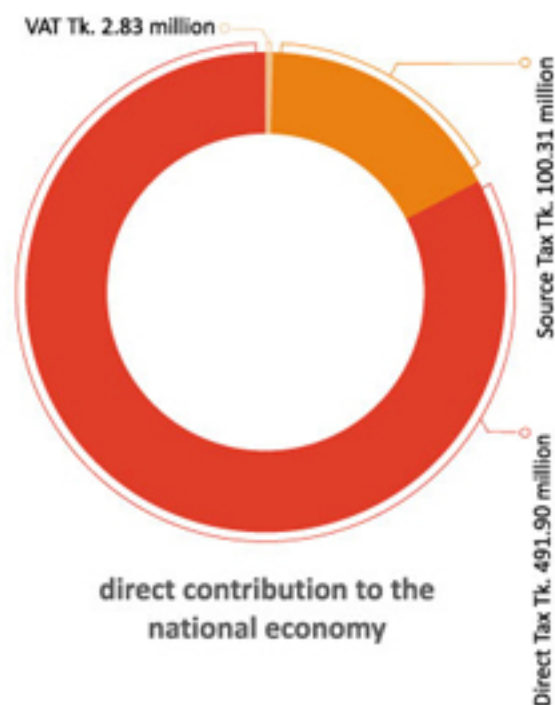
contribution to gross domestic product (GDP)

Uttara Finance and Investments Limited as a non banking financial institution has been contributing to the national economy by providing financial services for industrialization and capital market development of the country. As on December 31, 2013 total number of active clients of the Company is around 1300 and total amount of lending is Tk.18,062.11 million. Most of the investments of the Company in the form of lease & term loan are for procuring capital machineries and the Company also provides working capital loan. Besides, the Merchant Banking Unit of the Company has been working for the capital market by giving managerial service, underwriting and margin loan.

As a Bangladesh Bank licensed company Uttara Finance and Investments Limited is a renowned and dependable place of cash investment for a minimum period of six months to maximum sixty months. By taking term deposit from individuals and institutions the company has been helping the national economy to increase national savings. During the year 2013 the company received total Tk. 10,184.24 million as deposit and the cumulative balance of deposit as on December 31, 2013 is Tk. 9,228.10 million.

Uttara Finance and Investments Limited always has been working for creating employment opportunity directly to the company and by investing in different potential projects. The company recruited total 6 employees in different discipline in the year 2013 which in 2012 also was 6. The Company made a good amount of investment for development of urban transport which also helped the national economy by giving facility for moving people and goods faster and also created employment opportunity for people of lower income group.

During the year of reporting Uttara Finance and Investments Limited directly contributed to the national economy by paying Direct Tax, Source Tax, Excise Duty and Value Added Tax (VAT). In the year 2013 the Company paid Direct Tax Tk. 491.90 million, Source Tax Tk. 100.31 million and VAT Tk. 2.83 million which were Tk. 169.72 million, Tk. 60.40 million and Tk. 2.43 million respectively in the year 2012.





Pictures of 18th AGM



Picture of award for
best published annual report 2012

Pictures of CSR activities



Auditors' report to the shareholders of Uttara Finance and Investments Limited

We have audited the accompanying financial statements of Uttara Finance and Investments Limited, ("the Company"), namely, Balance Sheet as at 31 December 2013 and Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity, Statement of Liquidity Analysis and notes thereon for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards and for such internal control as management considers necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud and error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

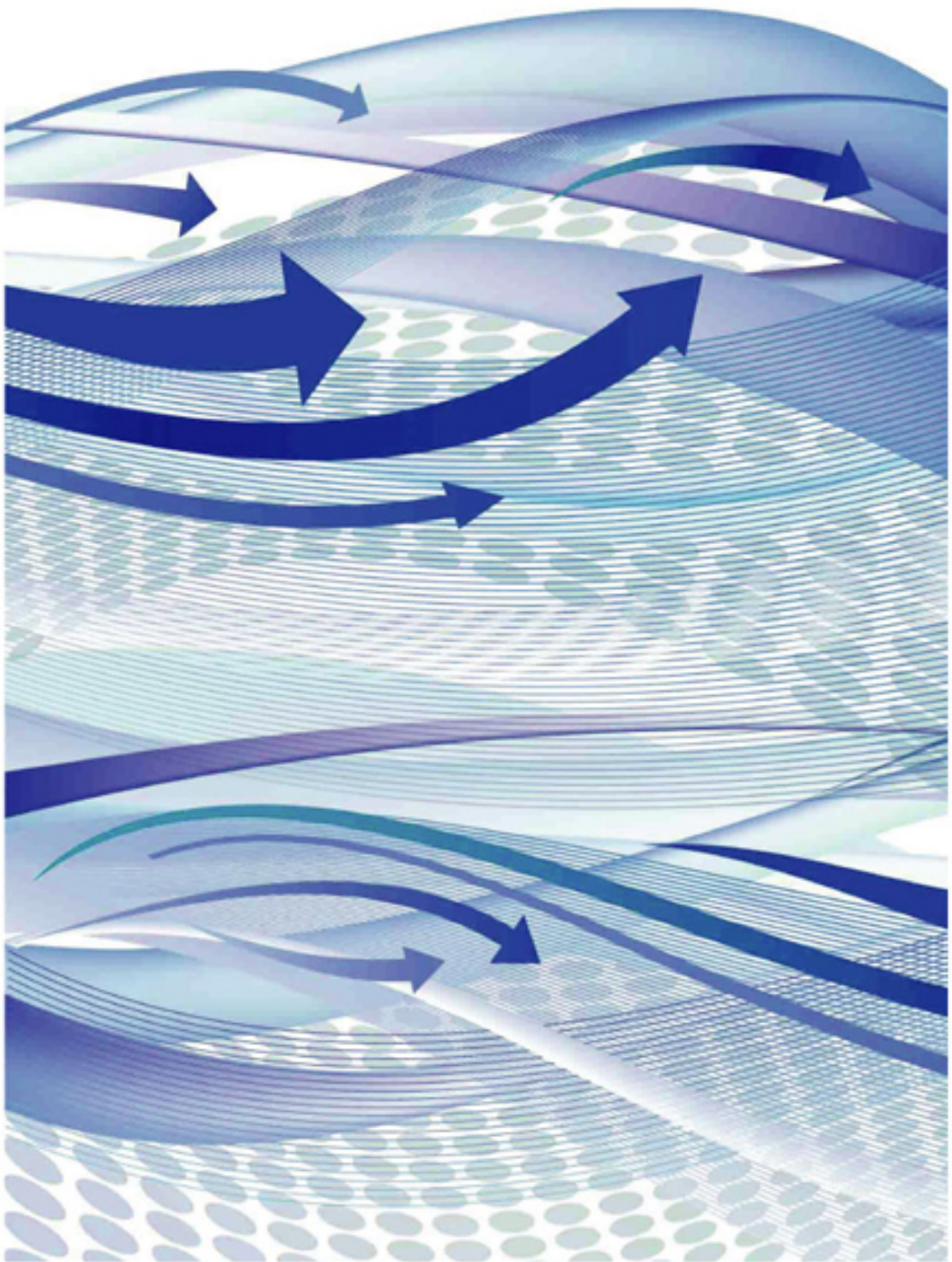
Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, give a true and fair view of the state of affairs of the Company as at 31 December 2013 and of the results of its operations and its cash flows for the year then ended and comply with the requirements of Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

We also report that:

- (i) we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit, and made due verification thereof and found them satisfactory;
- (ii) in our opinion, proper books of account as required by law were kept by the Company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- (iii) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (iv) the Balance Sheet, Profit and Loss Statement, Cash Flow Statement, Statement of Changes in Equity and Statement of Liquidity Analysis of the Company dealt with by this report are in agreement with the books of account maintained by the Company;
- (v) the financial position of the Company at 31 December 2013 and its operating result for the year then ended have been properly reflected in the financial statements and these were prepared in accordance with generally accepted accounting principles and said accounting/financial reporting standards;
- (vi) adequate provision have been made for leases and other assets which are, in our opinion, doubtful of recovery; and
- (vii) the expenditures incurred during the year were for the purposes of the business of the Company.

financial statements



Balance Sheet

at 31 December 2013

		Amounts in Taka	
	Notes	At 31 Dec 2013	At 31 Dec 2012
PROPERTY AND ASSETS			
Cash	3		
In hand (including foreign currencies)		-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		157,236,541	123,355,524
		157,236,541	123,355,524
Balance with other banks and financial institutions	4		
In Bangladesh		1,627,316,096	1,589,486,135
Outside Bangladesh		-	-
		1,627,316,096	1,589,486,135
Money at call and short notice		-	300,000,000
Investments	5		
Government		-	-
Others		1,730,971,743	2,113,032,037
		1,730,971,743	2,113,032,037
Leases, loans and advances	6		
Leases, loans, cash credits, overdrafts, etc		18,062,115,382	13,492,958,702
Bills purchased and discounted		-	-
		18,062,115,382	13,492,958,702
Fixed assets including premises, furniture and fixtures	7	153,653,663	168,545,805
Other assets	8	1,625,667,453	1,577,831,576
Non-financial institutional assets		-	-
Total Assets		23,356,960,878	19,365,209,779
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	9	5,454,861,739	4,187,649,146
Deposits and other accounts			
Current deposits		-	-
Bills payable		-	-
Savings bank		-	-
Term Deposit	10	9,228,098,424	6,651,342,423
Other deposit		-	-
Bearer certificate of deposit		-	-
		9,228,098,424	6,651,342,423
Other liabilities	11	3,092,267,198	3,590,338,131
Total Liabilities		17,775,227,361	14,429,329,700
Capital/Shareholders' Equity			
Paid-up capital	12	1,138,368,000	1,034,880,000
Statutory reserve	13	1,061,429,327	890,863,440
General reserves	14	1,300,000,000	1,100,000,000
Share Premium	15	528,000,000	528,000,000
Dividend equalisation fund		500,000,000	400,000,000
Retained earnings	16	1,053,936,190	982,136,639
Total Shareholders' Equity		5,581,733,517	4,935,880,079
Total Liabilities and Shareholders' Equity		23,356,960,878	19,365,209,779

