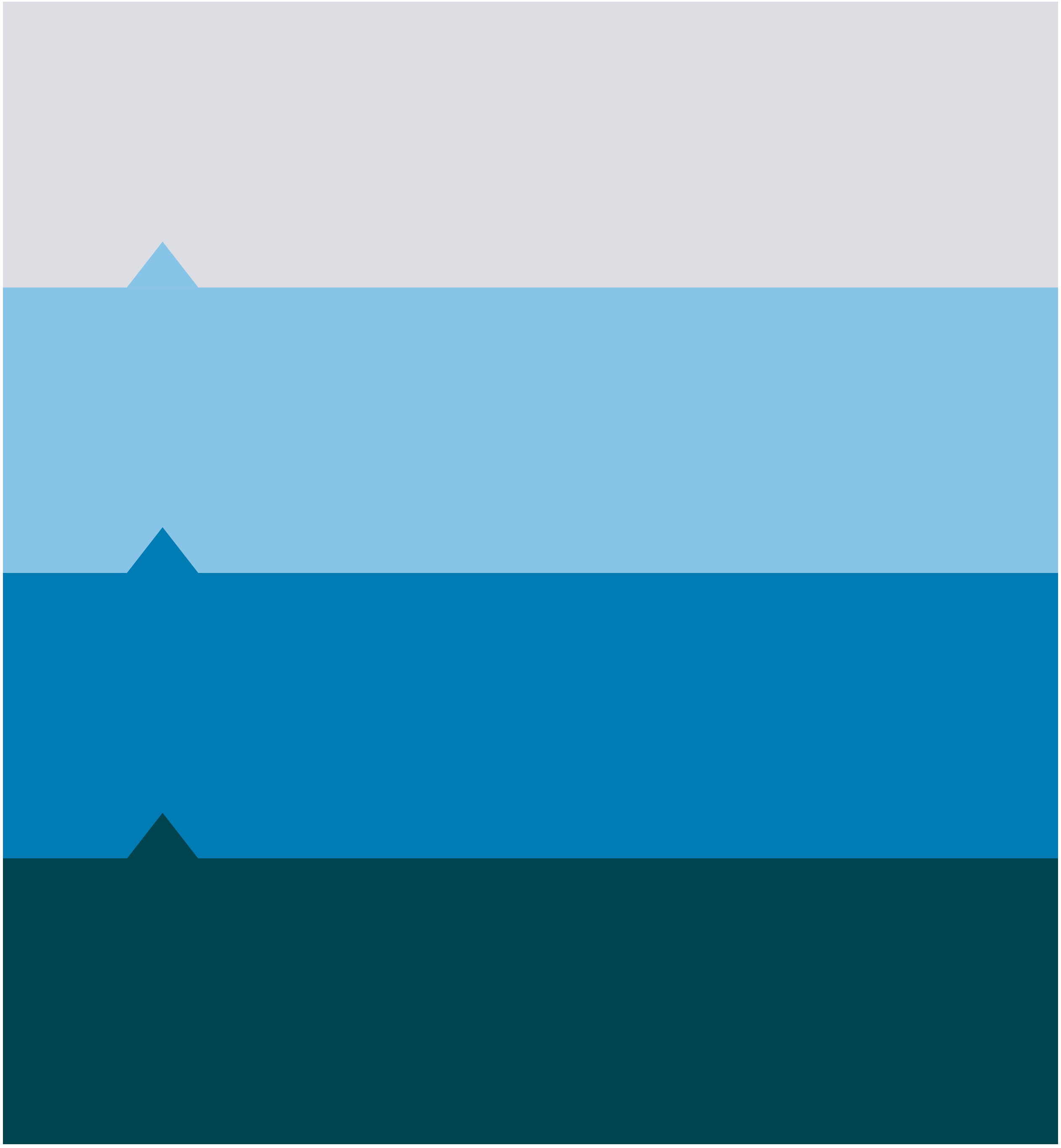


REPORT OF THE BOARD OF DIRECTORS

Bismillahir Rahmanir Rahim

Dear Shareholders

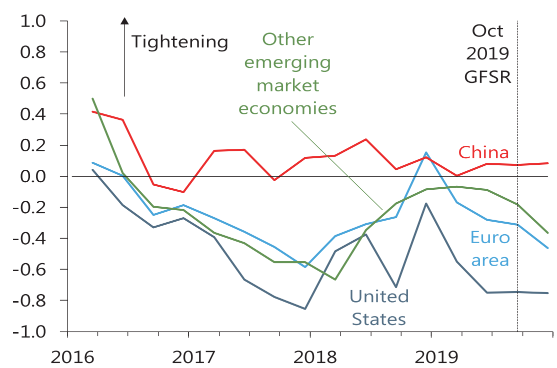
Assalamu Alaikum

I, on behalf of the Board of Directors of Uttara Finance and Investments Limited take this opportunity to extend a hearty welcome to all of you at the 25th Annual General Meeting of the Company. I also take this opportunity to present before you the 25th Annual Report of the Company along with the Financial Statements and Auditor's Report thereon for the year ended December 31, 2019 for your kind perusal.

