

ANNUAL **REPORT** | 2024



Union Capital Limited
Building a sustainable future



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GROUP PROFILE

Sketch UCL's operational sphere

UCL is a financial services group operating in Bangladesh, consisting of Union Capital Limited, UniCap Securities Limited and UniCap Investments Limited. The subsidiaries of UCL are providing capital market services while UCL is a Finance Company that provides comprehensive financial services. UCL's ordinary shares are traded on both the exchanges of Bangladesh since 2007.

UCL and its subsidiaries constitute one of the largest financial services groups, which began its activities more than 26 years ago. UCL's predecessor, Peregrine Capital Limited was established in 1988 based in Hong Kong. UCL is involved in a variety of financial and nonbanking activities in Bangladesh. UCL operates through its 5 offices located in Dhaka, Chattogram, Sylhet and Bogura along with its subsidiaries namely UniCap Securities Ltd. and UniCap Investments Ltd. UCL's policy is to provide its customers with comprehensive financial solutions, high-level professional services, and a wide variety of products adapted to each customer's need. To implement its strategy, UCL operates through different business lines, with each business line providing financial services to a particular customer segment: Corporate Financial Services including leasing and term finance to SMEs and large enterprises of different sectors, Capital Market Services include issue management, share trading and portfolio management through its subsidiaries and Retail Customer Services include deposit schemes and personal lending. UCL is a publicly traded company listed on both the Dhaka and Chittagong Stock Exchange. UCL is a diversified company that creates value and delivers shareholder returns from core operating business. Our focus, core competency and competitive advantage is driven by our team's depth of knowledge, experience and hands-on expertise.

THE GROUP SERVICES

- Different deposit schemes
- Corporate and SME finance
- Retail finance
- Investors portfolio management
- IPO and rights issue management
- Corporate advisory services
- Margin loan for investment in securities
- Share trading for retail and corporate investors

BUSINESS CLUSTERS

- Union Capital Limited (Finance Company)
- UniCap Securities Limited
(a Member of DSE and CSE)
- UniCap Investments Limited
(a full fledged Merchant Bank)

BUSINESS FOCUS

- Local Market
- Access to major areas of financial & investment services
- Building strong investment portfolio
- Deliver legendary customer

EXPERIENCES

- Be an extraordinary place to work
- Operate with excellence
- Take only risks that we understand and can manage
- Enhance our brand image
- Increase shareholders' value

BUSINESS LOCATION

- Registered office in Dhaka
- Major operating centers in Dhaka
- Branch network in Dhaka, Chattogram, Sylhet and Bogura.

CORPORATE FRAMEWORK

Outlines Vision, Mission, Strategy and Guiding Principles

UCL Group's framework outlines our Vision, Mission and Strategy along with our Guiding Principles and expectations of leaders. It outlines in a simple way who we are, what we stand for and how we get things done. It's easy for employees to understand and incorporate in their day-to-day work. Most importantly, it applies to everyone at UCL Group.

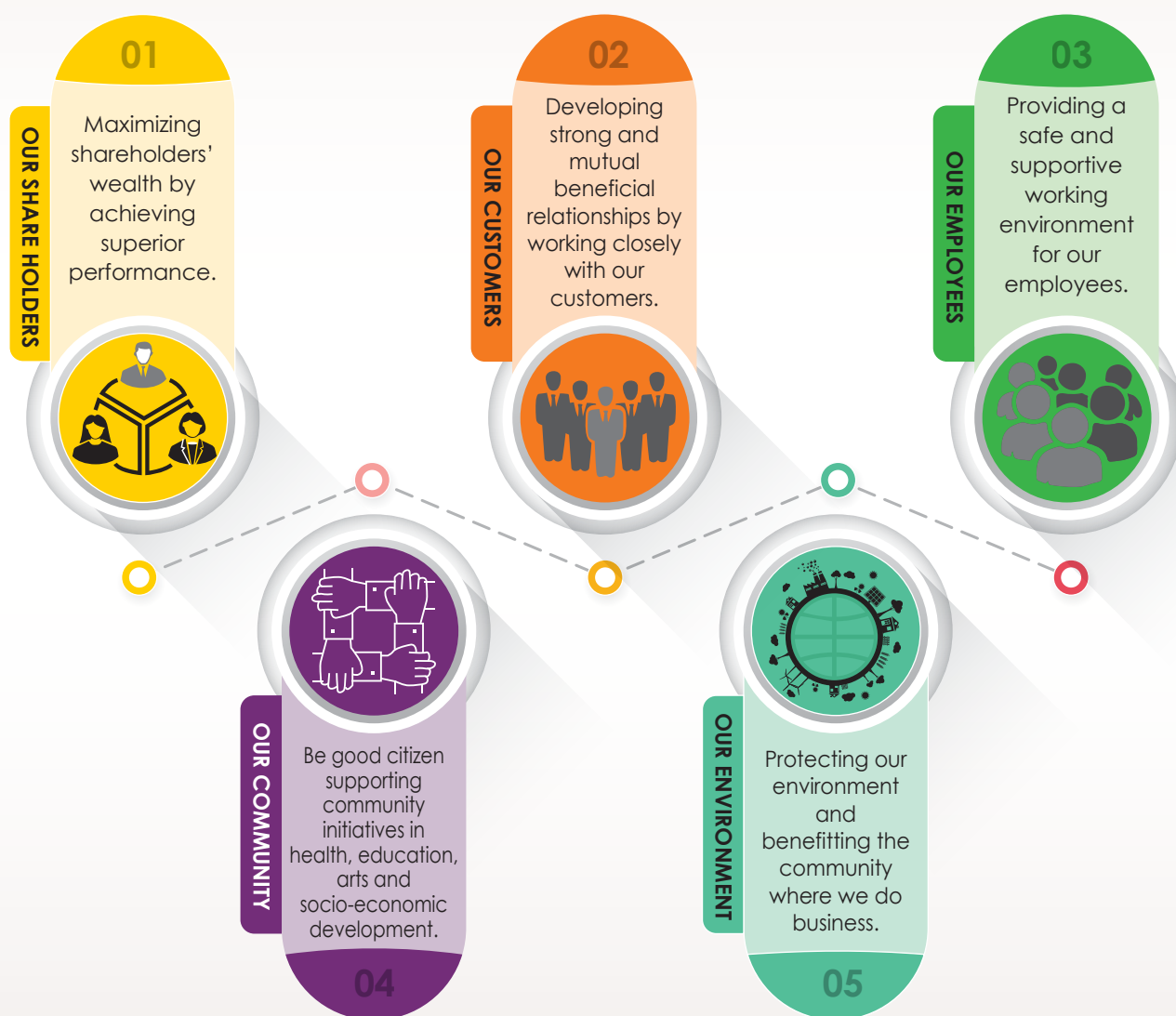


We have a clear vision and deliverable strategy underpinned by our values which provide the opportunity to generate excellent return.