Balance Sheet

at 31 December 2013

		Amounts in Taka	
		At	At
	Notes	31 Dec 2013	31 Dec 2012
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Acceptances and endorsements			
Letters of guarantee	36	-	150,000,000
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		-	150,000,000
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		-	150,000,000

See annexed notes

for Uttara Finance and Investments Limited


Mujibur Rahman
 Director


S. M. Shamsul Arefin
 Managing Director


Uttam Kumar Saha
 Chief Financial Officer

Signed in terms of our separate report of even date annexed

House 51 (3rd floor), Road 9, Block F
 Banani, Dhaka 1213, Bangladesh
 Dated, 03 March 2014


S. F. AHMED & CO
 Chartered Accountants

Profit and Loss Statement

for the year ended 31 December 2013

		Year ended 31 Dec 2013	Amounts in Taka Year ended 31 Dec 2012
	Notes		
Operational Income			
Interest income	18	2,903,582,075	2,516,398,337
Interest paid on deposits, borrowings, etc	19	(1,726,096,362)	(1,384,769,379)
Net interest income		1,177,485,713	1,131,628,958
Investment income	20	5,817,416	1,177,945
Commission, exchange and brokerage	21	-	-
Other operating income	22	188,050,479	163,182,438
Total operating income (A)		1,371,353,608	1,295,989,341
Operational Expenses			
Salary and allowances	23	74,374,591	69,097,478
Rent, taxes, insurance, electricity, etc	24	26,445,902	23,822,522
Legal expenses	25	2,837,458	3,641,326
Postage, stamp, telecommunication, etc	26	124,732	83,841
Stationery, printings, advertisements, etc	27	4,398,688	5,316,378
Managing Director's salary and allowances	28	9,000,000	9,000,000
Directors' fees	29	305,000	210,000
Auditors' fees		100,000	100,000
Depreciation and repair of company's assets	30	17,150,817	15,851,329
Other expenses	31	22,083,532	26,663,044
Total operating expenses (B)		156,820,720	153,785,918
Profit before provision (leasing) (C=A-B)		1,214,532,888	1,142,203,423
Profit transferred from merchant banking operation		189,936,216	134,786,905
Total profit before provision (D)		1,404,469,104	1,276,990,328
Provision for loan	32	126,553,454	113,752,418
Provision for diminution in value of investments	33	(24,913,788)	62,763,337
Other provisions		-	-
Total provision (E)		101,639,666	176,515,755
Profit before taxes (D-E)		1,302,829,438	1,100,474,573
Provision for taxation			
Current tax	11.4	450,000,000	285,489,855
Deferred tax		-	-
		450,000,000	285,489,855
Net profit after tax		852,829,438	814,984,718
Appropriations			
Statutory reserve	13	170,565,887	162,996,943
General reserve		200,000,000	200,000,000
Dividend Equalisation fund		100,000,000	100,000,000
		470,565,887	462,996,943
Retained surplus for the year		382,263,551	351,987,775
Earnings per share (EPS) (2012-Restated)	34	7.49	7.16
See annexed notes			


Mujibur Rahman
 Director

for Uttara Finance and Investments Limited


S. M. Shamsul Arefin
 Managing Director


Uttam Kumar Saha
 Chief Financial Officer

Signed in terms of our separate report of even date annexed

House 51 (3rd floor), Road 9, Block F
 Banani, Dhaka 1213, Bangladesh
 Dated, 03 March 2014


S. F. AHMED & CO
 Chartered Accountants

2.4 Functional, presentational and reporting currency

The presentation of financial statements has been made in accordance with the DFIM No. 11 dated 23 December 2009 of Bangladesh Bank. These financial statements have been prepared in Bangladesh Taka (BDT) which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka. The financial statements are stated in Taka unless or otherwise signified.

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of liabilities, income and expenses. Actual results may differ from these estimates and these are reviewed on an ongoing basis.

2.6 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17, accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables including unguaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost constitutes the unearned lease income. The unearned lease income is amortized to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, in respect of lease are charged in the year in which such costs are incurred.

2.7 Property, plant and equipment

2.7.1 Recognition and measurement

Items of property, plant and equipment are measured at original cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Fully depreciated assets are carried in the books at one/zero percent of their original cost.

2.7.2 Leased assets

Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2.7.3 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. Maintenance expenses of the property, plant and equipment are recognized in the profit and loss account as incurred.

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

Cash Flow Statement

for the year ended 31 December 2013

	Year ended 31 Dec 2013	Amounts in Taka Year ended 31 Dec 2012
(A) Cash flows from operating activities		
Interest receipts	3,882,770,909	2,691,338,387
Interest payments	(1,788,747,835)	(1,401,527,971)
Dividend receipts	7,132,642	4,333,636
Capital gains from sale of securities	10,927,570	-
Payments to employees	(83,374,591)	(78,097,478)
Payments against supplies and management expenses	(55,245,312)	(57,352,003)
Income taxes paid	(816,304,927)	(232,546,479)
Receipt from other operational activities	327,247,099	870,172,527
Cash generated from operating activities before changes in operating assets and liabilities	1,484,405,555	1,796,320,619
Increase/(decrease) in operating assets and liabilities	(4,391,993,874)	(3,126,328,494)
Net loans and advances to customers	3,850,014,446	1,951,974,587
Leases, loans and deposits from banks, financial institutions and other customers	300,000,000	50,000,000
Investment in call money	87,904,453	(31,256,946)
Bank overdrafts	(154,074,975)	(1,155,610,853)
Net cash generated from operating activities (A)	1,330,330,580	640,709,766
(B) Cash flows from investing activities		
Purchase of fixed assets	(2,258,675)	(11,594,319)
Redemption of zero coupon bond	(250,000,000)	(125,000,000)
Issuance of zero coupon bond	(492,079,024)	-
Margin loan	(176,535,015)	(75,917,112)
Proceeds from sale of securities	76,795,074	445,383,532
Investment in securities	(207,565,962)	-
Net cash generated from/(used in) investing activities (B)	(1,051,643,602)	232,872,101
(C) Cash flows from financing activities		
Dividend paid	(206,976,000)	-
Share premium	-	-
Issue of shares	-	-
Net cash used in financing activities (C)	(206,976,000)	-
(D) Net increase in cash and cash equivalents (A+B+C)	71,710,978	873,581,867
(E) Effects of exchange rate changes on cash and cash equivalents	-	-
(F) Cash and cash equivalents at the beginning of the year	1,712,841,659	839,259,792
(G) Cash and cash equivalents at the end of the year (D+E+F)	1,784,552,637	1,712,841,659
Cash and cash equivalents at end of the year comprise:		
Cash in hand (including foreign currencies)	-	-
Balance with Bangladesh Bank and its agent bank (including foreign currencies)	157,236,541	123,355,524
Balance with other banks and financial institutions	1,627,316,096	1,589,486,135
	1,784,552,637	1,712,841,659


Mujibur Rahman
Director

for Uttara Finance and Investments Limited


S. M. Shamsul Arefin
Managing Director


Uttam Kumar Saha
Chief Financial Officer

Signed in terms of our separate report of even date annexed

House 51 (3rd floor), Road 9, Block F
Banani, Dhaka 1213, Bangladesh
Dated, 03 March 2014


S. F. AHMED & CO
Chartered Accountants

Statement of Changes in Equity

for the year ended 31 December 2013

Particulars	Paid up capital	Share Premium	Statutory reserve	General reserve	Dividend equalisation fund	Retained earnings	Total
Balance on 01 January 2013	1,034,890,000	528,000,000	890,863,440	1,100,000,000	400,000,000	982,136,639	4,935,890,079
Transfer to statutory reserve	-	-	170,565,887	-	-	(170,565,887)	-
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency transaction difference	-	-	-	-	-	-	-
Net gains/(losses) not recognised in the income statement	-	-	-	-	-	-	-
Net profit for the year 2013	-	-	-	-	-	-	852,829,438
Issue of right shares 2012	-	-	-	-	-	-	-
Issue of bonus shares for 2012	103,488,000	-	-	-	-	(103,488,000)	-
Cash Dividend for 2012	-	-	-	-	-	(206,976,000)	(206,976,000)
Dividend equalisation fund	-	-	-	-	100,000,000	(100,000,000)	-
Transfer to general reserve	-	-	-	200,000,000	-	(200,000,000)	-
Balance at 31 December 2013	1,138,368,000	528,000,000	1,061,429,327	1,300,000,000	500,000,000	1,053,936,190	5,581,733,517
Balance on 01 January 2012	739,200,000	528,000,000	727,866,497	900,000,000	300,000,000	925,828,864	4,120,895,361
Transfer to statutory reserve	-	-	162,996,943	-	-	(162,996,943)	-
Surplus/(deficit) on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/(deficit) on account of revaluation of investments	-	-	-	-	-	-	-
Currency transaction difference	-	-	-	-	-	-	-
Net gains/(losses) not recognised in the income statement	-	-	-	-	-	-	-
Net profit for the year 2012	-	-	-	-	-	814,984,718	814,984,718
Issue of right shares 2011	-	-	-	-	-	-	-
Issue of bonus shares for 2011	295,680,000	-	-	-	-	(295,680,000)	-
Dividend equalisation fund	-	-	-	-	100,000,000	(100,000,000)	-
Transfer to general reserve	-	-	-	200,000,000	-	(200,000,000)	-
Balance at 31 December 2012	1,034,890,000	528,000,000	890,863,440	1,100,000,000	400,000,000	982,136,639	4,935,890,079

for Uttara Finance and Investments Limited



Mujibur Rahman
Director



S. M. Shamsul Arefin
Managing Director



Uttam Kumar Saha
Chief Financial Officer

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S. F. AHMED & CO
Chartered Accountants