Economic scenario worldwide

The last decade has been punctuated by a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008-2009, followed by the European sovereign debt crisis of 2010-2012 and the global commodity price realignments of 2014-2016. After the global financial crisis many of the high-income countries have been making desperate efforts to recover and emerging economies and the world economy is finally, after a long period, strengthening though the global economy is still struggling to gain momentum. Economic growth in recent years has fallen short of expectations in both advanced and emerging market economies. The global economic activity slowed notably in the second half of 2019 after strong growth in 2017 and 2018, reflecting a confluence of factors affecting major economies. As against economic growth rate 2.9 percent in the year 2019, the global economic growth was recorded 3.6 percent in the year 2018 which is the highest rate since 2011. During the last five years in many parts of the world, conditions have improved to support the significant investment necessary for delivering the goods and services a growing population needs though from the recorded growth report it is found that most of the largest emerging and developing economies have been slowing over the last five years. This kind of performance was mainly due to a continued deceleration of economic activity in emerging and developing economies amid weak commodity prices, global trade and capital flows.

Figure 1. Global Financial Conditions Indices
(Number of standard deviations from mean)



Sources: Bank for International Settlements; Bloomberg Finance L.P.; Haver Analytics; IMF, International Financial Statistics database; and IMF staff calculations.
Note: Other emerging market economies comprise Brazil, India, Mexico, Poland, Russia and Turkey. GFSR = Global Financial Stability Report.

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

The global economy recorded its lowest growth of the decade in 2019 as a result of protracted trade disputes and a slowdown in domestic investment. The year 2019 ended up having the slowest global economic expansion since the world financial crisis in 2008-2009 with growth trending down in virtually all major economies and slowing in all geographic areas. A significant number of countries are still suffering from the effects of the 2014-2016 commodity price downturn which has resulted in persistent output losses and setbacks in poverty reduction.

In the United States, the world's largest economy, GDP growth of 2.2 percent in 2018 slowed to 1.7 percent in 2019 and GDP in the EU also recorded 1.7 percent in 2019 against 2.3 percent of 2018. The manufacturing in the European Union will continue to be held back by global uncertainty. Despite significant headwinds the Emerging and developing Asia remains the world's fastest growing region and largest contributor to global growth. GDP in the region also slowed in 2019 to 5.5 percent and 6.3 percent of 2018. In China, the world's second largest economy and the region's powerhouse, grew 6.1 percent in 2019. The economic scenario of Africa, western Asia, Latin America and the Caribbean is clouded by relatively low commodity prices and protracted weaknesses in some large countries. GDP growth in Sub-Saharan Africa was down from 3.3 percent in 2018 to 3.1 percent in 2019.

Growth in major economies of European Union has shown divergent results. Most of the countries of European Union recorded lower growth than the last couple of years. Graduated countries are experiencing faster, more stable, growth. Half of the countries that attained middle-income status over this period from Sub-Saharan Africa and East Asia for new discoveries or intensified exploitation of metal and oil reserves and several other countries graduation followed the post recessions rebound, implementation of structural and political reforms.

Growth of low income countries remained robust in 2019 but macroeconomic imbalances are emerging in some countries. Activity in low-income countries has been supported by robust domestic demand, underpinned by investment, good harvests, and robust remittances. Low income countries are mainly small, heavily reliant on agriculture and remittances and also tend to have weak institutions. In low-income countries agriculture accounts for about 25 percent of GDP and in many cases, exports are dominated by agricultural commodities. Many low-income countries are also heavily dependent on remittances to support consumption and investment. On average, remittances accounted for almost 6 percent of GDP in low-income countries in 2019, much more than FDI. However, in contrast to middle-income countries, economic activity in low-income countries strengthened in 2019 on the back of rising public investment, significant expansion of service sectors, solid harvests, and substantial capital inflows.

World economy forecast

As per report of the World Economic Outlook update of April 6, 2020 due to COVID-19 pandemic is inflicting high and rising human costs worldwide and the necessary protection measures are severely impacting economic activity, the global economy is projected to negative growth sharply by 3 percent in 2020, much worse than during the 2008-09 financial crisis. In a baseline scenario which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support."

The global growth forecast for 2020 had already been revised downward in the last World Economic Outlook, partly because of the negative effects of tariff increases enacted in the United States and China earlier last year. The expected world economic growth rate for the year 2020 revised down against initial projection. Now the expected growth for the year 2020 is -3 percent whereas the earlier projection was 3.6 percent which is 6.6 3.5 percent below than the last projections before COVID-19 pandemic situation. The forecast, revised, have been down warded for 2020, reflects a more subdued outlook surprises all over the world. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer.

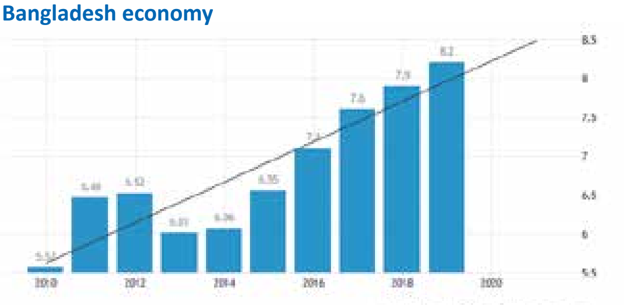
Year 2020 is going to be very crucial for the world economy. The increase in economic, political and institutional uncertainty and reduction in trade and financial flows between the UK and rest of the EU over the medium term is expected to have negative microeconomic consequences. A majority of business leaders plans for investment and hiring are being put on hold or scaled back since they think the COVID-19 pandemic is bad for them. Despite different tribulations World Economic Outlook of IMF in April 2020 issue is hopeful to record 5.8 percent growth of the world economy in the year 2021 compared to -3 percent in 2020. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the world economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2020-2021. The projected pickup in growth in the next two years despite the ongoing slowdown in China primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected recovery in 2021 could be frustrated by new shocks. The IMF projected on April 2020 that the global economy especially emerging and developing markets will pick up in 2021. The IMF report has also predicted that oil price will increase gradually. Advanced economies and High-income countries are likely to see growth of 4.5 percent in 2021 on the back of gradually recovering labor markets, ebbing fiscal consolidation, and still-low financing costs. Despite very high negative growth - 6.1 percent projection for the year 2020 in most countries of advanced Economies aggregate GDP growth is projected 4.5 percent in 2021.