OUR VISION

The overall aspiration of the business that sets out what we want to be

Our vision is to become a leading and sustainable financial institution providing integrated financial services that reflect its principles and values by aligning with our mission giving special focus on enhancing value through our continuing efforts to provide higher levels of product quality and customer service with excellence in performance and good governance for our stakeholders.



OUR MISSION

The overall purpose of the business that sets out how we are going to achieve our vision

Our mission is to be the best run, customer-focused and integrated financial institution with a unique and inclusive employee culture. We are committed to return superior value to our stakeholders. We will achieve this through leadership in innovation, an absolute focus on customers and operational excellence.

We are committed to return superior value to our stakeholders. We will achieve this through leadership in innovation, an absolute focus on customers and operational excellence, while costs need to be at least in line with our competitors.



CORE VALUES

The basis of our success that sets out what we collectively believe in and guide our behaviors

Our values highlight what is important to us, what makes us distinctive and what it's like to work at UCL. To describe how we do things when we are at our best. We believe our strength is rooted in our seven core values. They determine the way in which we interpret and respond to business opportunities and challenges. They shape the culture and define the character of our company. They guide how we behave and make decisions.



**...Seven
Core value
drives UCL
employees and
management in
delivering
results to our
shareholders,
client and the
community we
operate in.
Pursuing and
living up to
these values is a
responsibility
we take great
pride in.**

INTEGRITY

We act with integrity. We act consistently based on a set of values, ethical standards and principles. We conduct all our activities with fairness, honesty and integrity.

EXCELLENCE

We aspire to achieve excellence in all that we do. We deliver what we promise and add value beyond expectations. We pursue continued growth and strive to achieve the highest levels of performance in all endeavors.

TRUST

We work diligently to build a deeper level of trust with our clients and fund providers through appropriate investment ideas and value added services.

RESILIENCE

We welcome a challenge; we show strength of character, remain positive, even when things are tough; we see difficulty as an opportunity to demonstrate our ability.

TEAMWORK

We create a caring, engaged and enabled work environment that recognizes both individual and team contributions in pursuit of high performance. We believe that a good team in an entrepreneurial environment results in achieving UCL's vision.

TRANSPARENCY

We are focused on the highest level of transparency providing timely and accurate information about company's performance and financial results to meet the stakeholders' expectation.

OPENNESS

We are open, honest and fair in what we say and do and accountable to all including the community for our actions and inactions.

BUSINESS PRINCIPLES

The roadmap on how UCL operates and why we make our decision

Certain principles are so fundamental to our success that we would like to follow in every business we operate. If we can adhere to these principles - and they are not in order of importance - we will reach our goal of becoming the best financial services provider in Bangladesh. We also hope those give us a roadmap on how and why we make our decisions. We would like to create a financial group that all can be proud of, and we are confident that, working together, we will build one of the best financial services companies in Bangladesh.

ASPIRE TO BE THE BEST

Grow organically providing superior services in every business we operate

To be a great Company must have the ability to deliver good returns and solid growth over time. To achieve these results, we must provide our customers with a broad, complete and quality products and services. We must also demonstrate our ability to grow organically.



Innovate in all actions we take

We need to build forward-looking ideas into every conversation, every analysis and every new product we look at for that we will take some calculated risks, knowing that some may fail.

Create strong brands that carry a commitment of quality and integrity

UCL Group is not only a promise to customers, but also a commitment we make to ourselves about who we are and just how good we want to be. This commitment goes well beyond creating a name. To be powerful and trusted, our brands must be brought to life by the people who represent them for which we need to deliver on the promise every day. We want to be one of the best financial services providers in Bangladesh. Because of our excellent platform, we believe this is within our reach. We cannot promise specific outcomes or risk free results. What we can and will promise is to

share the truth, and offer honest assessments of our businesses and our prospects; act with integrity and honor; do the right thing so that our shareholders, employees, customers and community can be proud.

EXECUTE MAGNIFICENTLY

Maintain strong financial discipline

Financial discipline is foundation of great companies, particularly financial companies. Financial discipline including sound accounting standards, transparent public reporting and great management information systems leads to high-quality earnings that are recurring and predictable in nature. Financial discipline must be matched with superior-risk management. If we properly manage risk, we should get a good return through the cycle, not just during the good times. It is a trade-off we will always be prepared to make.

Maintain the best systems and operations

Financially strong companies consistently build and develop the best infrastructure. The best systems and operations give them the ability to meet the needs of customers and exceed their expectations for service.

Superior performance requires spending more and getting more from every amount we spend. We must relentlessly focus on integrating and upgrading technology, and on aggressively consolidating, streamlining and standardizing our operations, all of which help to push decision-making and authority to the field. We believe that efficient operations will be critical in the financial services business, and therefore we need to embrace and integrate them into everything we do. We need to continually strive to give our customers more, better and faster.

Eliminate bureaucracy

While appropriate rules and procedures are critical to the control and discipline of an entity, unnecessary rules translate into bureaucracy, which destroys initiative, neutralizes passion, stifles creativity, eliminates accountability, and makes it hard for people to do a good job and for managers to manage well.

Maintain good governance practices and internal controls

Good governance is vital for effective management. It ties together all our businesses we do with a common set of rules, expectations and oversight activities. These help safeguard our reputation, which we believe is one of our most important assets, and align the company's performance with the best interests of our shareholders.

BUILD A GREAT AND WINNING CULTURE

Operate with the highest standards of integrity

Ethical behavior does not just happen rather it needs to be cultivated and repeatedly affirmed throughout the organization. Maintaining the highest standards of integrity involves being honest and doing the right thing for our customers, employees, shareholders and all other partners.

Train and retain great people

We need to continually hire and train talents. They always drive for superior performance, building teamwork within and across our group business. They

act quickly on tough issues, relentlessly strive to improve performance, demonstrate a passion to win and envelop their colleagues.

Be open and honest with ourselves, our colleagues, our shareholders and our community

We must build a culture based on truth, knowledge, constructive debate, a passion to win, and the courage to face and fix mistakes. Our responsibility is to create a company that promotes this kind of constructive exchange. We believe this is the hardest part of leadership we must have the fortitude and courage to take action and do the right thing. Leadership is an honor and a privilege, and carries the responsibility to set the right example.

All our employees must be engaged in facing the challenges and solving problems. The key is to never stop learning, to share ideas and always acknowledge mistakes. Our commitment is to create a self-sustaining culture that strives for continual improvement, which will ensure the health of this company in the coming years.