Statement of Liquidity Analysis (Maturity of Assets and Liabilities)

at 31 December 2013

Particulars	Amounts in Taka				
	Up to 1 month	1-3 months	3-12 months	1-5 years	above 5 years
Assets					Total
Cash in hand	-	-	-	-	-
Balance with Bangladesh Bank and its agent bank(s)	157,236,541	-	-	-	157,236,541
Balance with banks and other financial institutions	1,627,316,096	-	-	-	1,627,316,096
Money at call and short notice	-	-	-	-	-
Investments	-	-	593,458,534	1,137,513,209	1,730,971,743
Leases, loans and advances	-	1,180,238,232	5,917,408,309	10,534,512,452	18,062,115,382
Fixed assets including premises, furniture and fixtures	777,307	2,304,141	5,571,491	145,000,724	153,653,663
Other assets	-	492,079,024	1,073,781,653	59,806,776	1,625,667,453
Non-financial institutional assets	-	-	-	-	-
Total assets (A)	1,785,329,944	1,674,621,397	7,590,219,987	11,876,833,161	23,356,960,878
Liabilities					
Borrowings from Bangladesh Bank, banks, other financial institutions and agents	916,905,960	405,826,991	2,287,555,127	1,844,573,661	5,454,861,739
Deposits	-	400,000,000	4,199,812,650	4,603,601,051	9,228,098,424
Other deposits	-	-	-	-	-
Provision and other liabilities	447,060,930	973,871,754	578,003,738	821,633,422	3,092,267,198
Total Liabilities (B)	1,363,966,890	1,779,698,745	7,065,371,515	7,269,808,134	17,775,227,361
Net Liquidity Gap (A - B)	421,363,054	(105,077,348)	524,848,472	4,607,025,026	5,581,733,517

for Uttara Finance and Investments Limited


Mujibur Rahman
Director


S. M. Shamsul Arefin
Managing Director


Uttam Kumar Saha
Chief Financial Officer

Signed in terms of our separate report of even date annexed


S. F. AHMED & CO
Chartered Accountants

House 51 (3rd floor), Road 9, Block F
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Dated, 03 March 2014

Notes to the Financial Statements

for the year ended 31 December 2013

1. Background of the Company

1.1 Corporate information

Uttara Finance and Investments Limited was registered with the registrar of Joint Stock Companies on 07 August 1995 and commenced its operations in Bangladesh on 08 August 1995 as a public limited company under the Companies Act 1994 after obtaining license from Bangladesh Bank under the Financial Institutions Act 1993 and its shares are quoted in the Dhaka and Chittagong Stock Exchanges since 1987 and obtained license of Merchant Operations from the Securities and Exchange Commission on 25 March 1998. The Company has its Head Office and Head Office-Extension in Dhaka and Branch Office in Chittagong throughout the country.

1.2 Principal activities and nature of operation

The company extends lease financing, as its core business, for all type of machinery and equipment including vehicles for industrial, commercial and private purpose. It has also expended its activities into Short-Term Finance, Term Finance and merchant banking operation.

1.3 Its products and services

1.3.1 Lease financing

UFIL provides lease finance under simple terms and conditions for acquisition of capital machineries for industrial undertakings, industrial equipments, office equipments, medical equipments and construction equipments etc.

1.3.2 Documentary Credit

UFIL imports the lease asset(s) from foreign suppliers through establishment of letters of credit.

1.3.3 Term financing

UFIL provides loan within the period series from one year to five years to the customers. The Company also extends financing in the processing industries of the agricultural products depending on the nature of a product, profitability of the project and socioeconomic factors.

1.3.4 Small and Medium Enterprise (SME) refinancing

UFIL provides refinance in the SME sectors after compliance with the terms and conditions of the Company. It also encourages women entrepreneurs by providing loan facilities under this scheme as per the rules and regulations provided through Bangladesh Bank as per ACSPD circular no. 08, dated 26 May 2008.

1.3.4a Small enterprise

Small enterprise does not include ideally any Public Limited Company and which do not fulfill the following criteria such as;

For service and business concerns

Total fixed assets excluding land and building is within Tk. 50,000 to 5,000,000 and employed personnel are not more than 25.

For manufacturing concern

Total fixed assets excluding land and building is within Tk. 50,000 to 15,000,000 and employed personnel are not more than 50.

1.3.4b Medium enterprise

Medium enterprise does not include ideally any Public Limited Company and which do not fulfill the following criteria such as;

For service and business concerns

Total fixed assets excluding land and building is within Tk. 5,000,000 to 100,000,000 and employed personnel are not more than 50.

For manufacturing concern

Total fixed assets excluding land and building is within Tk. 15,000,000 to 200,000,000 and employed personnel are not more than 150.

1.3.5 Working capital financing

UFIL offers also working capital financing which is essential to any business for operation and development. It helps to keep the business current and competitive within the market. Any commercial real estate or equipment that produces an income for the business, can obtain working capital financing from UFIL that can help to pay down credit lines or accounts payable, freeing up money for growth opportunities.

1.3.6 Merchant banking activities

UFIL is operating merchant banking activities after obtaining license from the Securities and Exchange Commission (SEC) since 1998 and at now its activities are in the following grounds;

- i. Securities trading in secondary market;
- ii. Margin loan
- iii. Investor portfolio;
- iv. Issue management;
- v. Underwriting of issues;
- vi. Financial consultancy; and
- vii. Project counseling

2. Significant accountings policies**2.1 Basis of preparation**

The financial statements have been prepared on the basis of going concern concept under historical cost conventions in accordance with Generally Accepted Accounting Principles (GAAP) and after due compliance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BAS).

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis.

2.3 Compliance with local laws

The Financial Statement have been prepared in compliance with the requirements of the Companies Act 1994, the Financial Institutions Act, 1993, Guidelines from Bangladesh Bank, Securities and Exchange Ordinance 1969, Securities and Exchange Rules 1987, Listing Regulations of Dhaka and Chittagong Stock Exchange and other relevant local laws as applicable. Cash flows from operating activities are computed under direct method as prescribed by the Securities and Exchange Rules 1987.

2.4 Functional, presentational and reporting currency

The presentation of financial statements has been made in accordance with the DFIM No. 11 dated 23 December 2009 of Bangladesh Bank. These financial statements have been prepared in Bangladesh Taka (BDT) which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka. The financial statements are stated in Taka unless or otherwise signified.

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of liabilities, income and expenses. Actual results may differ from these estimates and these are reviewed on an ongoing basis.

2.6 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17, accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables including unguaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition cost constitutes the unearned lease income. The unearned lease income is amortized to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, in respect of lease are charged in the year in which such costs are incurred.

2.7 Property, plant and equipment

2.7.1 Recognition and measurement

Items of property, plant and equipment are measured at original cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Fully depreciated assets are carried in the books at one/zero percent of their original cost.

2.7.2 Leased assets

Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2.7.3 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. Maintenance expenses of the property, plant and equipment are recognized in the profit and loss account as incurred.

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

2.7.4 Depreciation

Depreciation is provided on the straight-line method with a pro-rata charge based on the month of acquisition. Depreciation on addition of fixed assets is charged on the following month of acquisition of assets and depreciation is charged for the full month on disposal of assets on concerned month. The depreciation rates per annum applicable to different categories of property, plant and equipment are as follows:

Asset category	Rate of depreciation (%)
Land and Building	0
Building and Premises	10
Furniture and fixtures	15
Office equipment	15
Computer	15
Office decoration	20
Motor vehicles	20

2.8 Revenue recognition**2.8.1 Lease income**

The excess of gross lease rentals receivable over the cost of the leased asset represents the total unearned income at the time of execution of lease. The unearned income is allocated over the period of lease on a pattern reflecting a constant return on the net investment. In case of structured lease, finance income is recognized on the basis of lease structure. Earned finance income due over ninety days is not recognized as revenue rather it is recognized as interest suspense. Suspended interest is recognized as income on cash basis when it is received.

2.8.2 Income from long term and short term finance

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

2.8.3 Income from bank deposits

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

2.8.4 Fee based income

Fee based income are recognized as revenue when it is received.