Growth in emerging market and developing economies is projected -1 percent in 2020 whereas 6.6 percent for 2021. In developing countries of Asia growth is projected to gradually accelerate and is expected to regain some momentum in 2021. The projected growth rate is averaging 8.5 percent but many of the factors underpinning the recent slowdown are expected to persist. In particular, the contribution of commodity exporters to global growth is expected to remain significantly lower than that observed during the commodity boom years. As the economy continues to rebalance, growth in China is expected to slow to 1.2 percent in 2020.

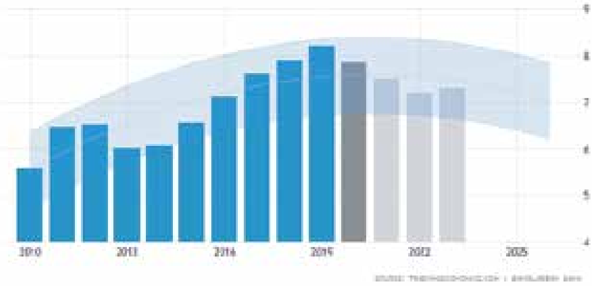
In April 2020 update of the IMF world Economic Outlook cites the projected growth pickup in Emerging Market and Development Economies as the primary factor behind the strengthening global outlook over 2021-2022. Global growth is also backed by a gradual normalization of conditions in large economies that are currently experiencing microeconomic strains.

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

Bangladesh economy



In spite of a lot of limitations and uncertainty in the global economy, the economy of Bangladesh, over the last ten years has been maintaining its Gross Domestic Product (GDP) average growth of nearly 6.5 percent. Growth pattern of last one decade proves Bangladesh economy has been on a stable and positive growth path. In the year 2019 the GDP growth of the country recorded around 8.2 percent which was 7.9 percent in the fiscal year 2018 and last 4 years average is 7.75 percent. The government is expecting 8.2 percent growth again in the year 2020 though due to COVID situation the World Bank and Economic Intelligence Unit projected 1.6 percent growth whereas the International Monitory Find (IMF) projection is 3.8 percent and Asian Development Bank projection is 4.5 percent 2020 and 7.5 percent in the year 2021.



GDP Annual Growth Rate in Bangladesh is expected to reach 1.50 percent by the end of 2020, according to Trading Economics global macro models and analysts' expectations. In the long-term, the Bangladesh GDP Annual Growth Rate is projected to trend around 8.50 percent in 2021 and 7.50 percent in 2022, according to our econometric models.

The robust growth mainly propelled by service, industry and agriculture sectors activities. Service are the key sector of the economy as contributor and account for 52 percent of total GDP. The growth rate of service sector in 2019 is 6.8 percent which was 6.4 percent in the year 2018. Within services the most important segments are: wholesale retail and trade; transport, storage and communication and real estate, renting and business activities. The industry sector is second highest contributor of GDP accounts for almost 34 percent with manufacturing and construction being the most important. Contribution of agriculture and forestry and fishing is rest 14 percent. The industry sector is the growth leader of the country with 12.3 percent growth in 2019 against last year growth of 12.1 percent. The growth of apprehended up well because of brisk domestic demand, boosted by higher worker remittances, private sector wages, and public investment etc. Growth of agriculture sector for the year 2019 is 3.9 percent not up to the mark against last year growth 4.2 percent.

For having different advantage and 30 years of experience as per survey report of the McKinsey & Co., Bangladesh remains at the top of the list of apparel-sourcing markets. After Rana Plaza tragedy due to failure to comply with safety issues some factories were fully shut down and some are partly following inspection by Accord and Alliance. Besides the Generalized System of Preference (GSP) facility in USA still remains suspended due to lack of fulfillment of different conditions including workers safety and labor rights. For better future of this sector and to ensure the growth Bangladesh does not have any choice but to overcome. Despite the tragedies, Bangladesh is still regarded as a popular sourcing destination with growth potential, forecasted by US Fashion Industry Association (USFIA). Bangladesh exports mainly Readymade Garments including knit wear and hosiery which is 80 percent of exports revenue.

Year/Month	2018-2019		2019-2020	
	In million US dollar	In billion Taka	In million US dollar	In million Taka
June	1,368.20	115.61	1,832.63	155.62
May	1,748.16	147.71	1,504.60	127.82
April	1,434.30	120.96	1,092.96	92.85
March	1,458.68	122.83	1,276.26	108.42
February	1,317.73	110.74	1,452.20	123.36
January	1,597.21	134.07	1,638.43	139.10
December	1,206.91	101.26	1,691.68	143.62
November	1,180.44	99.01	1,555.23	131.85
October	1,239.11	103.86	1,641.67	139.00
September	1,139.66	95.45	1,476.91	124.80
August	1,411.05	118.18	1,444.75	122.08
July	1,318.18	110.39	1,597.69	135.00