Foster an environment of respect and inclusiveness

We need to constantly remind ourselves that the most important thing we can do for employees is to build a healthy and vibrant company that treats people with respect and creates opportunity. We have to remember that we all support one another. Above all, it means doing what is right for the company and the customers.

We strive to create a more inclusive work environment that develops the best talent. Building a diverse and inclusive work environment requires effort and perseverance, which is why we will make inclusiveness and diversity an integral part of how we manage the Group.

We follow our guiding principles to:

- Deliver legendary customer experiences;
- Be an extraordinary place of work;
- Operate with excellence;
- Understand our business;
- Take only risk we understand and can manage;
- Enhance our brand;
- Increase shareholders' value

...Business principles are so fundamental to the success that we would like to follow in every business we operate. If we can adhere to those principles, we will reach our goal of becoming one of the best financial services provider in Bangladesh.

ETHICAL PRINCIPLES

The qualities of virtue, truth and justice that guides our decision making

The Company is committed to conducting business on the basis of morality and to create added value to its shareholders and also to put unwavering efforts to ensure that all stakeholders are fairly treated. It is the duty and responsibility of all Directors, Executives and Staffs presence to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. the Company's ultimate goal is to achieve its business objectives for the benefit of all Stakeholders.

ETHICAL RESPONSIBILITIES TO THE CUSTOMERS

- We always think from the customers' point of view.
- We treat our customers with care and courtesy, and accommodate customer complaints and suggestions with humility.
- We safeguard customer assets.
- We avoid unfair dealing with customers.
- We do not accept gifts or entertainment from customers.
- Illicit monetary dealing with customers is not tolerated for whatever reason.
- Management of customer assets is, in principle, done only with customer consent.
- Customer assets must not be used for the benefit of the Company, directors or employees.
- We handle customers' personal and financial information as required by law.

ETHICAL RESPONSIBILITIES TO THE SHAREHOLDERS

- We provide long-term, stable return to shareholders through sensible investment and prudent management.
- We prepare and retain financial records in accordance with BFRS and applicable rules, and provide company information to shareholders accurately and fairly.

ETHICAL RESPONSIBILITIES TO THE SOCIETY

- We comply with all applicable laws, rules, and regulations, and uphold the highest standard of business ethics and business principles.

- We compete fairly, relying on the merits of our products and services.
- We refrain from unreasonable business practices and create new standards for competition, to promote healthy growth of the industry.

ETHICAL RESPONSIBILITIES TO THE COMPANY

- We respect the dignity and rights of each other.
- We are a family committed to common values.
- Supervisors, subordinates, and co-workers all must work to build mutual trust and respect.
- Supervisors must not take advantage of their position to give unjust orders or demand gifts from subordinates. Any kind of harassment in the workplace is not tolerated.
- We safeguard corporate property.
- We safeguard company's tangible and intangible assets.
- Company's assets must not be used for personal gain, and all reasonable measures must be taken to keep business information secure.

ETHICAL RESPONSIBILITIES TO THE PROFESSION

- We maintain professional competence and keep abreast of cutting edge information and knowledge, continually developing professional and financial expertise.
- We fulfill our fiduciary duty to customers, and faithfully do our part as members of UCL Group.

...Behaving in an ethical manner can create positive business results. A business environment that promotes and upholds strong values are usually a happier and more productive workplace, and customers receive good service so they keep coming back.

PRODUCTS & SERVICES

The strength of diversity

Across our business group, we offer a complete range of financial services to help clients achieve their goals. We provide strategic advice, lend money, raise capital, help manage funds and extend supports, and hold leadership positions in all of our major business areas. As a full service financial institution, UCL Group offers tailored products and services to meet appropriate and diverse needs of our customers, which include:

FINANCING AND INVESTMENT PRODUCTS

- Lease Finance
- Term Finance
- SME Finance
- Project Finance
- Syndication Finance
- Apartment Finance
- Bridge Finance
- Car Finance
- Professionals Loan
- Real Estate Finance
- Unsecured Personal Loan
- New Entrepreneur Finance
- Women Entrepreneur Finance
- Construction & Renovation Finance
- Retail Service

CAPITAL MARKET SERVICES

- IPO Management
- Rights Issue Management
- Underwriting
- Portfolio Management
- Margin Loan
- Pre-IPO Placement
- Share Trading
- Investment Management
- Corporate Restructuring
- Corporate Advisory Services
- Equity Investment
- Fund Raising

DEPOSIT PRODUCTS

- Fixed Term Deposit
- Monthly Income Deposit
- Periodic Income Deposit
- Double Money Deposit
- Triple Money Deposit
- Cumulative Income Deposit
- Millionaire Plus (M Plus)
- Marriage Deposit
- Monthly Saving Scheme (MSS)
- Profit First Deposit
- Home Planning Deposit
- Education Deposit
- Women Entrepreneur Deposit