2.9 Merchant banking operations

The Unit is engaged in Merchant Banking Operations under a license granted by Securities and Exchange Commission and maintains its accounting records from which accounts are prepared according to applicable directives issued by Securities and Exchange Commission. Operational income is recognized on accrual basis considering the establishment of right to receive the same.

2.10 Intangible assets

Software is generally charged off as revenue expenditure but considering the ability of generation of future economic benefits and the cost incurred to procure software, sometimes it is shown as intangible asset, which is amortized on a straight-line basis over a period of five years.

2.11 Interest suspense account

Interest income outstanding over ninety days is not recognized as revenue rather it is recognized as interest suspense account as per FID circular no. 03, dated 03 May 2006 of Bangladesh Bank. Suspended interest is recognized as revenue when it is being received.

2.12 Borrowing cost

Borrowing costs are recognized as expense in the year in which they are incurred.

2.13 Account receivable

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

2.14 Provision for doubtful assets

Provisions, specific and general, are made on the basis of end review by the management as per policy of the Company and of guidelines contained in Bangladesh Bank's FID Circulars. Specific provisions are made where the repayment of identified leases/loans are in doubt and reflect an estimate of the amount of loss anticipated and the general provision is made for the inherent risk of losses. Provisions are applied to write off leases/loans, in part or in whole, when they are considered wholly or partly irrecoverable. A minimum appropriate general provision for unclassified leases and loans to the extent of 1% of the outstanding receivables is provided. The Company maintains full provision against leases and loans in case of payments outstanding for over three months irrespective of the status of classification. The Company also maintains special provision for regular leases and loans where management has doubt about recovery.

2.15 Income tax expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The company qualifies as a "Financial Institutions"; hence the applicable tax rate is 42.5%.

Deferred tax is recognized using balance sheet liability method, providing for all temporary timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.16 Provision for accrued expenses

Provisions have been recognized in the balance sheet as follows:

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

2.17 Contingent liabilities and contingent assets

The company does not recognize contingent liability and contingent asset but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the company or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

2.18 Cash and cash equivalents

Cash flow statement is prepared principally in accordance with BAS-7 "Cash Flow Statement" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules, 1987 and the considering the provisions of Paragraph 18(b) of BAS which prescribed that Enterprise of changes encourage to report Cash Flow Statement from operating activities using the direct method. Cash and cash equivalents consist of cash in hand and cash at bank, that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

2.19 Cash reserve ratio and statutory liquidity requirements

The Company maintains cash reserve ratio and statutory liquidity reserve with the Bangladesh Bank current account as per FID circular no. 06, dated 06 November 2003 and subsequent in FID circular no. 02, dated 10 November 2004 for statutory cash reserve requirements. The Company meets the terms of CRR and SLR in a satisfactory way in accordance with Section-19 of the Financial Institutions Act 1993 and Clause-05 of the Financial Institution Regulations 1994.

2.20 Statutory reserve

This represents 20% to its reserve fund before declaration of dividend based on profit after tax set aside in compliance with clause 6 of the Financial Institution Regulations, 1994.

2.21 Directors of the company

At the end of the year under audit, there were eight Directors in the Board of Directors of the Company excluding the Managing Director. The Managing Director is the Chief Executive and Ex-officio Director of the Company.

2.22 Related party disclosure

The Company transacts with related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.23 Impairment of assets

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in profit and loss.

2.24 Earning per share

The company presents basic earnings per share (EPS) data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

2.25 Reporting period

These financial statements cover one year from 01 January 2013 to 31 December 2013.

2.26 Events after the balance sheet date

As per BAS -10 "Events after balance sheet date" Events after balance sheet date are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) Those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).

There were no materials events have occurred after the reporting period which could affect the values stated in the financial statements.

2.27 Proposed dividend

The proposed dividend are not recognized as a liability in the balance sheet in accordance with the BAS 10: Events after the balance sheet date. Dividend payable to the company's shareholders are recognized as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

BAS 1: Presentation of financial statements also requires the dividend proposed after the balance sheet date but before the financial statements are authorized for issue, be disclosed in the notes to the financial statement. Accordingly, the company has disclosed the same in the notes no. 38.2 to the financial statements.

2.28 Comparative information

Comparative information has been disclosed in respect of the year 2012 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

		Amounts in Taka	
		At	At
		31 Dec 2013	31 Dec 2012
3. Cash			
3.1 Cash in hand		-	-
3.2 Balance with Bangladesh Bank and its agent bank(s)			
In local currency		157,236,541	123,355,524
		157,236,541	123,355,524
3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)			
Cash reserve ratio (CRR) and statutory liquidity ratio (SLR) have been calculated and maintained in accordance with the Financial Institutions Act 1993; section 19 and FID circular number 06/2003. 2.5% of total term deposit excluding different financial institutions' deposits kept with Bangladesh Bank as CRR and as for SLR, 5% of total outside liability except financial institutions' liability, should be kept as cash and with Bangladesh Bank as well as with other scheduled Banks. Both the reserves are maintained by the company in excess of the statutory requirements, as shown below:			
(a) Cash Reserve Ratio			
Required reserve (2.5% of term deposits)	126,919,000	89,885,000	
Actual reserve maintained	157,236,541	145,043,000	
Surplus	30,317,541	55,158,000	
(b) Statutory Liquidity Ratio			
Required reserve (5% of total liabilities)	538,234,000	481,678,000	
Actual reserve maintained including CRR	2,323,607,000	1,712,841,659	
Surplus	1,785,373,000	1,231,163,659	
Total required reserve	538,234,000	481,678,000	
Actual reserve held	2,323,607,000	1,712,841,659	
Total surplus	1,785,373,000	1,231,163,659	
3.4 Actual reserve maintained (including CRR)			
Cash in hand	-	-	
Balance with Bangladesh bank and its agent bank(s)	157,236,541	123,355,524	
Balance with other banks and other financial institutions	1,627,316,096	1,589,486,135	
	1,784,552,637	1,712,841,659	
3.5 Maturity grouping of balance with other banks and financial institutions			
Payable on demand	811,145,069	748,686,533	
Up to 1 month	973,407,568	964,155,126	
Over 1 month but not more than 3 months	-	-	
Over 3 months but not more than 1 year	-	-	
Over 1 year but not more than 5 years	-	-	
Over 5 years	-	-	
	1,784,552,637	1,712,841,659	

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
4. Balance with other banks and financial institutions			
in bangladesh			
Current account (note 4.1)		40,473,152	121,769,430
Short-term deposit accounts (note 4.2)		613,435,376	503,561,579
Fixed deposit receipts		973,407,568	964,155,126
		1,627,316,096	1,589,486,135
Outside Bangladesh		-	-
		1,627,316,096	1,589,486,135

4.1 Current account

Name of Banks	Bank Account No.		
Commercial Bank of Ceylon PLC	CD-1805001865	225,175	5,899,695
IFIC Bank Ltd	CD-1017124285001	472,544	2,002,640
Uttara Bank Ltd	CD-154512200211912	233,626	5
Rupali Bank Ltd	CD-200085087	99,715	100,755
Social Islami Bank Ltd	CD-0081330008175	290,628	291,318
State Bank of India	CD-05120043520001	316,594	328,515
The City Bank Ltd	CD-1102004981001	545,023	(1,589,352)
Mercantile Bank Ltd	CD-010111100025962	17,650	2,140
NCC Bank Ltd	CD-00280210008023	23,002	23,060
Eastern Bank Ltd	CD-01011060011025	1,453,529	1,539,163
UCBL	CD-4311100102277	3,164,304	5,199,909
Standard Chartered Bank	CD-01284919401	9,801,869	27,183,314
BRAC Bank Ltd	CD-1501200132042001	4,204,075	6,221,989
The City Bank Ltd	CD-1102351488001	65,235	4,136,725
Shahajjalal Islami Bank Ltd	CD-400111100014280	19,029,569	69,897,441
Premier Bank Ltd	CD-10711100100164	530,614	532,114
		40,473,152	121,769,430

4.2 Short-term deposit accounts

AB Bank Ltd	STD-4005231614430	68,709	68,742
Bank Alfalah Ltd	STD-03700011	104,219	220,473
Bank Asia Ltd	STD-00336000903	521,012	7,023,724
Bank Asia Ltd	STD-03236000061	12,112,862	3,510,586
Bank Asia Ltd	STD 06336000003	114,608,986	56,805,713
Bank Asia Ltd	STD-00236000639	80,513,971	58,851,116
Bangladesh Commerce Bank Ltd	STD-0005-0320000070	4,657,715	5,026,795
NCC Bank Ltd	STD-00270325000261	2,222,908	8,926,077
Citibank N.A	STD-G010001200264009	-	24,640,676
Dhaka Bank Ltd	STD-0201150000001033	168,475	2,738,381
Dutch Bangla Bank Ltd	STD-011012000000146	3,280,703	691,749
Dutch Bangla Bank Ltd	STD-107120984	2,736	25,880,048
Bank Asia Ltd	STD-005360000571	28,105,733	37,537,287
Exim Bank Ltd	STD-00113100049022	82,136,683	33,795,135
First Security Bank Ltd	STD-010113100001397	103,676	99,047
Farmers Bank Ltd.	STD-1482	54,661,265	-
IFIC Bank Ltd	STD-1017127135041	58,772,179	75,588,584
IFIC Bank Ltd	STD-204517112-5041	1,187,615	3,498,616
IFIC Bank Ltd	STD 117812735041	736,270	50,526,037
IFIC Bank Ltd	STD 7347635041	59,432	59,186
Islami Bank Bangladesh Ltd	STD-20501090900003210	681,834	375,679