According to Bangladesh Bank statistics during the first eleven months of current fiscal the country's workers remittance inflow has witnessed record USD 18,193.66 million in FY 19-20 against USD 16,419.63 million in FY 18-19. The remittance was USD 14,981.69 million in FY 17-18. Bangladesh was the third highest recipient of remittances in South Asia in 2019, after India and Pakistan, and the 11th highest recipient globally. Nearly 10 million Bangladeshis are working in foreign countries. Most of them are in Gulf countries, Western countries, and some Southeast Asian countries like Malaysia. Major part of Bangladeshis remittances came from the Middle East countries. During FY 18-19, the highest remittances came from Saudi Arabia followed by United Arab Emirates (UAE). Other major contributors are United States of America (USA), Kuwait, Malaysia, United Kingdom & Oman. Almost 75 percent of remittance come from these countries and 25 percent of total remittances over the same period from rest of the world. Devaluation of several foreign currencies including Pound and EURO contributed to the fall of remittances and unrest in the Middle East and legal status problems of the migrant workers in Gulf countries has lead to cut off income of migrant workers. Illegal channel of sending money in home like 'HUNDI' is also a major cause for showing the said decline of remittance. Many of our friendly countries like Saudi Arabia, Kuwait, UAE, Qatar, Bahrain, Oman Libya and Malaysia considered as traditional destinations to Bangladeshi workers.

Though there have been several negative activities of foreign currency earnings the foreign exchange reserves of Bangladesh Bank reached to record USD 36,140 million at the end of June 2020. The RMG industry and remittances from overseas workers are the two biggest contributors to Bangladesh's foreign exchange reserve. External sector performance has improved markedly with strong external current account position and much larger capital and financial account inflows, leading to a rapid reserve buildup. This positive and welcoming development however has happened in an environment when Bangladesh is passing through a challenging time though some analyst opined it as weakness of the economy to use available resources for domestic investment.

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

Reducing poverty by controlling inflation and creating employment opportunity is the main challenge of Bangladesh Government. The unemployment rate of the country at the end of 2019 was 4.0 percent. Average unemployment rate is 3.85 percent from 1991 until 2017, reaching an all-time high of 5.10 percent in 1997 and a record low of 2.20 percent in 1991. Manufacture and export of RMG sectors employs nearly 4 million workers. Due to outbreak of the COVID-19 pandemic it is estimated that out of this 1 million workers are already unemployed. People have already limited their discretionary spending. Exporters in Bangladesh are now not getting their payments on time. Buyers are cancelling or modifying orders. As a result of this, industry owners are finding it difficult to pay salaries to workers. Laid-off workers are returning to villages, creating additional problems in the rural economy. The unemployment of these workers and the shutdown will create further problems in the realm of food security.

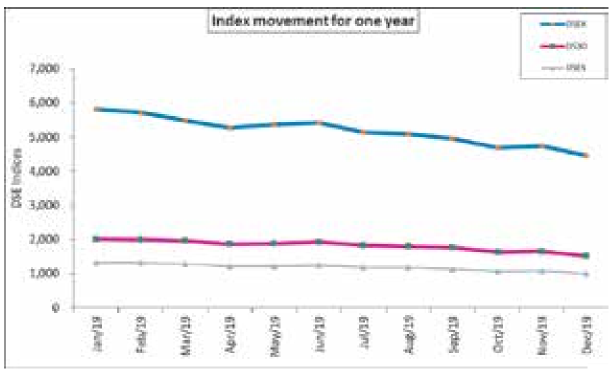
Rate of Inflation	May 2020	May 2019
Point to point	5.35%	5.63%
Monthly Average	5.61%	5.48%

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

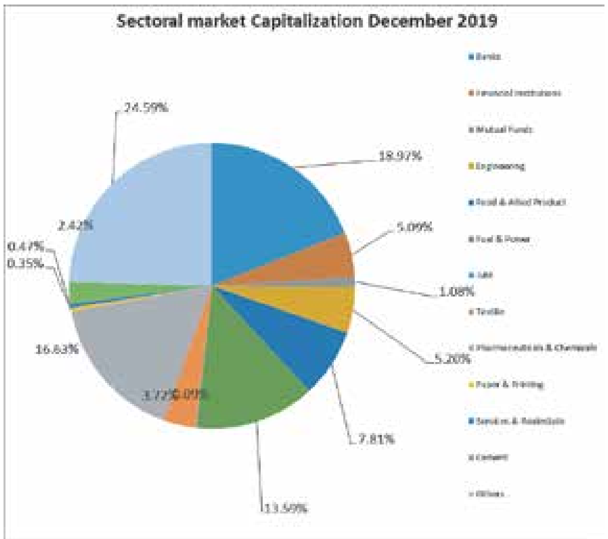
To arrest the impact of the pandemic which likely to be greater on Bangladesh, the government has come out with a massive stimulus package to check the impact of the pandemic. The stimulus package to the tune of BDT 727 billion was announced by Bangladesh Prime Minister Sheikh Hasina on April 5. The government initially declared BDT 50 billion emergency incentive package to support the export-oriented industry. Further packages were announced aimed at affected industries. The total stimulus package is worth nearly 2.52 percent of GDP. Exports of RMG and the return of migrant workers to their host countries will depend on how quickly the situation improves in the world. As of now it is feared that the impact of the pandemic on the Bangladeshi economy will be enormous. The stimulus package announced by the Bangladesh government is impressive but it remains to be seen how effective it will be given the culture of embezzlement and previous tendencies to grant loans to cronies and politically connected people.