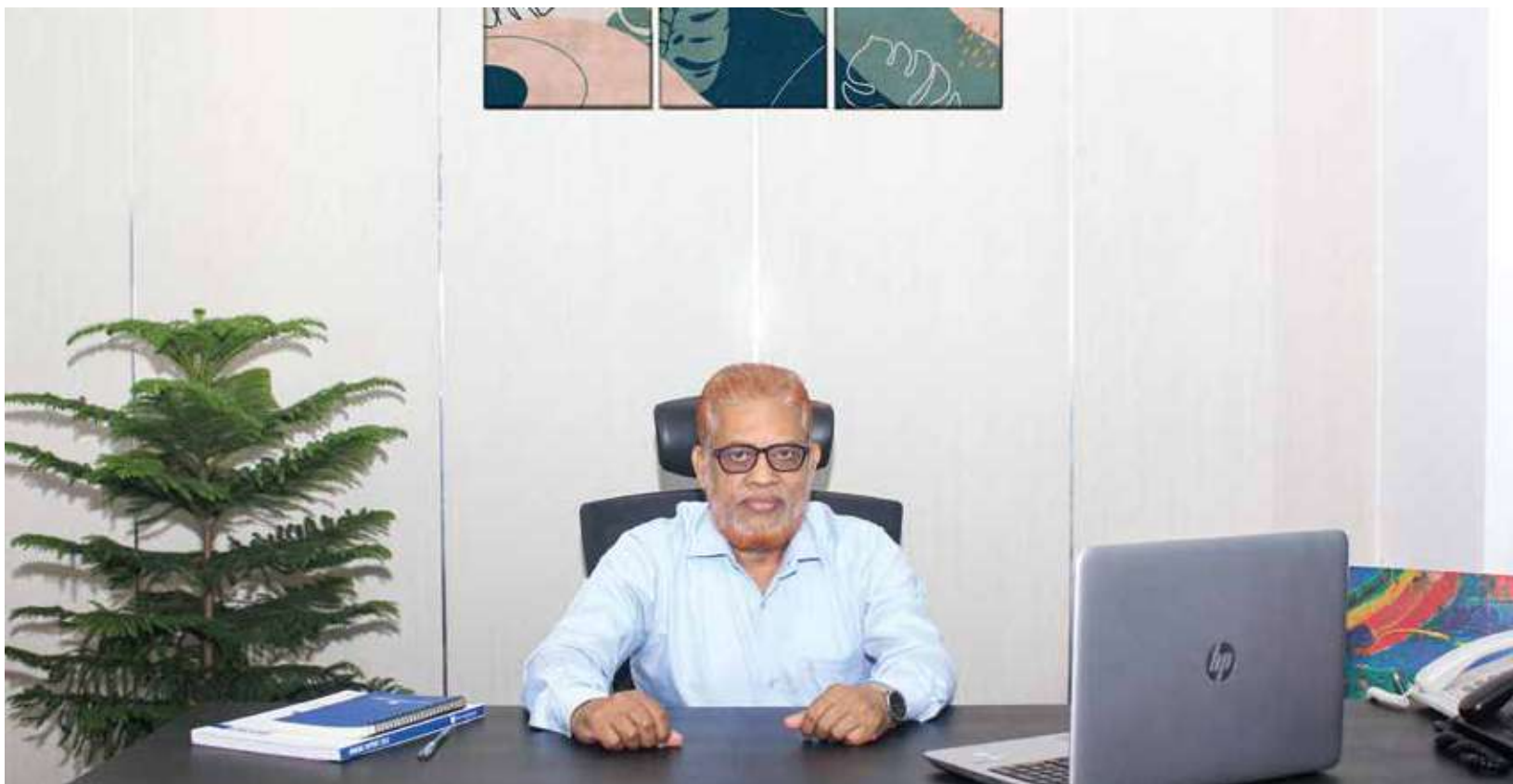
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BUSINESS REVIEW

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STATEMENT FROM THE CHAIRMAN



“

Looking ahead, we see prospects for a sustainable turnaround of the Company if we successfully execute our recovery strategies, attract long-term funding, and diversify our product portfolio. With renewed governance discipline and prudent financial management, we are optimistic about steering the Company back toward stability and profitability.

”

Dear Shareholders,

Assalamu Alaikum.

It gives me immense pleasure to welcome you all to the 27th Annual General Meeting of Union Capital Limited. On behalf of the Board of Directors, I extend my sincere gratitude to each of you for your continued support, patience and confidence in the Company during these infrequent challenging times of the Company.

Over the last several years, our Company has been experiencing an unprecedented financial crisis. The combined impact of the COVID-19 pandemic, sector-wide liquidity constraints, a persistently high level of non-performing loans, and the overall economic slowdown have severely affected our operations. As a result, UCL has not been able to secure any new credit facilities from banks since mid-2018, while deposit mobilization has remained stagnant since mid-2019, primarily due to the declining confidence of depositors in retaining their funds in the finance companies. These challenges have significantly weakened the Company's

financial base. Furthermore, recent news regarding the merger of few banks and liquidation process of several Finance Companies has created further instability in the financial sector.

Regardless of these, in 2024, the consolidated net loss of the Company stood at Tk. 2,070.01 million with a negative EPS of Tk. 11.99 per share, compared to a net loss of Tk. 6,069.70 million and a negative EPS of Tk. 35.17 per share in 2023. The improvement in consolidated EPS in 2024 was primarily attributable to a reduction in provision requirements for loans, advances, and leases, as well as lower operating expenses resulting from effective cost management and control measures.

The Board and the Management team have been working relentlessly to find a way forward and we have already initiated several measures which include:

- Intensifying recovery efforts and restructuring stressed accounts.
- Reducing operational costs and improving internal efficiency.
- Exploring opportunities for fresh capital infusion and long-term funding by inclusion of any strategic partner
- Strengthening governance, transparency, and compliance as per the directives of Bangladesh Bank and other regulator .

We have been in regular consultation with Bangladesh Bank and other regulatory authorities and already initiated corrective measures aimed at stabilizing the Company.

Dear Shareholders, you will be happy to know that very recently, Bangladesh Bank has appointed Mr. Md. Ferdaush Hossain, a prudential Director of Bangladesh Bank, as the Administrator of Union Capital Limited in the capacity of Managing Director & CEO of the Company. Accordingly, the Board of Directors endorsed his appointment with effect from 25 August 2025. We firmly believe that the inclusion of Mr. Ferdaush at this critical juncture will accelerate the Company's revival process, with the policy support of Bangladesh Bank and other concerned regulators

After 05 August 2024, Bangladesh has entered a new chapter of hope and opportunity. The nation now stands at the threshold of rebuilding its economy with renewed determination, accountability, and the vibrant energy of the new generation. This turning point

inspires confidence that, despite challenges, a brighter and more prosperous future is within reach driven by resilience, sustainable development, and collective aspiration.

Looking ahead, we see the prospects for a sustainable turnaround of the Company, if we successfully execute our recovery strategies, attract long-term funding and diversify our product portfolio. With renewed governance discipline and prudent financial management, we are optimistic about steering the Company back toward stability and profitability.

With a heavy heart, I would like to inform you that this will be my last formal gathering with you as an Independent Director and Chairman of the Board of Directors of the Company. My second tenure as an Independent Director will expire on 27 September 2025, just four days after the forthcoming Annual General Meeting. I will always cherish this long journey of six consecutive years spent as an Independent Director including being the Chairman of the Board for last three years, alongside my fellow Board Members and the efficient and dedicated Management team of UCL. Over the years, I have witnessed both the opportunities and challenges faced by the Company. I am proud of the progress we have made together in strengthening governance practices, enhancing operational efficiency and laying the foundation for future sustainability. None of these achievements would have been possible without the dedication of our management team, the wisdom and guidance of my fellow Board members, and the unwavering confidence of our shareholders.

Before concluding, I would like to express my heartfelt appreciation to the regulators, our valued shareholders, clients, and employees for standing by us during these trying times. Your trust and cooperation are the foundation upon which we aspire to rebuild Union Capital Limited.

Thank you all. May Allah bless us with the wisdom and strength to overcome the present challenges and lead the Company toward a brighter future.

With best regards,



Munshi Shatiul Haque
Independent Director
and Chairman

STATEMENT FROM THE ADMINISTRATOR



“

While the challenges remain significant, I firmly believe that with the cooperation of the Board of Directors, the Management team, regulators and stakeholders, the Company can gradually overcome its difficulties. The resilience and patience shown by our valued shareholders and customers during this testing period deserve sincere appreciation.

