



*Message from
Managing Director & CEO*

Bismillahir Rahmanir Rahim

Dear Valued Shareholders, valued clients and well wishers

Assalamo Alaikum,

It is my proud privilege once again by the grace of Almighty Allah (SWT) to extend a hearty welcome to you all to the twenty-fourth Annual General Meeting of the Company.

Our Business Performance in 2018 :

Despite of prevailing mid challenging business situation in the country and severe competition within the sector in 2018, by the grace of Almighty Allah (SWT), we were able to achieve Business of BDT 2,419.00 crore which is 105.17% against yearly target of Tk. 2,300.00 crore and accordingly we have also achieved the disbursement target i.e. **Tk. 2,332.01** crore which is **101.39%** of yearly disbursement target of Tk. 2,300.00 crore.

Our Gross Profit and Net Profit stood at Tk 239.76 crore and Tk 82.94 crore respectively in the year under review.

Corporate Sustainability:

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

We have achieved or made good progress in respect of many of our targets in 2018. Although we still have much more to do and aim for further improvements in the coming years.

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

Looking forward:

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

Service sector is the biggest contributor to our annual GDP, and our paid Tax & VAT as one of its components of GDP. Our financial penetration of less than 1 per cent is among the lowest in



the world. This issue needs to be addressed by raising awareness among the public about the usefulness of lease concept and our products and services.

Information from Financial Statements:

Particulars	2018 Amount in Taka	2017 Amount in Taka
Net Profit after Tax	82.94 crore	90.77 crore
Earnings Per Share of Tk. 10.00	6.62	7.25
Net Asset Value per share of Tk. 10.00	45.49	49.74
Net Operating Cash Flow per share of Tk. 10.00	-22.02	11.44

FINANCIAL AND ECONOMIC OVERVIEW:

a) Global :

Global GDP growth in 2018 was slightly lower than that of the previous year mainly because of the trade issues between China and the USA, slower economic activities in the UK and the EU and geopolitical tensions worldwide.

The economic climate of the Asia and Pacific was conducive to high growth in 2018 and according to IMF, the region continued to be the most dynamic within the global economy. The inflation in this region continued to be low despite the higher growth.

b) Financial Sector Overview of Bangladesh :

The financial sector of the country faced tightening of liquidity in FY18: triggered by a decrease in the minimum Loan to Deposit Ratio by Bangladesh Bank intended to curb the excessive sub-prime lending by banks and financial institutions in 2017 which had continued into 2018. However, the monetary policy continued to remain expansionary to accommodate growth demand by keeping inflation in check. The monetary policy strategy was drawn to keep the inflation level below 6% and banks and financial institutions acted in line with this strategy.

The Central Bank adopted multiple initiatives to support the liquidity position of banks, monitor bank exposure and bank investment in commercial paper. **These policies were designed to combat the high non-performing loans in the financial sector; the gross NPL ratio reached 28.24% at the end of FY 18 from 26.84% last year.** Despite the financial slowdown and policies adopted, private sector credit grew by 17% whereas deposits grew by 10% only. In response, the Central Bank reduced the repo rate to 6% from 6.75%, while the reverse repo rate remained unchanged; making it easier for banks and financial institution to access cheaper fund sources.



The weighted average lending rate of commercial banks increased to 9.95% at the end of FY 18 from 9.56% in the previous year. Similarly, the deposit rate increased to 5.50% from 4.84%, lending to the interest rate spread decreasing to 4.45 from 4.70%. However, downward pressure on interest rates resumed in the second half of the year, with lending rates going down to 9.47% and borrowing rates down to 5.25% in October, 2018. This led to an intensification of the price-driven competitive strategy amongst industry players.

c) Economic Overview of Bangladesh :

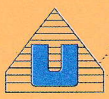
Bangladesh registered an impressive GDP growth rate of 7.86% in FY18 up from 7.28% in the preceding year. Both the agricultural and industrial sectors grew faster than in the previous year, whereas the service sector grew by 6.39%, which was 0.30% less than in the previous year. Though both gross domestic savings and national savings decreased slightly, **the investment to GDP ratio increased to 31.23% in FY18, from 30.51% in the previous fiscal year indicating investor confidence in the economy.** The involvement of the private sector in development projects through PPP initiatives also fueled investment. The focus has been recast on the railways and inland waterways by the Government.

The inflation level continued to remain on the lower side at 5.78% in FY18 despite GDP growth reflecting the effectiveness of both fiscal and monetary policies. Revenue receipts also increased in FY18 to 11.53% of GDP from 10.00% of GDP in the last fiscal year, which is expected to encourage the authorities to take on more development projects. **The stock market performed sluggishly in FY18 and the benchmark index, DSEX closed at 5,405.5 points after booking a loss of 4.4% during the year. As on June 28, 2018, the DSE market capitalization stood at BDT 3,847 billion against BDT 3,801 billion on June 29, 2017.**

In terms of interactions with external economies, exports have risen by 6.43% on the back of the garments industry. **Garments industry exports, grew at 13.00% & accounted for almost 80.00% of all exports.** Despite strong exports, a 25.23% growth in imports has led to a worsening of the balance of payments in FY18. This gap is largely due to the import of intermediate goods which was over 50.00% of total imports and a 140.00% growth in food grain imports in FY18. In comparison, growth in the import of capital goods was only 33.00% and that of consumer goods was 0.16%. A growth in workers' remittances of 17.32% to USD 14.98 billion brought down the overall current account deficit to some extent. The foreign exchange reserves stood at USD 32.02 billion at the end of the year 2018 down from USD 33.23 billion last year.

GOVERNMENT'S DECLARATION AND ITS ANALYTICAL REVIEW FROM DIFFERENT CORNER.