Capital market of Bangladesh

After 2010 the position of stock markets has been deteriorated day by day and yet to get the momentum. The regulatory bodies, Stock Exchanges, all investors, Merchant Bankers, Brokers and share market related other concerns experienced biggest ever fall of share prices. Though a lot of reform works and different measures have been taken by the government and regulatory bodies already appeared as ineffective in the last ten years and the capital market has lost its inherent strength due to negative equity created from margin loan after fall of value of securities. Investors of the market have lost major part of their investment and in some cases the last penny. Experts opined that poor involvement of banks, FIs and their Merchant Banks for exposure barrier by Bangladesh Bank, inactivity of other large institutional investors, lack of confidence of individual investors, unstable money market, higher interest rate on deposit, fall of foreign investment, absence of justice of different cases and last but not the lack of coordination of different regulatory bodies are the reason of failure to boost up the markets. Investors who have sold out their stocks in the very early stage of market crash and capable to re-invest in the share market are now very choosy to invest further. Those who have been involved in share market during last 8 years have lost their confidence to a great extent.



Different bodies of stock market are trying their level best to make the market attractive and also to recover the confidence of the investors. Investors, who are still active in the market after suffering huge loss, now are very careful to act in the market and careful about issuer's fundamentals. Investors want to earn profit within the shortest possible time and therefore most of them run after rumor and fall in the trap of gamblers. Besides Initial Public Offering (IPO) and Right Issue are main two tonics to attract new and as well as old investors in the market. But issuer companies did not show interest as they fear that they would not get expected price. At the end of the year 2019 total number of listed securities is 589 against 578 of 2018. Experts and Merchant Bankers opined that the number of issue could have been higher if the market remained stable.



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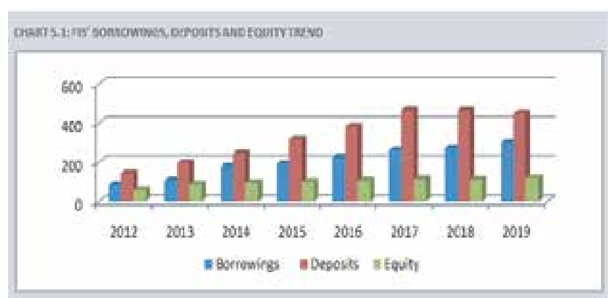
After collapse of stock market, issue of reform measures of stock exchanges comes to the fore front. Revised index has started in the main bourses at the beginning of 2013. Taking into consideration the global trend, demutualization of both the exchanges have already been made like most of the stock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

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

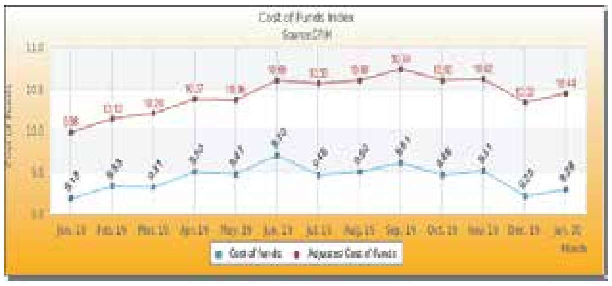
The Industry

Non-Banking Financial Institutions (NBFIs) are formed and supervised by Bangladesh Bank under the Financial Institution Act, 1993. At present, the minimum paid up capital for NBFIs is Taka 1.0 billion as per the Financial Institution Regulation, 1994. The business activities of NBFIs' are appeared as narrow in comparison with Commercial Banks operating in Bangladesh. By financing to various sectors like manufacturing and service industries, trade, housing, transport, information and communication technology and capital markets the NBFIs are playing very vital role in the economy of Bangladesh. This sector consists of specialized financing companies, leasing companies, investment companies, merchant banks, etc. upto end of December 2019 there are 34 NBFIs operating their business in the country of which 3 are fully government owned, 19 were initiated by private domestic initiative and 12 were initiated by joint venture initiative foreign participation. NBFIs are operating with 276 branches throughout the country.



Source: Department of Financial Institutions and Markets, Bangladesh Bank.

As per Bangladesh Bank data the cumulative Asset of NBFIs at the end of 2019 is BDT 871.5 billion which was BDT 851.91 billion at the end of 2018 means increased by 2.3 percent in last one year. Major portion of investment of NBFIs are mainly in the form of term loan. The shares of loan and lease of NBFIs was 77.2 percent at the year end of 2019. Investments of NBFIs in different sectors of the economy shows that industrial sector is the leading sector at the end of June 2019 which is 46.5 percent of total investment followed by real estate 19.3 percent, trade and commerce 13.9 percent, merchant banking 3.4 percent, agriculture 2.3 percent, margin loan 2.3 percent and others 12.3 percent. On the other hand total deposits of the NBFIs in at the end of June 2019 is BDT 458.1 billion which was BDT 480.1 billion of at the end of December 2018 whereas the aggregate liability of the industry is BDT 751.8 billion at the end of June 2019 which was BDT 762.0 billion at the end of 2018 whereas the equity was 122.5 billion and 111.9 billion respectively at the end of June 2019 and December 2018. The ROE of this sector is 2.0 percent whereas the ROA is 0.3 percent as on 30 June 2019.



Rating on the basis of six crucial dimensions namely capital adequacy, asset quality, management efficiency, earnings, liquidity and sensitivity to market risk known as CAMELS rating is the main basis of evaluation the performance of NBFIs. Out of 34 NBFIs, no one was evaluated as "1 or Strong", 14 were "2 or Satisfactory", 10 were "3 or Fair", 7 were "4 or Marginal" and 1 were "5 or Unsatisfactory". Out of 34 NBFIs 1 yet to come under evaluation and another one is under liquidation process.