”

Dear Shareholders & Stakeholders,

Assalamu Alaikum.

It is my privilege to address you as the Administrator of Union Capital Limited (UCL) in the capacity of the Managing Director & CEO, entrusted by Bangladesh Bank with the responsibility of overseeing the Company's affairs during this critical phase of the Company.

You all know that the financial sector, particularly Finance Institutions have been navigating through unprecedented challenges in recent years. UCL has not been immune to these difficulties, experiencing liquidity constraints, rising non-performing loans, and erosion of stakeholders' confidence. Despite these adversities, the

Company continues its sincere efforts to stabilize operations and restore long-term sustainability.

Since my appointment as Administrator on 25 August 2025, my foremost priority has been to protect the interests of depositors, shareholders and all other stakeholders. Under the close guidance of Bangladesh Bank, initiatives have been undertaken to strengthen improve operational efficiency, pursue effective recovery strategies and corporate governance. At the same time, efforts are ongoing to rebuild the trust and confidence of clients and investors in the Company.

While the challenges remain significant, I firmly believe that with the cooperation of the Board of Directors, the Management team, regulators and stakeholders, the Company can gradually overcome its difficulties. The resilience and patience shown by our valued shareholders and customers during this testing period deserve sincere appreciation.

Looking ahead, UCL remains committed to implementing necessary reforms, adopting prudent financial practices, and aligning its operations with the regulatory framework to ensure long-term stability and sustainability. The Directors and the Management are exploring potential strategic partnerships for injection of new fund in the form of Capital to revive the Company from its current distressed situation. Both the Board and the Management team are striving to restore the

Company's lost reputation and past glory. As a representative of both Bangladesh Bank and Union Capital Limited, I would do my utmost to build a bridge for securing necessary policy support from Bangladesh Bank in this regard. I am confident that, through collective effort and determination, the Company will overcome its present challenges and reclaim its rightful place in the Financial Sector again.

On behalf of Union Capital Limited, I would like to express my sincere gratitude to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange PLC, Chittagong Stock Exchange PLC, Central Depository Bangladesh Limited, the Registrar of Joint Stock Companies & Firms, as well as our valued shareholders, customers, employees and all other stakeholders for their continued trust, support, and cooperation towards the Company.

Thanking you.

With warm regards,



Md. Ferdaush Hossain

Administrator - in the capacity of
Managing Director & CEO
(appointed by Bangladesh Bank)

Management Review & Financial analysis

Outlines UCL's operations and financial condition

The Managing Director & CEO and the Chief Financial Officer have signed a statement which can be found on page 62 outlining management's responsibility for financial information in the annual consolidated financial statements.

This report describes UCL's operations and financial condition for the year ended 31 December 2024. This should be read in conjunction with our consolidated financial statements for the year ended 31 December 2024. Unless otherwise indicated, all amounts are stated in Bangladesh Taka and have been derived from financial statements prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) as adopted by the Financial Reporting Council (FRC), the circulars and directives issued by the Bangladesh Bank, the Securities and Exchange Rules 1987, Finance Company Act 2023, the Companies Act 1994 and other applicable regulatory requirements.

Who We Are

Established in 1998, Union Capital Limited Financial Group is a diversified financial service provider based in Dhaka. UCL has operations in both the principal segments of financial market: capital market and financing & investment activities. Together with its principal subsidiaries, UniCap Securities Limited and UniCap Investments Limited, UCL Group offers a wide range of complementary investment products like term/lease finance, SME finance, real estate finance, equity finance, etc. brokerage services, issue management, underwriting, portfolio management and corporate advisory services. UCL has 5 offices located in Dhaka, Chattogram, Sylhet and Bogura. UCL is a publicly traded Company listed in both the Dhaka and Chattogram Stock Exchange.

UCL's business planning process is rigorous and considers the prevailing economic conditions, customers' growing needs and the opportunities available across our lines of business. It includes clear and direct accountability for annual performance that is measured against internal and external benchmarks and progress towards our strategic priorities.

Our Strategy

Changes in the economic environment and their effects on our customers are ongoing. UCL focuses on helping its customers and giving them confidence that they are making the right financial choices. It also drives the employees to deliver their best in all endeavors. Recognizing that a company's first responsibility is to be

well managed, we believe that the strength of our business model, balance sheet, risk management framework and leadership team will continue to generate sustainable growth. We remain steadfastly committed to our strategy, our customers, our shareholders, regulators, lenders and the society as a whole which we operate in.

Disclosure on Control Procedures and Internal Control over Financial Reporting

Disclosure on Control Procedures

Disclosure on control procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Managing Director & CEO and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure.

An evaluation of the effectiveness of the design and operation of our disclosure on control procedures was conducted as at 31 December 2024 by UCL Management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that as at 31 December 2024, our disclosure on control procedures are adequate, appropriate and effective both in terms of design, implementation and monitoring.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IAS/IFRS and the requirements of Bangladesh Bank and Bangladesh Securities and Exchange Commission, the Company Act 1994 and other applicable laws and regulations.

Management is responsible for designing, establishing and maintaining adequate internal control systems over financial reporting for UCL Financial Group. UCL's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposal of the assets of UCL;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IAS/IFRS and the requirements of Bangladesh Bank, Bangladesh Securities and Exchange Commission, Companies Act, as applicable, and that receipts and expenditures of UCL are being made only in accordance with

authorization by management and Board of Directors of UCL; and

- provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposal of UCL's assets that could have a material effect on the financial position as described in the financial statements.

Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all sorts of misstatements.

The Management, under the supervision of the CEO, the CFO and Head of ICC has evaluated the effectiveness of our internal control over financial reporting using the framework and criteria established in Internal Control. Based on this evaluation, management has concluded that internal control over financial reporting was appropriate and effective as at 31 December 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting in 2024 control over financial reporting. The ongoing preparation of financial statements in accordance with the amendments in IASs/IFRSs did not change the Company's internal control over financial reporting.

Auditors services and fees

The external auditors of UCL, Syful Shamsul Alam & Co., Chartered Accountants were not engaged to perform any of the following services other than annual statutory audit of the company and the audit of its subsidiaries namely, UniCap Securities Limited and UniCap Investments Limited:

- Appraisal or valuation services or fairness opinions;
- Financial information systems design and implementation;
- Book-keeping or other services related to the accounting records or financial statements;
- Broker-dealer services;
- Actuarial services;
- Internal audit services.
- Audit/certification services on compliance of corporate governance
- Any other service that the Audit Committee determines.