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
Name of Banks	Bank Account No.		
Jamuna Bank Ltd	STD-00060320000515	66,950	65,840
Mercantile Bank Ltd	STD-011913100000066	969,391	902,607
Mercantile Bank Ltd	STD-010113100001852	1,444,920	466,407
Mutual Trust Bank Ltd	STD-00120320000339	122,207	123,213
Mutual Trust Bank Ltd	STD_1651	336,933	-
National Bank Ltd	STD-004836001188	20,329,948	24,856,471
National Bank Ltd	STD-000236002942	14,190	14,688
One Bank Ltd	STD-5080101009	4,444,269	2,156,800
One Bank Ltd	STD-0015015398002	62,574	1,412,631
One Bank Ltd	STD-5117007008	1,197,652	8,400,516
One Bank Ltd	STD-3652009	95,752	156,366
The Premier Bank Ltd	STD-012413100000117	63,634	5,741,907
The Premier Bank Ltd	SND-131000005	536,020	-
Prime Bank Ltd	STD-10431010001894	659,014	642,145
Prime Bank Ltd	STD-1083102002869	80,888,217	(22,170,061)
Prime Bank Ltd	STD-10831050002877	10,648,210	210,911
Pubali Bank Ltd	STD-102-2450	524,948	506,374
Shahjalal Islami Bank Ltd	STD-400413100000229	457,288	2,729,704
Social Islami Bank Ltd	STD-003113600000081	2,890,536	2,795,659
Social Islami Bank Ltd	STD-003113600000107	640,386	620,368
Social Islami Bank Ltd	STD-136000000017	6,687,270	10,603,975
Social Islami Bank Ltd	STD-002213600000416	682,808	661,971
Social Islami Bank Ltd	STD-13600000425	88,223	3,390,394
Sonali Bank Ltd	STD-000236002496	1,407,887	575,486
Southeast Bank Ltd	STD-002713100000102	1,742,870	2,937,458
Standard Bank Ltd	STD-00236001357	443,224	428,567
Standard Chartered	STD-02-2849194-01	16,138,500	-
The City Bank Ltd	FCD-5122021030001	503,380	444,595
The City Bank Ltd	STD-3102004981001	4,696,267	6,255,979
United Commercial Bank Ltd	STD-13200001226	246,045	34,716,355
United Commercial Bank Ltd	STD-009413200000016	5,328,606	9,399,614
United Commercial Bank Ltd	STD-0056113200000511	115,654	4,455,371
HSBC	STD-001111657067	4,254,620	4,195,616
		613,435,376	503,561,579
5. Investments			
Investment in securities (note 5.1)		592,575,338	450,876,880
Investment in merchant banking unit		1,138,396,405	1,662,155,157
		1,730,971,743	2,113,032,037

5.1 Investment in securities

This represents investment made by the Company in different companies' shares listed in the stock exchanges. The sector-wise investment as on 31 December 2013 was as under:

	No. of company	Market value (closing 2013)	2013	2012
Quoted				
Bank and FIs	16	146,489,357	200,097,256	130,608,993
Insurance	9	196,537,082	267,596,654	265,125,851
Investment	3	19,086,750	29,238,761	28,016,120
Power and energy	14	66,117,223	69,198,232	7,073,776
Manufacturing and others	4	27,152,420	26,444,435	20,052,140
	46	455,382,832	592,575,338	450,876,880

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
Unquoted			
Manufacturing and others	-	-	-
	-	-	-
	46	455,382,832	592,575,338
			450,876,880
6.	Leases, loans and advances	18,062,115,382	13,492,958,702
6.1	Maturity grouping of investments are as follows:		
	Payable on demand	-	-
	Over 1 month but not more than 3 months	1,180,238,232	3,834,771,698
	Over 3 months but not more than 1 year	5,917,408,309	754,317,053
	Over 1 year but not more than 5 years	10,534,512,452	8,856,518,965
	Over 5 years	429,956,389	47,350,986
		18,062,115,382	13,492,958,702
6.2	Loans, cash credits, overdrafts and lease finance etc.		
	In Bangladesh (note 6.3)	18,062,115,382	13,492,958,702
	Outside Bangladesh (note 6.4)	-	-
		18,062,115,382	13,492,958,702
6.3	In Bangladesh		
	Lease Finance	9,112,585,678	6,908,535,663
	Term Finance	7,362,716,821	5,174,772,962
	Margin loan	1,586,812,883	1,409,650,077
		18,062,115,382	13,492,958,702
6.4	Out of Bangladesh		
	Lease Finance	-	-
	Term Finance	-	-
	Overdraft	-	-
		-	-
6.5	Leases, loans and advances on the Basis of Significant		
	Advance to allied concerns of Directors	-	6,373,195
	Advance to Chief Executive Officer, Other Senior Executives and Staffs	7,795,829	27,255,775
	Advances to industries	16,467,506,670	12,049,679,655
	Margin loan	1,586,812,883	1,409,650,077
		18,062,115,382	13,492,958,702
6.6	Advances to customers for more than 15% of FI's total capital		
	Number of clients	3	2
	Amount of outstanding advances	4,025,858,969	1,732,544,889
	Amount of classified advances	-	-
	Measures taken for recovery	n/a	n/a
6.7	Industry-wise leases, loans and advances		
	Agriculture	36,760,829	54,286,000
	Chemicals & pharmaceuticals	241,295,153	184,055,000
	Electronics & electrical	63,751,041	-

Amounts in Taka

	At 31 Dec 2013	At 31 Dec 2012
Food & beverage	2,152,116,878	1,087,544,000
Garments & accessories	714,487,534	716,289,000
Glass & ceramics	690,154,987	197,874,000
Home loan	1,870,834,057	1,744,632,000
Information technology	101,132,805	120,913,000
Steel & Engineering	646,922,208	261,284,000
Printing & Packaging	534,679,992	404,246,000
Working Capital	1,662,344,288	1,409,650,077
Commercial lending	5,372,009,836	4,629,248,494
Plastic industries	48,424,177	58,151,000
Textile	50,992,736	50,835,000
Transporting	3,766,169,610	2,238,105,000
Others	110,039,251	335,846,131
	<u>18,062,115,382</u>	<u>13,492,958,702</u>
6.8 Geographical location-wise (Division)		
<u>In Bangladesh</u>		
Dhaka	14,001,459,168	10,907,729,841
Chittagong	4,060,656,214	2,585,228,861
Khulna	-	-
Sylhet	-	-
Barisal	-	-
Rajshahi	-	-
	<u>18,062,115,382</u>	<u>13,492,958,702</u>
6.9 Classification as per Bangladesh bank rules		
<u>Unclassified</u>		
Standard	14,414,866,246	10,809,597,218
SMA	1,222,212,256	865,386,381
	<u>15,637,078,502</u>	<u>11,674,983,599</u>
<u>Classified</u>		
Sub-standard	420,975,685	112,443,576
Doubtful	205,197,937	52,328,840
Bad	212,050,375	243,552,610
	<u>838,223,997</u>	<u>408,325,026</u>
Total	<u>16,475,302,499</u>	<u>12,083,308,625</u>
Margin loan	1,586,812,883	1,409,650,077
Total	<u>18,062,115,382</u>	<u>13,492,958,702</u>
6.10 Particulars of leases, loans and advances		
i) Loans/investments considered good in respect of which the bank is fully secured	8,183,184,766	12,764,672,874
ii) Loans/investments considered good for which the bank holds no security other than the debtors personal security	9,878,930,616	728,285,828
iii) Loans/investments considered good and secured by the personal security of one or more parties in addition to the personnel security of the debtors;	-	-

	Amounts in Taka	
	At 31 Dec 2013	At 31 Dec 2012
iv) Loans/investments adversely classified, provision not maintained there against	-	-
	18,062,115,382	13,492,958,702
v) Loan/investments due by directors of the FI or any of them either severally or jointly with any other persons	-	-
vi) Loans and investments due by Companies or firms in which the directors of the FI are interest as directors, partners or managing agents or in case of private Companies as member	2,910,417	838,490
vii) Maximum total amount of advances/investments including temporary advances made at any time during the year to directors or managers or officers of the FI or any of their either separately or jointly with any other person	-	-
viii) Maximum total amount of advances/investments including temporary advances/investment granted during the year to the Companies or firms in which the directors of the FI are interested as directors, partners or managing agents or in case of private directors, partners or managing agents or in case of private Companies as member	2,709,000	6,814,673
ix) Due from other banking companies	-	-
x) Total amount of Classified loans and advances/investments on which interest is not credited to income.	838,223,997	408,325,026
a) Movement of classified loans and advances		
Opening balance on January 01, 2009	408,325,026	273,995,889
Increase/(decrease) during the year	429,898,971	134,329,137
b) Amount of provision kept against loan classified as Bad/loss on the reporting date of Balance Sheet		
c) Interest creditable to the interest suspense account		
xi) Written off loans	-	-
During the year	-	-
Cumulative to-date (as per Bangladesh Bank guidelines)	-	-
Cumulative to-date (in amicable settlement)		
The amount of written off loans for which lawsuits have been filed for its recovery	-	-