As reported in Bangladesh Bank Annual Report 2019, non-performing loan of the industry is used to judge the asset quality have increased to BDT 80.4 billion at the end of June 2019 which is 35.81 percent higher than BDT 59.2 billion of December 2018. The NPL as on 30 June 2019 is 11.9 percent of total loan and lease which was 9.2 percent at the end of the year 2018.

Industry outlook for 2020

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

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

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

Principal activities of the company

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

Taking into consideration all of the above factors, Uttara Finance and Investments Limited has prepared its business plan for the year 2020. The Management of the Company has been making all out efforts to achieve the business target.

Operational performance of Uttara Finance

In the year 2019 the achievement of Uttara Finance and Investments Limited was remarkable. By the grace of the Almighty Allah and by maintaining a prudent operating policy the company has maintained a steady growth in all of the growth indicators. During the year of reporting the business growth was substantially higher over the figures of 2018. Business contract processed in 2019 is BDT 26,403.37 million against disbursement targets of BDT 26,000.00 million and disbursement has been made for BDT 26,343.87 million. Disbursement of 2019 is 10.85% percent higher than the disbursement of 2018 of BDT 23,642.12 million. In the year 2019 Uttara Finance has achieved net profit growth of 14.33 percent. This trend is likely to be maintained in spite of difficulties presently faced in the leasing and finance sectors and InshaAllah the shareholders will be presented a good result at the end of the year. The business achievement in 2018 are as given below:

Amount in million

	2019	2018
Business Performances		
Contract Processed	26,403.37	24,521.50
Contract disbursed	26,343.87	23,642.12
Financial performances		
Operational Revenues	4,607.01	5,012.13
Profit before provision and Tax	1,962.53	2,397.67
Net profit after tax	1,183.22	1,034.95

Amount in million

	2019	2018
Profit from general operation	1,721.12	2,154.59
Profit from MBU	241.41	243.08
Fixed assets	112.69	109.69
Investment in lease	18,037.79	19,566.92
Investment in term finance	12,564.02	13,994.81
Investment in margin loan	5,971.96	2,360.70
Investment in shares	2,210.84	1,545.15
Shareholder's equity	7,820.37	6,887.60

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

The core business of Uttara Finance and Investments Limited is lease finance. Beside lease finance the Company also extends term finance facility and margin loan to its clients. The Board of Directors from the very inception of the Company had given their effort to invest in the core business of the Company and the Management is trying its level best to ensure quality investment. Company's total investment details as on 31 December of 2019 and 2018 are given hereunder:

INVESTMENTS PORTFOLIO

Figures in Million Taka

	2019		2018	
Head of investment	**Amount**	**%**	**Amount**	**%**
Lease Finance	18,037.79	46.51	19,566.92	52.22
Term Finance	11,743.74	30.28	12,702.34	33.90
Housing Finance	820.29	2.11	1,292.47	3.45
Margin Loan	5,971.96	15.40	2,360.70	6.30
Shares	2,210.84	5.70	1,545.15	4.12
Total	**38,784.62**	**100.00**	**37,467.58**	**100.00**

A detailed financial performances analysis report for the year 2019 is given in the page no. 27 to 33

Branch operation

For ensuring greater participation in the economy as well as financial sector, the Company has been expanding its operational network by opening new branches. During the year of reporting Uttara Finance has made its business through three of its branches located in Chittagong, Bogura and Gulshan besides its two corporate offices located one in Dilkusha and another in Tejgaon area of Dhaka. All the branches of Uttara Finance and Investments Limited have made good profit in the year 2019. The Company has the plan to open more branches in the coming days.

Information technology

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

Financial result

The accounts for the year ended 31 December 2019 have been audited by M/S. S. F. Ahmed & Co., Chartered Accountants, a renowned audit firm, for the year. After thorough scrutiny of all books of accounts and systems they have compiled and certified the figures. The Board states that;

a) The Financial Statements prepared by the Management of the Company are fairly presented its state of affairs, the result of its operations, cash flows and changes of equity.

b) Proper Books of Accounts have been maintained.

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

d) International Accounting Standards (IAS) and/or International Financial Reporting Standards (IFRS), as applicable in Bangladesh has been followed in preparation of the financial statements and any departure there form has been adequately disclosed.

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.

h) Interest of minority shareholders have been protected from direct and indirect abusive actions by the controlling shareholders.

As per the audited Financial Statements for the year ended 31 December 2019 the gross profit and net profit margin of the Company is 48.32 percent and 25.38 percent which were 52.10 percent and 20.54 percent respectively in the year 2018.

The year end results of 2019 with comparative figures of 2018 are as under:

	2019 Taka	2018 Taka
Operational Revenues	4,607,008,449	5,012,134,520
Interest expenses	2,409,140,208	2,413,455,672
Gross profit	2,252,735,823	2,624,589,447
Operational Expenses	290,204,911	226,921,574
Non Operational income	54,867,582	25,910,599
Profit before Provision and Tax	1,962,530,912	2,397,667,873
Tax Expenses	731,678,502	636,970,485
Provisions	47,629,420	725,746,581
Profit after Tax	1,183,222,990	1,034,950,808
Earnings Per Share	9.45	8.27

As per clause no. 1(5)(xxvi) of Notification no. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 a certificate jointly signed by CEO and CFO are given in the page no. 136

Extraordinary activities and their implications

During the year of reporting there was no extraordinary gain or loss in the reported profit.