The auditors are paid an amount of Tk.2,00,000 net of VAT for their audit of Union Capital Limited.

The risk of litigations is inherent in Company's operations

In the ordinary course of Company's business, legal actions, claims by and against the Company may arise. The outcome of such proceedings could materially affect the financial performance of the Company.

The Company is exposed to the risk of changes in tax legislations and its interpretations

The Company's activities are subject to tax at various rates. Actions by the Government to withdraw any tax benefit or impose additional taxes would affect the probabilities of the Company. Revisions to tax legislations or its interpretations might also affect Company's results in future.

Challenges faced in 2024

- Liquidity crisis;
- Volatile capital market;
- Lack of confidence of investors;
- Increased competition;
- Maintenance of asset quality;
- Higher corporate tax rate.

Accounting Policies and estimation for preparation of financial statements

The financial statements are prepared in conformity with International Financial Reporting Standards (IFRSs) which requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on a regular basis. Information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies that have the most significant effects are included in the "Notes to the financial statements".

Changes in Accounting policy and estimate

UCL selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless an IFRS requires or permits categorization of items for which different policies may be appropriate. During the year 2024 the company has not adopted any change in accounting policies and estimates.

Comparative analysis of financial performance or results and financial position:

A summary of five years' financial performance or results has been shown in Annexure-A.

Comparison of financial performance or results and financial position as well as cash flows with the peer industry scenario

A Comparison of financial performance or results and financial position as well as cash flows with the peer industry scenario has been shown in Annexure-B.

Major Financial indicators of 2024

Major performance indicators in 2024 were as under:

- Investment of the Group decreased to Tk. 12,211.12 million from Tk. 12,886.23 million of previous year which

resulted negative growth of (5.25) percent mainly due to liquidity crunch and overall global as well as national economic recession UCL has not landing its business in the form of new disbursement;

- Consolidated net profit/ (loss) for the year was Tk. (2,070.01) million as against Tk. (6,069.70) million of 2023 mainly due to increase of required provision against Loans, Advances and Leases for classify the loan outstanding, transfer of interest income to suspense's account against SMA and Non-Performing Loan Account;

- Customers deposits amounting Tk. 7,982.28 million in 2024 and 8,156.50 million of 2023;
- Shareholders' equity was Tk. (10,876.08) million in 2024 and (8,806.07) million in 2023;
- Total operating income was Tk. (537.08) million as against Tk. (290.77) million of 2023;
- A consolidated earnings per share was Tk. (11.99) as against Tk. (35.17) of 2023.

Operating performance Review (Summary of Profit and Loss Account)

Figures in million Taka

For the year ended 31 December	2024	2023	% of increase/ (decrease)
Revenue from loans, advances and leases	255.91	369.36	(30.72)
Revenue from Capital Market activities	10.80	36.49	(70.41)
Fee based income	68.59	79.77	(14.02)
Other operating income	18.05	28.04	(35.65)
Total revenue	353.35	513.67	(31.21)
Financial expenses	890.43	804.44	10.69
Management expenses	248.21	254.87	(2.61)
Provision for doubtful losses & investments	1,262.45	5,494.96	(77.03)
Total expenses	2,401.09	6,554.27	(63.37)
Profit before tax	(2,047.74)	(6,040.60)	(66.10)
Provision for taxation	22.27	29.10	(23.47)
Net profit after tax	(2,070.01)	(6,069.70)	(65.90)

Revenue from loans, advances and leases

The following table shows the income generated from loans, advances and leases:

(Figures in million Taka)

For the year ended 31 December	2024		2023	
	Amount	%	Amount	%
Income from lease finance	58.18	22.73	54.11	14.65
Income from term finance	109.43	42.76	226.52	61.33
Income from SME finance	24.08	9.41	21.84	5.91
Income from margin loan	56.80	22.20	59.79	16.19
Interest on bank deposits	7.37	2.88	7.05	1.91
Income from other finance	0.06	0.02	0.05	0.01
Total	255.91	100.00	369.36	100.00

A substantial portion of Company's revenue is earned from financing activities like lease finance, term finance, SME finance and margin loan. Earnings from loans, advances and leases represent 74.90 percent of total revenue earned by the Company during 2023 (2023: 81.89 percent).

Total Operating Expenses

(Figures in million Taka)

For the year ended 31 December	2024	2023	% of increase/ (decrease)
Financial expenses	890.43	804.44	10.69
Management expenses	248.21	254.87	(2.61)
Provision for doubtful losses	1,262.45	5,494.96	(77.03)
Total expenses	2,401.09	6,554.27	147.63

Financial expenses

In 2024, financial expenses have been increased by 10.69 percent due to change of interest rates and reduced amount of borrowings & Deposits. UCL pays interest on funds mobilized from different sources like deposits from individuals and institutions, loan from banks/FIs, call loan and security deposits from customers. Interest rates vary depending on the nature and tenure of sources of funds. Interest expenses consist of 37.08 percent of total expenses (2023: 12.27 percent). In 2024, financial expenses was 252.00 percent of total revenue (2023: 156.61 percent).

Management expenses

Management expenses include salaries and allowances, office rent, promotional expenses, office maintenance

expenses, depreciation on fixed assets, legal and professional fee etc. Details of the expenses are given in the Notes to the Financial Statements of this Annual Report. Management expenses decreased by 2.61 percent to Tk. 248.21 million in 2024 (2023: Tk. 254.87 million). During 2024, management expense was 70.25 percent of total revenue as against 49.62 percent in 2023.

Provision for doubtful losses

Provision for doubtful losses has been made as per guidelines of Bangladesh Bank and Bangladesh Securities and Exchange Commission. During the year total provision of Tk. 1,262.45 million has been provided compared to Tk. 5,494.95 million in 2023.

Financial Condition Review

(Figures in million Taka except percentage)

Assets and Investments	2024	2023	% of increase/(decrease)
Loans, advances and leases	11,668.77	12,354.24	(5.55)
Investment in securities	542.35	531.99	1.95
Fixed assets	388.71	412.71	(5.81)
Cash & cash equivalent	1,663.93	1,463.90	13.66
Other assets	1,193.44	1,207.75	(1.19)
Total assets and investments	15,457.19	15,970.59	(3.21)
Shareholders' equity and liabilities	2024	2023	% of increase/(decrease)
Shareholders' equity	(10876.08)	(8,806.07)	(23.51)
Deposits	7,982.28	8,156.50	(2.14)
Borrowings from banks and NBFIs	2,604.40	2,915.68	(10.68)
Provisions and others liabilities	15,746.61	13,704.47	14.90
Total shareholders' equity & liabilities	15,457.19	15,970.59	(3.21)

Loans, advances and leases

Total outstanding balance of loans, advances and leases as at 31 December 2024 was Tk. 11,668.77 million against Tk. 12,354.24 million in 2023.