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
7.	Fixed assets at cost including premises, furniture and fixtures		
	Land and building	72,085,382	71,819,982
	Building and premises	121,338,500	121,338,500
	Furniture and fixtures	4,906,795	4,536,695
	Office equipment	8,814,152	7,854,202
	Computer	7,091,702	6,594,002
	Office decoration	15,781,840	15,616,315
	Motor vehicles	12,899,515	12,899,515
		242,917,886	240,659,211
	Less: Accumulated depreciation	89,264,223	72,113,406
	Net book value at 31 December (Annex A)	153,653,663	168,545,805
8.	Other assets		
	Accrued interest on term finances	66,230,829	63,454,825
	Accrued interest on lease income earned	112,023,435	84,595,082
	Investment in treasury bills	492,079,024	-
	FDR interest receivable	17,354,511	8,916,180
	IDCP receivable	32,109,474	188,667,409
	Advance to UML against account payable lease	-	126,230,635
	Transfer price receivable	59,806,776	229,806,776
	Advance rent and advertisement etc.	8,894,565	17,271,000
	Security deposits	26,500	26,500
	Zero coupon bond issue expenses	112,500	-
	Advance income tax and prepayments	837,029,839	858,863,169
		1,625,667,453	1,577,831,576
9.	Borrowings from other banks, financial institutions and agents		
	In Bangladesh (note 9.1)	5,454,861,739	4,187,649,146
	Outside Bangladesh	-	-
		5,454,861,739	4,187,649,146
	Opening balance	4,187,649,146	4,579,854,694
	Add: Addition during the year	3,750,000,000	1,028,950,303
		7,937,649,146	5,608,804,997
	Less: Repayments made during the year	2,482,787,407	1,421,155,851
	Closing balance	5,454,861,739	4,187,649,146
9.1	In Bangladesh		
	Mercantile Bank Ltd	257,443,107	94,725,926
	Uttara Bank Ltd	270,990,891	334,660,128
	BRAC Bank Ltd	175,665,611	341,764,167
	United Commercial Bank Ltd	300,270,790	323,067,698
	Prime Bank Ltd	1,161,860,805	469,349,954
	Pubali Bank Ltd	260,035,017	120,020,018
	Shahjalal Bank Ltd	466,630,138	271,444,591
	Bank Alfalah Ltd	50,000,000	-
	Standard Bank Ltd	189,776,024	182,152,434
	Exim Bank Ltd	-	178,102,287
	Southeast Bank Ltd	126,294,455	171,717,016
	State Bank of India Ltd	21,288,318	33,862,127

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
	Commercial Bank of Ceylon PLC	166,666,660	133,333,328
	The Trust Bank Ltd	-	142,865,691
	Dhaka Bank Ltd	137,387,133	231,693,033
	Bangladesh Commerce Bank Ltd	-	63,196,100
	National Bank Ltd	225,446,304	-
	Dutch Bangla Bank Ltd	203,966,667	74,086,161
	International Leasing Company Ltd	(669,315)	120,023
	Mutual Trust Bank Ltd	344,657,056	365,737,400
	Premier Bank Ltd	406,458,524	168,878,888
	National Finance	468,094	1,666,211
	Bank Asia Ltd	303,724,456	199,245,209
	United Leasing	1,687,307	2,734,695
	UAE Bangladesh Ltd	26,540,708	30,000,000
	Standard Chartered Bank Ltd	250,000,000	100,000,000
	Islami Bank Ltd	6,570,748	27,661,804
	Basic Bank Ltd	-	77,062,282
	IFIC Bank Ltd	-	48,501,975
	NCC Bank Ltd	101,702,241	-
		<u>5,454,861,739</u>	<u>4,187,649,146</u>
9.2	Analysis by security		
	Secured loan	5,454,861,739	4,187,649,146
	Unsecured loan	-	-
		<u>5,454,861,739</u>	<u>4,187,649,146</u>
9.3	Nature of repayment		
	Repayable on demand	5,454,861,739	4,187,649,146
	Repayable on maturity	-	-
		<u>5,454,861,739</u>	<u>4,187,649,146</u>
10.	Deposits and other accounts		
	Term-Deposit	<u>9,228,098,424</u>	<u>6,651,342,423</u>
These represent deposits taken from individuals and institutions under the Company's term deposit schemes for a period of not less than six months for institutions and one year for individuals and interest rates range from 10.50% to 13.50%. Deposits are of revolving in nature and renewed for further periods.			
	Balance on 01 January	6,651,342,423	4,307,162,288
	Add: Receipt during the year	10,184,238,382	3,504,001,460
	Less: Adjustment during the year	7,607,482,381	1,159,821,325
	Balance at 31 December	<u>9,228,098,424</u>	<u>6,651,342,423</u>
	Maturity analysis	-	-
	Repayable on demand	-	-
	Repayable within 1 month	-	-
	Over 1 month but within 6 months	2,750,000,000	1,025,032,743
	Over 6 months but within 1 year	4,225,224,853	817,164,678
	Over 1 year but within 5 years	2,252,873,571	4,809,145,002
	Over 5 years but within 10 years	<u>9,228,098,424</u>	<u>6,651,342,423</u>

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
11	Other liability		
	Accumulated provision for leases, loans and advances (note 11.1)	496,215,902	369,662,448
	Interest suspense account (note 11.2)	302,595,320	119,563,514
	Provision for loss in value of shares (note 11.3)	137,192,507	162,106,295
	Unclaimed dividend	34,168,847	19,645,555
	Advance rental and discount payables	42,298,563	42,187,073
	Provision for income tax (note 11.4)	450,000,000	848,119,257
	Loan from IPFF through Bangladesh Bank	51,993,340	61,446,672
	Refinance from Bangladesh Bank	486,142,640	481,847,647
	Zero coupon bond	660,000,000	910,000,000
	Bank overdraft (note 11.5)	-	87,904,454
	Accrued liabilities (note 11.6)	431,660,079	487,855,216
	Balance at 31 December	3,092,267,198	3,590,338,131
11.1	Accumulated provision for loans, advances and leases		
	Provision for classified leases, loans and advances (note 11.1a)	277,535,546	200,356,726
	Provision for unclassified leases, loans and advances (note 11.1b)	218,680,356	169,305,722
		496,215,902	369,662,448
11.1a	Classified leases, loans and advances		
	Opening balance	200,356,726	131,837,179
	Less: Fully provided debts written off during the year	-	-
	Add: Recovery of amounts previously written off	-	-
	Add: Specific provision made for the year	-	-
	Less: Recoveries and provision no longer required	-	-
	Add: Net charge to Profit and Loss Account	77,178,820	68,519,547
	Balance at the end of the year	277,535,546	200,356,726
11.1b	Unclassified leases, loans and advances		
	Opening balance	169,305,722	124,072,851
	Add: Provision for the year	49,374,634	45,232,871
	Closing balance	218,680,356	169,305,722
11.1c	Provision for	Required	Maintained
	Classified leases, loans and advances	277,535,546	277,535,546
	Unclassified leases, loans and advances	218,680,356	218,680,356
		496,215,902	496,215,902
11.2	Interest suspense account		
	Opening balance	119,563,514	124,970,058
	Add: Amount transferred/accrued to "interest suspense" account during the year	183,031,806	(5,406,544)
	Less: Amount recovered in "interest suspense" account during the year	-	-
	Less: Amount written off during the year	-	-
	Balance at the end of the year	302,595,320	119,563,514
11.3	Provision for loss in value of shares		
	Opening balance	162,106,295	99,342,958
	Less: Adjustments during the year	24,913,788	62,763,337
	Closing balance	137,192,507	162,106,295

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
11.4	Provision for income tax		
	Opening balance	848,119,257	1,188,946,092
	Add: Provision for current tax during the year	450,000,000	285,489,855
	Provision for deferred tax during the year	-	-
	Less: Adjustment during the year	848,119,257	626,316,690
	Closing balance	450,000,000	848,119,257
11.5	Bank overdraft		
	Opening Balance	87,904,454	119,171,764
	Add: Received during the year	-	-
	Less: Payment made during the year	87,904,454	31,267,310
	Closing balance	-	87,904,454
11.6	Accrued liabilities		
	Financial expenses	418,329,077	479,585,442
	Accrued expenses	1,050,000	2,445,108
	Other payables	12,281,002	5,824,666
	Closing balance	431,660,079	487,855,216
12.	Share capital		
12.1	Authorized capital		
	500,000,000 ordinary shares of Taka 10 each	5,000,000,000	5,000,000,000
12.2	Issued, subscribed and fully paid up capital		
	113,836,800 ordinary shares of Taka 10 each	1,138,368,000	1,034,880,000
		1,138,368,000	1,034,880,000
12.3	Percentage of shareholding		
Category of shareholders		Percentage (%)	
		2013	2012
		Amount	
		2013	2012
Sponsors (Local)		68,375,880	62,159,910
Sponsors (Foreign)		88,935,000	80,850,000
Sponsors (Company)		380,412,680	345,829,730
General Public		235,206,480	229,957,790
Financial Institutes		363,697,190	315,821,230
Foreign Investors		1,740,770	261,340
Total		1,138,368,000	1,034,880,000
12.4	Shareholding range on the basis of shareholdings at 31 December 2013		
Shareholding range	Number of shareholders	Shares	Percentage
01 - 500	10,557	1,625,943	1.43%
501 - 5,000	5221	8,242,022	7.24%
5,001 - 10,000	478	3,404,531	2.99%
10,001 - 20,000	207	2,787,853	2.45%
20,001 - 30,000	68	1,622,932	1.43%
30,001 - 40,000	44	1,518,862	1.33%
40,001 - 50,000	17	764,491	0.67%
50,001 - 100,000	44	3,084,181	2.71%
100,001 - 1,000,000	77	90,785,985	79.75%
1,000,000 and over	0	-	0.00%
	16,713	113,836,800	100%