As against severe defaulting positions of huge big corporate houses, Govt. decided that defaulting borrowers could regularize their accounts only on payment of 2% down payment. Government believes that this would definitely minimize the huge growth of defaulted amount and side by side declaration of allowing fresh loan under single digit interest rate with immediate effect shall also help the industrialist to reduce the cost of their product and through that making



higher margin would also help the borrower's not to be defaulter in the coming days and onward through this process the entire economic and financial scenario of the country would be changed.

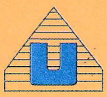
Hearing the above, head of Bank, CEO's & MD's association commented that this kind of **rescheduling will put the entire banking financial sector under severe liquidity crisis** due to such kind of low percentage of down payment by the borrowers as well as payment of small installment considering longer repayment period.

On the other hand present liquidity crisis already forced lots of financial institutions failed to honor repayment of different loan giving banks as well as the huge number of depositors' payment who deposited their entire savings with those FIs', considering all the activities of Banks & all those FIs' Licensed, and continuously regulated and monitored by Central Bank. Due to such repayment behavior of FIs' most of the financially solvent banks are not inclined to place any further fund to any Financial Institution.

Meanwhile, in the other hand countries economist observed that collection of revenue by the government as at the closing of financial year 2018–19 has lost its growth. Targeted collection of the first 9 months of the financial year BDT 2 lac 3 thousand 845 crore against which realized 1 lac 53 thousand 420 crore reflects a huge shortfall of 50 thousand crore. They further added that this short's of negative growth is the super lowest for the last 18 years. As reported the Honorable Finance Minister also became more thoughtful about total activities of National Board of Revenue but about the above concern of Hon'ble Finance Minister country's financial experts commented that last year collected revenue was 2 lac 6 thousand 415 crore and as against that target passed to NBR for the year 2018–19 more than 40% from the previous year practically very much irrational. Besides while receiving the government collection it has also been observed that the lowest revenue earned from Customs & Excise but in case of collection of tax obviously reflects little bit satisfactory.

At this stage, the entire country is keenly waiting for announcement of incoming budget. Besides, **Bangladesh Economist Association** still opined that continuously uprising GDP would not reflect development of technology and for which there is continuously increasing difference of distribution of wealth equally to all sectors of people but Central Bank's Honorable Governor pointed out specifically with financial figures and related datas that above disclosures of economic association did not reflect real position.

Considering all above scenario, all CEO & Heads of Banks and Specially Financial Institutions are still in doubt, how to finalize their action program for the coming period since half of the year has already been elapsed with breakeven progress.



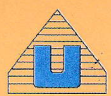
Speedy Bangladesh:

After independence, Bangladesh was considered as bottomless basket. Now scenarios are below:-

- (i) After 4 decades those countries who are disclosing highest GDP growth, Bangladesh stands in the top of the list.
- (ii) Foreign reserve of Bangladesh is the second highest among the South Asian Countries.
- (iii) Before liberation Bangladeshi population were awaiting for getting old cloths whereas Bangladesh now becomes the second biggest readymade garment export country in the world. People of Europe and America at present mainly depend on Bangladeshi fabrics.
- (iv) In the sector of medicine before liberation 100% dependency was on foreign countries and now producing 100% medicine locally.
- (v) The entire world also now wondered with the ceramic product of Bangladesh.
- (vi) Before liberation there was only 2 nos. of Paper Mills owned by the Govt. and now about 90 nos. are owned by the private entrepreneurs meeting entire countries total demand.
- (vii) 45 years back there was only 1 (one) Cement Factory but now there are about 50 nos. of Cement Industry in the country.
- (viii) About Ship Building Sector the country at present earned expertise on such manufacturing the ships and also exporting to European countries after compliance of all international standards.
- (ix) It is also proud privilege of the entire people of the country is that Bangladesh have gained the ability to build Padma Bridge from its own sources which have astonished the entire world specially the Donor Agencies like World Bank, IFC, IMF, ADB, JICA and also E.U.
- (x) Last but not the least, the entire country now almost flooded with the agriculture revolution since the same is the most important development sector of the country.

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

Four Lane Highway / Motorway Elevated Express Way. Construction of Panchgaon Terminal, several LNG Terminal Projects for facing severe shortage of Gas problem, Metro Rail Project, Ruppur Atomic Electricity Project, Naval Terminal within the deep sea, Circular Sewerage Tunnel in the capital project etc. and construction of those infrastructures wondered the world. Finally Govt. is planning to set up 'Hundred Economic Zone' which will dramatically change the economic scenario of the country through 100% employment. The other development is that a country with population of 16 crore, user of mobile phones around 13 crore & user of internet around 5 crore and finally launching Bangabandhu Satellite and taking benefit from the same by



almost all electronic media & other Broadcasting Channel which put the country beyond of any limit of development path.

Price Water Coopers (PWC) Report:

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

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

Conclusion:

I am happy to announce a cash dividend of 20% as per Board decision, which I hope will get your endorsement. A detailed performance for the year including the Directors' Report, the Audited Financial Statements and the Auditors' Report for the year ended on 31st December 2018 have been presented in the Annual Report.

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

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

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



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

Best Regards,

Fe-Amanillah.

S. M. Shamsul Arefin
Managing Director & CEO

Information Sources:

- 1) Disclosure of Ministry of planning's different report throughout the year mainly Annual Report.
- 2) Bangladesh Bank's Economic Review & Statistical Report.
- 3) Country's Financial & Economical Position analyzed by United Finance Company Ltd.
- 4) Declaration of Govt. decisions received through different print & Electronic media.
- 5) Bangladesh Leasing and Financial Association (BLFCA) year book & Financial Report.
- 6) Previous Annual Reports of Uttara Finance and Investments Ltd.