Significant deviation of operating results'

As per the audited financial statements for the year ended 31 December 2019 net profit earned is BDT 1,183.22 million which was BDT 1,034.10 million in the year 2018 means there are no significant deviation in profit earning of 2019 and 2018. Taking into consideration the classification status of clients, diminution in the value of investment and equity position of Margin Loan, substantial provision have been made by the Company for classified loan, leases and other investments. Provision charged BDT 47.63 million in 2019 which was BDT 725.46 million in 2018.

Quarterly Financial performances and Annual Financial Statements

In the year 2019 the amount of net profit earned is BDT 1,183.22 million whereas profit earned BDT 380.26 million in first quarter (Q1), BDT 757.40 million at half year end and BDT 1,043.18 million at end of third quarter (Q3) which was BDT 285.14 million, BDT 727.36 million and BDT 1,006.73 million respectively in the year 2018. There is no significant deviation occurred between quarterly financial performances and Annual Financial Statements.

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

Related party transaction

In terms of Bangladesh Accounting Standard - 24 namely "Related party disclosures" the Company discloses the transactions in notes to the financial statements under the head "Related party transactions" mentioning the basis of finding out related parties and their transactions. Descriptions of transactions as recorded by the Company related with its Directors are given in the note 41 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 15% cash dividend and 5% stock dividend to the Shareholders of the Company.

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

Description	2019 Taka	2018 Taka
Statutory Reserve @ 20% of net profit	-	-
Cash Dividend @ 15% (2018 @ 20%)	187,830,720	250,440,960
Stock Dividend @ 5%	62,610,240	-
General Reserve	500,000,000	150,000,000
Dividend equalization fund	200,000,000	100,000,000
Retained Earnings for the year	232,782,030	534,509,848

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 in the page no. 25. During the year 2019 no bonus share or stock dividend has been declared as interim dividend

Plan for utilization of undistributed profits

At the end of the year 2019 the amount of undistributed profit of the Company is BDT 4,225.12 million which was BDT 3,302.47 million at the end of 2018 maintained in the name of general reserve, dividend equalization fund and retained earnings excluding the statutory reserve BDT 1,554.49 million. This strong base of equity enables the company to show healthy NAV and has been helping the Company to carry out its regular business operation. This undistributed profit already had been invested through disbursement against lending for profit maximization. In the coming years, if needed, this fund is to be distributed to the Shareholders in the form of Dividend and/or to meet contingencies in future as authorized under Article 100 of the Schedule I of the Companies Act 1994. Additionally with this retention, a reasonable debt equity ratio is maintained for having the borrowing power.

Key operating and financial data

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

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

In the year 2018 & 2019 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.

Subsidiary Company

A subsidiary company name & Style 'Uttara Finance Capital Management Limited' incorporated in the year 2010 to operate Merchant Banking activities separately. The licence of Merchant Banking units of Uttara Finance and Investments Limited transferred to newly formed subsidiary in the month of April 2019 and thereafter in the month of August 2019 the commercial operation of subsidiary company been started. The financial statements of subsidiary company and auditors report thereon are enclosed in this annual report on page no. 218 to 232

Payment of tax

Uttara Finance and Investments Limited deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from various payments and also deposits income taxes of the Company's income. During the year of reporting the company directly contributed to the national economy by way of payment to the government exchequer BDT 821.28 million as income tax, BDT 180.46 million as against tax deduction at source and value added tax & Excise duty BDT 12.45 million in the year 2019 which was BDT 501.04 million, BDT 121.11 million and BDT 4.29 million respectively in the year 2018.

Directors

The Board of Directors of the Company consists of 8

Members excluding two Independent Directors. As per Article 62 of the Company one-third of the total number of Directors is to retire by rotation every year. Accordingly, three Directors namely Mr. NG Chin Keong, Mr. Mehdadur Rahman and Mr. Kazi Imdad Hossain retired from their office and being eligible Mr. Mehdadur Rahman and Mr. Kazi Imdad Hossain offered themselves for re-election and the Board recommended for the same. A brief profile of all Directors including the above said two Independent Directors are given in the page no. 45 to 51

Directors' attendance in the Board of Directors meetings

During the year 2019 the Board of Directors met 6 times including one adjourned meeting and one special meeting. Most of the Directors were present in all the meetings. During the year 2019 average presence of the Board Members was 80.33 percent. The Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance were also present in all the meetings. Attendance detail of each Director is appended below:

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

Directors' remuneration

As per DFIM circular letter no. 13 dated 30 November 2015 from December 2015 the Company has been paying @ BDT 8,000 to the non-executive Directors for attending each Board of Directors meeting and Executive Committees meeting. During the year of reporting a sum of BDT 584,000 was paid to the Directors for their attendance in the meetings which was BDT 696,000 in 2018. Other than fees for attending the Board meetings and Executive Committee meetings, the Directors including the Independent Directors are not entitled to any other remuneration. Details of directors' emoluments paid during the year are given in notes 30a to the financial statements.