Amounts in Taka

At
31 Dec 2013 At
31 Dec 2012

12.5 Name of the Directors, sponsors shareholders and their shareholding as on 31 December 2013

Sl. No.	Name	Position	2013		2012	
			Total No of share	Total Value	Total No of share	Total Value
1	Mr. Rasidul Hasan	Chairman	394,430	3,944,300	358,573	3,585,730
2	Mr. Matiur Rahman	Vice Chairman	553,665	5,536,650	503,332	5,033,320
3	Mr. Mujibur Rahman	Nominee Director	2,367	23,670	2,153	21,530
4	Mr. A J Masudul Haque Ahmed	Executive Director	36,776	367,760	43,433	434,330
5	Mr. N.G. Chine Keong	Sponsor	4,446,750	44,467,500	4,042,500	40,425,000
6	Ms. N.G. Chine Keong	Sponsor	4,446,750	44,467,500	4,042,500	40,425,000
7	Uttara Automobiles Ltd.	Sponsor	8,897,090	88,970,900	8,088,264	80,882,640
8	Uttara Automobiles Manufs Ltd.	Sponsor	13,371,942	133,719,420	12,156,312	121,563,120
9	Uttara Apparels Ltd.	Sponsor	9,960,720	99,607,200	9,055,200	90,552,000
10	Uttara Motors Ltd.	Sponsor	5,811,516	58,115,160	5,283,197	52,831,970
11	Mr. Mehdadur Rahman	Sponsor	2,279,196	22,791,960	2,071,997	20,719,970
12	Kazi Imdad Hossain	Nominee Director	4,620	46,200	4,200	42,000
13	Ms. Zakia Rahman	Sponsor	2,279,196	22,791,960	2,071,997	20,719,970
14	Ms. Tahmina Rahman (Tina)	Sponsor	2,279,196	22,791,960	2,071,997	20,719,970
15	Mr. A.T.K.M Ismail	Independent Director	1,450	14,500	-	-
16	Mr. Md. Showkat Hossain, FCA	Independent Director	-	-	-	-
	Total		54,765,664	547,656,640	49,795,655	497,956,550

13. Statutory reserve

As per section 9 of the Financial Institution Act, 1993 and the regulation 6 of the Financial Institutions Regulations 1994, 20% of post tax profit for the year 2013 has been transferred to Statutory Reserve Fund amounting to Taka 170,565,887

Balance on 1 January	890,863,440	727,866,497
Transfer during the period	170,565,887	162,996,943
Balance at 31 December	1,061,429,327	890,863,440

This represents 20% of net profit kept aside after tax in compliance with clause 6 of the Financial Institution Regulations 1994.

14. General reserve

Balance on 01 January	1,100,000,000	900,000,000
Add: Transfer during the year	200,000,000	200,000,000
Balance at 31 December	1,300,000,000	1,100,000,000

15. Share Premium

528,000,000 528,000,000

This represents Tk. 528,000,000 receipt from the shareholders @ Tk. 20 per share on 2,640,000 shares at the time of Right issue.

16. Retained earnings

Opening balance	982,136,639	925,828,864
Add: Net profit after taxation	852,829,438	814,984,718
Less: Transfer to statutory reserve	170,565,887	162,996,943
Less: Transfer to general reserves	200,000,000	200,000,000
Less: Transfer to Dividend equalisation fund	100,000,000	100,000,000
Less: Issue of bonus share	103,488,000	295,680,000
Less: Cash dividend	206,976,000	-
	1,053,936,190	982,136,639

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
17.	Income statement		
	Income:		
	Interest, discount and similar income (note 17.1)	2,903,582,075	2,516,398,337
	Dividend income	1,824,727	5,334,545
	Fees, commission and brokerage	23,972,418	31,225,717
	Gains less losses arising from dealing in securities	16,744,986	1,177,945
	Gains less losses arising from investment securities	-	-
	Gains less losses arising from dealing in foreign currencies	-	-
	Income from non-financial institutional assets	-	-
	Other operating income	418,365,389	373,166,650
	Profit less losses on interest rate changes	-	-
		3,364,489,595	2,927,303,194
	Expenses:		
	Interest paid on deposits, borrowings, etc (note 19)	1,793,950,329	1,487,381,915
	Losses on loans and advances	-	-
	Administrative expenses (note 17.2)	126,835,813	120,416,578
	Depreciation and repairs of company's assets (note 30)	17,150,817	15,851,329
	Other operating expenses (note 31)	22,083,532	26,663,044
		1,960,020,491	1,650,312,866
		1,404,469,104	1,276,990,328
17.1	Interest, discount and similar income		
	Interest income (note 20)	2,903,582,075	2,516,398,337
		2,903,582,075	2,516,398,337
17.2	Administrative expenses		
	Salary and allowances (note 23)	74,374,591	69,097,478
	Rent, taxes, insurance, electricity, etc (note 24)	26,445,902	23,822,522
	Legal expenses (note 25)	2,837,458	3,641,326
	Postage, stamp, telecommunication, etc (note 26)	124,732	83,841
	Stationery, printings, advertisements, etc (note 27)	4,398,688	5,316,378
	Managing Director's salary and allowances (note 28)	9,000,000	9,000,000
	Directors' fees (note 29)	305,000	210,000
	Auditors' fees	100,000	100,000
	Other (M.B.Unit)	9,249,442	9,145,033
		126,835,813	120,416,578
18.	Interest income		
	Interest income on loans, advances and leases	2,903,582,075	2,516,398,337
		2,903,582,075	2,516,398,337
19.	Interest paid on deposits, borrowings, etc		
	Interest on term deposits	819,020,169	485,593,186
	Interest on loan from financial institutions	753,275,543	755,275,543
	Interest on bank overdraft	10,182,606	10,182,606
	Interest on coupon bond	143,070,821	133,170,821
	Interest on call money	547,223	547,223
		1,726,096,362	1,384,769,379

		Amounts in Taka	
		At 31 Dec 2013	At 31 Dec 2012
20.	Investment income		
	Bills	-	-
	Treasury bills	-	-
	Notes	-	-
	Bond	-	-
	Share	5,307,916	958,945
	Others	509,500	219,000
		<u>5,817,416</u>	<u>1,177,945</u>
21.	Commission, exchange and brokerage	<u>-</u>	<u>-</u>
22.	Other operating income		
	Commission from letter of credit	1,237,453	398,939
	Interest during construction period	127,422,097	80,438,728
	Delinquent charges	29,076,481	61,211,249
	Interest on call money	27,606,070	19,103,233
	Service charge	1,884,303	1,905,789
	Miscellaneous receipts	824,075	124,500
		<u>188,050,479</u>	<u>163,182,438</u>
23.	Salary and allowances	<u>74,374,591</u>	<u>69,097,478</u>
24.	Rent, taxes, insurance, electricity, etc		
	Rent, rates and taxes	3,144,153	3,144,153
	Power and electricity	2,142,618	1,790,518
	Other maintenance	21,159,131	18,887,851
		<u>26,445,902</u>	<u>23,822,522</u>
25.	Legal expenses		
	Legal expenses	522,300	522,300
	Other professional charges	2,315,158	3,119,026
		<u>2,837,458</u>	<u>3,641,326</u>
26.	Postage, stamps, telecommunication, etc		
	Postage, telephone, telegram, telex, fax and e-mail	124,732	83,841
	Others	-	-
		<u>124,732</u>	<u>83,841</u>
27.	Stationery, printings, advertisements, etc		
	Office and security stationery	3,235,733	3,401,884
	Publicity and advertisement	1,162,955	1,914,494
		<u>4,398,688</u>	<u>5,316,378</u>
28.	Managing Director's salary and allowances	<u>9,000,000</u>	<u>9,000,000</u>
	In addition to remuneration, he is also provided with company's cars and cell phone.		
29.	Directors' fees	<u>305,000</u>	<u>210,000</u>
	Each Director is paid Taka 5,000 per meeting per attendance as per DFIM circular letter no. 03 dated 24 February 2010.		