Outstanding balance of loans, advances and leases as on 31 December 2024 and 2023 was as under:

(Figures in million Taka except percentage)

Particulars	2024		2023	
	Amount	%	Amount	%
Lease finance	1,231.92	10.56	1,280.92	10.37
Term finance	5,061.37	43.38	5,265.76	42.62
Home Loan	117.74	1.01	272.74	2.21
Margin loan	5,248.42	44.98	5,499.52	44.52
Other finance	9.33	0.08	35.30	0.29
Total	11,668.77	100.00	12,354.24	100.00

In 2024, our total loans, advances and leases decreased by 5.55 percent compared to 2023. Management has always been trying to concentrate on adding quality investments in its portfolio rather than achieving high target of business volume, keeping in mind our previous experiences in our financing activities.

Liquidity Statement

Maturity of assets and liabilities has been determined as per agreements with our customers and fund providers. Management always maintains long-term and short-term strategy to address the probable liquidity gap properly.

The Company meets its funding requirements through its prudent assets and liability management. Liability structuring is made in such a way so that it matches with the tenure of asset structure. Liquidity is monitored continuously to ensure the company's ability to support investment growth, deposit encashment, meet contractual obligations, maintain reserve requirements and otherwise sustain operations. Union Capital maintains its liquidity in the form of readily en-cashable deposits with banks/FIs, collection of rentals/installments and investment in listed securities.

Investment in shares

Union Capital Limited invested in diversified listed securities and the amount of investment was Tk. 542.35 million as on 31 December 2024 which was Tk. 531.99 million in previous year.

Non-performing loans, advances & leases (NPL)

Loans, advances & leases are classified as non-performing when it is marked as substandard category or worse even if there exist no reasonable doubts as to collectivity. Bangladesh Bank's guidelines are strictly followed for determining the classification of loans, advances and leases. Interest accrued against overdue rental/installments of classified loans, advances and leases are not taken into profit and loss account rather kept in interest suspense account.

Moreover, interest accrued against overdue rentals of loans, advances and leases falling under the category of 'Special Mention Account (SMA)' account are also transferred to interest suspense account instead of crediting the same to profit and loss account as per Bangladesh Bank's guidelines.

Non-performing loan/leases of Union Capital Limited as of 31 December' 2024 and 2023 were as follows:

(Figures in million Taka except percentage)

Particulars	2024			2023		
	Outstanding	NPL	NPL %	Outstanding	NPL	NPL %
Loan/Lease finance	11,308.16	10,831.01	91.46	11,897.80	10,305.10	82.44
SME finance	531.36	525.31	4.44	577.24	562.34	4.50
Other finance	1.40	0.64	0.01	25.53	0.64	0.01
Total	11,840.92	11,356.96	95.91	12,500.57	10,868.09	86.94

Rate of non-performing loans, advances and leases was 95.91 percent in 2024 as against 86.94 percent of 2023. Adequate provision has been made against the classified loan accounts as per Bangladesh Bank guidelines. UCL's recovery policy is in place and there has been a rigorous monitoring process to recover the classified loan/lease including litigation. The Management has been continuously following up the status of litigation and possible outcomes in liaison with

external and internal lawyers on order to strengthen recovery.

Coverage/reserve against non-performing loans, advances and leases

The following table summarizes the allocation of the provision and interest suspense against loans, advances and leases of Union Capital Limited as of 31 December' 2024 and 2023:

(Figures in million Taka)

Particulars	2024					2023				
	Provision for NPL	Interest suspense	Total	NPL	% of coverage	Provision for NPL	Interest suspense	Total	NPL	% of coverage
Lease finance	612.45	180.20	792.64	1,011.56	78.36	410.38	147.92	558.30	828.79	67.36
Term finance	6,749.07	2,646.49	9,395.57	10,345.40	90.82	6,419.23	2,523.57	8,942.80	10,039.30	89.08
Total	7,361.52	2,826.69	10,188.21	11,356.96	89.71	6,829.60	2,671.49	9,501.09	10,868.09	87.42

Union Capital Limited has maintained total provision of Tk. 7,361.52 million against classified loans, advances and leases as of 31 December 2024 compared to Tk. 6,829.60 million of last year. Provision against classified loan has been increased marginally by 7.79 percent compared to 2023 mainly for classify the loan outstanding.

Management's periodic evaluation of the adequacy of the provision is based on the companies past experience, known and inherent risk in the portfolio, adverse situations that may affect the clients' ability to repay and current economic conditions. Management has also taken the qualitative aspects while classifying an account.

We always adhere to the principle of classification as guided by Bangladesh Bank for making interest suspense and provisioning against loans, advances and leases. Interest amount is transferred to interest suspense account rather than showing as income in the profit & loss account when the classification status is SMA/SS/DF/BL. Rate of provision for loans, advances and leases classified as Sub-standard, Doubtful and Bad & Loss is 20 percent, 50 percent and 100 percent respectively.

Coverage ratio of loans advances and leases increased. As at 31 December 2024 coverage was 89.71 percent compared to 87.42 percent of 2023.

Credit Monitoring Function

A continuous monitoring of loan/leases is one of the most important tools for ensuring the quality of advances assets for any lending institution. UCL too has a well-established system of monthly monitoring of its loans, advances and leases accounts at various levels to prevent asset quality slippages and to take timely corrective steps to improve the quality of its overall portfolio. At UCL, a separate department, Monitoring & Recovery for monitoring function at the corporate level, has been functional. UCL has placed special focus on sharpening of the credit monitoring process for improving the asset quality, identifying the areas of concern and the branches requiring special attention. It has also worked out strategies to ensure implementation in a time-bound manner. The primary objectives of UCL's Monitoring & Recovery Department at the corporate level are fixed as under:

- Identification of weakness/potential default/ incipient sickness in the account at an early stage;
- Initiation of suitable and timely corrective actions for preventing impairment in credit quality, whenever signals are noticed in any account, e.g. decline in credit rating, delay in servicing of rentals/installments etc;
- Prevention of slippage in the asset classification through a vigorous follow up;
- Identification of suitable cases for restructuring/ rescheduling;
- Taking necessary steps/regular follow up, for review of accounts and compliance of terms and conditions, thereby improving the quality of UCL's portfolio;
- Regular monitoring progress of classified accounts.

2024 Regulatory Capital Review

Regulatory capital requirements for UCL are currently determined on the basis of guidelines of 'Capital Adequacy and Market Disciplines (CAMD)', commonly known as Basel II accord issued by Bangladesh Bank.