Sl. No.	Name of Directors	No. of Position in the Board	Fee for Board Meetings	Fee for EC Meetings	Fee for AC Meeting
01	Mr. Rashidul Hasan (Nominee Director)	Chairman	40,000	-	-
02	Mr. Matiur Rahman (Nominee Director)	Vice Chairman	40,000	-	-
03	Mr. Mujibur Rahman (Nominee Director)	Director	48,000	32,000	24,000
04	Mr. Mehdadur Rahman	Director	24,000	8,000	-
05	Mr. Kazi Imdad Hossain (Nominee Director)	Director	40,000	40,000	24,000
06	Ms. Zakia Rahman	Director	40,000	-	-
07	Ms. Tahmina Rahman (Tina)	Director	24,000	16,000	-
08	Mr. Nayeemur Rahman (Nominee Director)	Director	40,000	24,000	16,000
09	Mr. Md. Showkat Hossain, FCA	Independent Director	16,000	-	-
10	Mr. A. T. K. M. Ismail	Independent Director	16,000	8,000	-
11.	Mr. Kazi Masihur Rahman	Independent Director	16,000	-	-
12.	Mr. A. S. Jahir Muhammad	Independent Director	24,000	-	24,000
			368,000	**128,000**	**88,000**

Pattern of shareholdings

As on December 31, 2019 the paid-up Capital of Uttara Finance and Investments Limited is BDT 1,252,204,800 and the Authorized Capital is BDT 5,000,000,000 where the nominal value per share is BDT 10 each. As per Clause 1(5)(xxiii) of SEC Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 pattern of Shareholdings of Subsidiaries, Associated Companies, other Related parties, Directors, CEO, Executives, Head of Internal Audit and Compliance, Company Secretary & CFO including their spouses and minor children, other top five employee and Shareholders having 10 percent or more voting interest are given below. Details of shareholdings at end of 2019 are given in the note no. 13 of the financial statements.

Sl. No.	Name of Shareholders	Status of Shareholder	No. of Shareholding
1.	Uttara Motors Limited	Sponsor	6,392,667
2.	Uttara Automobiles Limited	Sponsor	9,786,799
3.	Uttara Apparels Limited	Sponsor	10,956,792
4.	Uttara Motor Corporation Ltd.	Director	6,268,123
5.	Uttara Automobiles Mang. Ltd.	Director	14,709,135
6.	Mr. Rashidul Hasan	Chairman	258,370
7.	Mr. Matiur Rahman	Nominee Director	3,316,146
8.	Mr. Mujibur Rahman	Nominee Director	313,044
9.	Mr. Mehdadur Rahman	Sponsor	2,507,115
10.	Mr. Kazi Imdad Hossain	Nominee Director	135,894
11.	Ms. Zakia Rahman	Sponsor	3,316,146
12.	Ms. Tahmina Rahman (Tina)	Sponsor	2,507,115
13.	Mr. NG Chin Keong	Sponsor	9,782,850
14.	Mr. Nayeemur Rahman	Nominee Director	375,659
15.	Mr. Kazi Masihur Rahman	Independent Director	-
16.	Mr. A. S. Jahir Muhammad	Independent Director	-
17.	Mr. S. M. Shamsul Arefin	CEO	-
18.	Mr. Md. Jakir Hossain, FCA	DMD & CS	682
19.	Mr. Mustafa Meer Khaled Omar	EVP	-
20.	Ms. Moon Rani Das, FCA	SVP	-
21.	Mr. Md. Mesbah Uddin Mahmud	VP	-
22.	Mr. Mainuddin	VP	-
23.	Mr. Chowdhury Fazla Anwar	VP	-
24.	Mr. Kazi Arifuzzaman	VP	413
25.	Mr. Md. Baqui Billah	VP	-
26.	Mr. Mohammad Ibrahim	VP	-
27.	Mr. Mohammad Nejam Uddain	VP	-

Independent Directors

As per Notification no. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of Bangladesh Securities and Exchange Commission 2 (two) independent directors are required to be appointed against of 8 (eight) shareholding directors of the company and the appointment of Independent Director should be approved by the Shareholders in the Annual General Meeting.

In compliance of the Notification SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 2 (two) new Independent Directors namely Mr. A. S. Jahir Muhammad and Ms. Maya Rani Roy have been appointed by the Board of Directors for a period of 3 (three) years and as per section 1(2)(c) of the same to be placed before the Shareholders in the 25th Annual General Meeting for kind approval.

Auditors

M/S S. F. Ahmed & Co., Chartered Accountants one of the leading Chartered Accountants firms in Bangladesh has carried out the audit of the Company for the year 2018 and has completed second year of audit of their term very creditably. The Financial Institutions Act, 1993 stipulated that an auditor of a Financial Institution cannot be appointed for more than three consecutive years. In compliance with the same M/S S. F. Ahmed & Co., Chartered Accountants being eligible expressed their willingness for audit for the next term.

The Board of Directors considering the willingness of M/S S. F. Ahmed & Co., Chartered Accountants and proposal of Board Audit Committee recommended for appointment of M/S S. F. Ahmed & Co., Chartered Accountants and an audit firm of repute to be the Auditor for the year 2020 to hold office from the conclusion of the 25th Annual General Meeting until the conclusion of the next 26th Annual General Meeting of Uttara Finance and Investments Limited.

Risks and concerns

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

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

Details about risk management policies and practices are discussed in the 'Statement of risk management report' on page no. 62 to 69

Internal control

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

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

A separate report on Internal Control has been set out on page 115 to 120.

Going concern

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

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

A separate report on going concern has been set out on page 121 to 123.

Status of corporate governance

Status of compliance of corporate governance as per clause 1(5)(xxvii) of Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of Bangladesh Securities and Exchange Commission and DFIM Circular No. 07 dated

September 25, 2007 of Bangladesh Bank are given in page no. 137 and 153 as 'Annexure-I' and 'Annexure-II' respectively and certificate of auditors regarding compliance of said notification given in the page no. 135

Conclusion

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

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

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

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

On behalf of the Board of Directors

Rashidul Hasan
Chairman

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