		Amounts in Taka	
		At	At
		31 Dec 2013	31 Dec 2012
30.	Depreciation and repair of company's assets		
	Depreciation (Annex A)	17,150,817	15,851,329
	Repairs and maintenance	-	-
		<u>17,150,817</u>	<u>15,851,329</u>
31.	Other operating expenses		
	Travelling, conveyance and labour	950,555	3,467,538
	Subscriptions and donation	1,560,791	5,584,402
	Entertainment	751,793	601,774
	Training and internship	76,500	173,600
	Car expenses	5,956,800	5,560,551
	AGM expenses	3,822,600	2,691,400
	Books and periodicals	58,966	55,018
	Communication and utilities	4,320,579	4,190,621
	Amortisation of right issue expenses	-	-
	Repossessing expenses	2,798,383	1,521,504
	Levies	1,786,565	2,816,636
	Amortisation of zero coupon bond expenses	-	-
		<u>22,083,532</u>	<u>26,663,044</u>
32.	Provision against leases, loans and advances		
	Closing Balance	496,215,902	369,662,448
	Provision for classified leases, loans and advances	277,535,546	169,305,722
	Provision for unclassified leases, loans and advances	218,680,356	200,356,726
	Less: Last year provision	369,662,448	255,910,030
	Provision for classified leases, loans and advances	169,305,722	124,072,851
	Provision for unclassified leases, loans and advances	200,356,726	131,837,179
	Provision made during the year	<u>126,553,454</u>	<u>113,752,418</u>
33.	Provision for diminution in value of investments		
	In quoted shares	(24,913,788)	62,763,337
	In unquoted shares	-	-
		<u>(24,913,788)</u>	<u>62,763,337</u>
34.	Earning per share		
	Basic earnings per share have been calculated as follows:		
	a) Earnings attributable to ordinary shares		
	(net profit after tax)	852,829,438	814,984,718
	b) Weighted average number of ordinary shares		
	outstanding during the year	113,836,800	113,836,800
	Earning per share (EPS) (2012-Restated)	<u>7.49</u>	<u>7.16</u>

Amounts in Taka

	At 31 Dec 2013	At 31 Dec 2012
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35. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decision and include associated companies with or without common Directors and key management positions. The company has entered into transaction with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting standard (BAS) 24; "Related Party Disclosures". Transactions with related parties are executed on the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other customers of similar credentials do not involve more than a normal risk.

Details of transactions with related parties and balances with them as at 31 December 2013 as follows:

Name of Party	Primary lines of Business	Nature of relationship	Nature of transaction	Balance at 01 January, 2013 (Taka in crore)	Balance at 31 December, 2013 (Taka in crore)
Uttara Motors Ltd.	Leasee and supplier	Sponsor shareholder	Term deposit	62.58	119.74
Uttara Apperals Ltd.	Leasee sponsor	Sponsor shareholder	Term deposit	16.78	12.13
Uttara Automobiles Ltd.	Leasee sponsor	Sponsor shareholder	Lease & Term deposit	15.82	16.72
Uttara Motors Corp. Ltd.	Leasee sponsor	Sponsor shareholder	Term deposit	-	16.87
Uttara Automobiles Manuf. Ltd.	Leasee sponsor	Sponsor shareholder	Term deposit	-	9.87

36. Letters of guarantee

	-	150,000,000
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As per the requirement of Dhaka Stock Exchange Limited (Member's Margin) regulation 2000, an issuance of guarantee by Uttara Finance & Investments Ltd. Guarantee no. 01, dated 01.06.2009 for Tk. 15.00 (fifteen crore) only on behalf of UGC Securities Ltd. favouring Dhaka Stock Exchange Ltd. as required for Member's Margin. And UGC Securities Ltd. JBC Tower (6th floor), 10 Dilkusha C/A, Dhaka-1000, the member of Dhaka Stock Exchange Ltd. membership no. 54. The liability under this guarantee shall be restricted to Tk. 25.00 (twenty five crore) only and shall remain valid upto May, 05, 2013. The above amount has not shown in the year of 2013 due to expiry of guarantee and even reissue is yet not advised.

37. Highlights on the overall activities

This has been presented in [Annex B](#).

38. Dividend for the year 2013

The Board of Directors in its 108s meeting, held on Sunday, 2 March 2014, recommended 30% cash dividend for the year 2013.

39. Others

39.1 Wherever considered necessary previous year's figures have been rearranged, in order to conform to current year's presentation, without any impact on the profit and value of assets and liabilities as reported in the Financial Statements.

39.2 Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

for Uttara Finance and Investments Limited


Mujibur Rahman
Director


S. M. Shamsul Arefin
Managing Director


Uttam Kumar Saha
Chief Financial Officer

Dhaka, Bangladesh
Dated, 03 March 2014

Schedule of Fixed Assets

at 31 December 2013

Annex A

Amounts in Taka

Particulars	Cost				Rate (%)	Depreciation				Net book value at 31 Dec 2013
	Balance at 01 Jan 2013	Additions	Disposals/ Adjustments	Total at 31 Dec 2013		To 01 Jan 2013	Charge for the year	Adjustment on disposal	Total to 31 Dec 2013	
Fixed assets										
Land and building	71,819,982	265,400	-	72,085,382	0%	-	-	-	-	72,085,382
Building and premises	121,338,500	-	-	121,338,500	10%	42,540,688	12,133,850	-	54,674,538	66,663,962
Furniture and fixtures	4,536,695	370,100	-	4,906,795	15%	3,456,271	1,167,058	-	4,623,329	283,466
Office equipment	7,854,202	959,950	-	8,814,152	15%	4,550,312	788,864	-	5,339,176	3,474,976
Computer	6,594,002	497,700	-	7,091,702	15%	4,452,463	655,193	-	5,107,656	1,984,046
Office decoration	15,616,315	165,525	-	15,781,840	20%	10,666,993	2,060,878	-	12,727,871	3,053,969
Motor vehicles	12,899,515	-	-	12,899,515	20%	6446,679	344,974	-	6,791,653	6,107,862
At 31 December 2013	240,659,211	2,258,675	-	242,917,886		72,113,406	17,150,817	-	89,264,223	153,653,663
At 31 December 2012	229,064,892	11,594,319	-	240,659,211		56,282,077	15,851,329	-	72,113,406	168,545,805

Highlights on the Overall Activities

Annex B

(Amounts in Taka)

Sl. no.	Particulars	2013	2012
1	Paid-up Capital	1,138,368,000	1,034,880,000
2	Total Assets	23,356,960,878	19,365,209,779
3	Total Deposits	9,228,098,424	6,651,342,423
4	Total Loans and Advances	18,062,115,382	13,492,958,702
5	Total Contingent Liabilities and Commitments	-	150,000,000
6	Credit Deposit Ratio	195.73%	202.86%
7	Percentage of Classified Loans against Total Loans and Advances	4.64%	3.03%
8	Profit after Tax and Provision	852,829,438	814,984,718
9	Amount of Classified Loans During Current Year	838,223,997	408,325,026
10	Provisions kept against Classified Loans	277,535,546	200,356,726
11	Provision Surplus against Classified Loan	-	-
12	Cost of Fund	11.61%	11.30%
13	Interest Earnings Assets	18,062,115,382	13,792,958,702
14	Non-interest Earnings Assets	5,294,845,496	5,572,251,077
15	Return on Investment (ROI)	4.72%	6.04%
16	Return on Assets (ROA)	3.65%	4.21%
17	Income from Investment	5,817,416	1,177,945
18	Earnings per Share (2012- restated)	7.49	7.16
19	Net Income per Share (2012- restated)	7.49	7.16
20	Price Earnings Ratio	11.04	10.53

notes

notes



UTTARA FINANCE
AND INVESTMENTS LIMITED

Share Department
Uttara Centre (11th Floor), 102 Shahid Tajuddin Ahmed Sarani
Tejgaon, Dhaka-1208, Bangladesh

PROXY FORM

I/we (name).....
of (address)
being a member of Uttara Finance and Investments Limited and a holder(s) of shares against
registered folio/BO A/c no.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 hereby appoint
Mr./Ms..... of (address)

as my/our proxy to attend and vote for me/us and on my/our behalf at the 19th (nineteenth) Annual General Meeting of the Company to be held on Wednesday, April 30, 2014 at 10.00 a.m. and at any adjournment thereof.

Signature of the member Date

Signature of proxy Date

Please affix
Revenue
Stamp
Tk. 20.00

Notes:

- 1.00 Proxy form duly completed signed and stamped must be deposited at the **Share Department** of the Company 72 hours before the time appointed for the meeting.
- 2.00 Signature of the member should agree with the 'specimen signature' available with the Company/BO Account.



UTTARA FINANCE
AND INVESTMENTS LIMITED

Venue, Date & Time of AGM
Spectra Convention Centre
House # 19, Road # 7, Gulshan-1, Dhaka-1212, Bangladesh
Wednesday, April 30, 2014 at 10.00 a.m.

ATTENDANCE SLIP

I hereby record my attendance at the 19th (nineteenth) Annual General Meeting of Uttara Finance and Investments Limited as a holder(s) ofshares/proxy of the Company.

Name of the member/proxy:

Address:

Member's Folio no./BO A/C no.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of the member/proxy Date

Notes:

- 1.00 Signature of the member should agree with the 'specimen signature' available with the Company/BO Account.
- 2.00 Please note that Annual General Meeting can only be attended by the honourable member(s) or properly constituted proxy. Therefore, any friend or children accompanying honourable member(s) or proxy cannot be allowed into the meeting.
- 3.00 Members attending the meeting in person or by proxy are requested to duly complete the attendance slip to check at the checking counter.
- 4.00 Shareholders/attorney/proxy is requested to complete the checking formalities in between from 8:30 am. to 10:00am. The checking counters will be closed at 10:00am.

[www.uttara**finance**.biz](http://www.uttarafinance.biz)

Registered Office

Jibon Bima Tower (6th Floor), 10 Dilkusha C/A

Dhaka-1000, Bangladesh.

Phone : +880-2-9568207 (Hunting)

Fax : +880-2-9552461

E-mail : info@uttarafinance.com

Share Department

Uttara Centre (11th Floor)

102 Shahid Tajuddin Ahmed Sarani

Tejgaon, Dhaka-1208, Bangladesh.

Phone : +880-2-8142680, 8170281-5

Fax : +880-2-8142679