UCL's capital adequacy is determined based on risk weighted assets (RWA) in our portfolio. UCL's total consolidated RWA were Tk. 12,568.76 million at 31 December 2024, whereas Tk. 13,001.94 million in 2023. The table below provides a breakdown of our RWA by risk type.

Risk-Weighted Assets (Consolidated)

(Figures in million Taka)

As at 31 December	2024	2023
Credit risk	12,031.72	12,284.74
Market risk	537.04	717.20
Operational risk	-	-
Total RWA	12,568.76	13,001.94

Basel II Regulatory Capital (Consolidated)

(Figures in million Taka)

As at 31 December	2024	2023
Tier 1 Capital	(10,876.08)	(8,806.07)
Tier 2 Capital	152.99	161.46
Total regulatory capital	(10,723.09)	(8,644.61)

The above table details the components of regulatory capital. Tier 1 capital is primarily comprised of paid up share capital, reserves and surplus. Our shareholders' equity and Tier 1 capital were Tk. (10,876.08) million as at 31 December 2024.

Total capital includes Tier 1 and Tier 2 capital, net of certain deductions. Tier 2 capital is primarily comprised of subordinated debt, preference share and a portion of the general provision for credit losses. Total regulatory capital as of 31 December 2024 was Tk. **(10,723.09)** million.

Our objective is to maintain strong capital ratios that exceed regulatory requirements. The Equity Ratio, Tier 1 Capital Ratio and Total Capital Ratio are key measures of capital adequacy.

The Equity Ratio and the Basel II Tier 1 Capital Ratio, Tier 2 Capital Ratio, Total Capital Ratio and Capital to Assets multiple are the primary capital measurements. The ratios are as under:

As at 31 December	2024	2023
Tier 1 Capital Ratio	(86.54)	(67.73)
Tier 2 Capital Ratio	1.22	1.24
Total Capital Ratio	(85.32)	(66.49)

The Equity Ratio reflects shareholders' equity divided by RWA. The Tier 1 Capital Ratio reflects Tier 1 capital divided by RWA. The Total Capital Ratio reflects total capital divided by RWA. Total Capital Ratio of Union Capital

Limited was (85.32) percent against the minimum capital adequacy ratio of 10 percent as per Bangladesh Bank guidelines.

Borrowings from banks and financial institutions

Total outstanding loan from banks and other financial institutions as at 31 December 2024 was Tk. 2,604.40 million compared to Tk. 2,915.68 million in 2023. Interest on bank loans is paid on monthly/quarterly basis as per terms of loan arrangements. During the year 2024 Tk. 366.08 million was repaid against loan from banks and financial institutions.

Union Capital has been enjoying credit facility from Bangladesh Bank for SME financing, women entrepreneur finance and received JICA fund under the refinancing scheme.

Treasury Operation

In order to minimize the asset-liability mismatch, UCL always strives for mobilizing funds for longer term perspective. Under the current financial scenario of UCL, it is difficult to mobilize new deposit and new banks facilities that were stopped since 2019 also. As at 31 December 2024, total outstanding amount of term deposit was Tk. 7,936.22 million compared to Tk. 8,136.76 million in 2023. Interest on deposits and borrowings amounting to Tk. 355.80 million was paid during the year 2024 as against Tk. 371.63 million in 2023. The Company offers different deposit products which is available on page 12.

Cash Flows analysis

Union capital prepares its cash flow statement in line with the format prescribed by Bangladesh Bank. We manage our cash flow preparing statement for different maturity period i.e. within 7 days, 2 weeks, 1-12 months, between 1-3 years, 3-5 years, 5-10 years, 10-15 years, 15-20 years as per the situation demands.

A considerable portion of our total assets is liquid in nature and consists mainly of cash and balance with various banks and financial institutions and investment in listed securities. The highly liquid nature of our assets provides us with flexibility in financing and managing our anticipated operating needs. The company's asset and liability management policy is intended to manage Balance Sheet Risk, especially for managing of liquidity risk and interest rate risk. We manage the risk re-pricing the interest earning assets and interest-bearing liabilities though in some cases it is difficult to re-price the loans, advances

and leases. The Company is always maintaining the CRR and SLR as prescribed by Bangladesh Bank.

Cash flow from operating activities

Union Capital maintained a positive net cash flow from its operating activities during the year 2024. Net cash generated from operating activities was Tk. 523.59 million which was Tk. 378.14 million in previous year.

Cash flow from investing activities

Net cash generated from investing activities were negative Tk. (12.47) million mainly due to purchase of securities. During the year, a total amount of Tk. 103.98 million (2023: Tk. 85.41 million) has been invested for purchase of listed securities while total sale of securities was Tk. 94.19 million (2023: Tk. 121.52 million).

Cash flow from financing activities

Net cash used in financing activities shows a net cash outflow that means the money borrowed from banks and financial institutions was less than the money repaid to banks and financial institutions. During the year a total amount Tk. 366.08 million was repaid to banks and financial institutions while Tk. 55 million fresh loans from banks, financial institutions and loan from directors/sponsors were injected.

Financial and economic scenario of the country

Details of discussion of financial and economic scenario of the country has been described in Directors Report 2024.

Future plan or Projection

2024 is expected to be another challenging year for our economy and UCL group as well. We recognize a number of challenges, which includes increased competition, and slow recovery due to adverse investment climate, instability in capital & money market. Because of involvement of banks in leasing business, competitiveness in leasing has been intensified further. We have professionals with profound managerial talents and perhaps most importantly, we have a hard earned reputation as one of the top service providers in our industry. We are confident that we have the right team and the strategy in place to achieve our goal.

Specific Risk and its Management

Details of risks associated with UCL has been described in Risk Management chapter of this annual report.

Regulations

UCL has been operating under the license from Bangladesh Bank. Our operations are subject to regulation, inspection, and supervision. This supervision and regulation is intended primarily to bring financial discipline in the functioning of NBFIs and for the protection of the depositors. We are required to provide reports to our regulators on our activities on certain intervals; some are regularly, some are weekly, monthly, quarterly, half-yearly, yearly and so on. Regulations applicable to UCL generally relate to lending and investment activities, maintenance of appropriate level of capital, maintenance of cash and liquidity reserve, appointment of Directors, Managing Director and Auditors, loan to Directors and associates etc. Failure to comply with these regulations may be considered as an unsafe and unsound practice and may result in the imposition of penalties by Bangladesh Bank. The company is required to submit periodic reports/statements to Bangladesh Bank describing its activities and financial conditions. Our capital market operations are also monitored and supervised by BSEC and Stock Exchanges.

COMMUNICATION WITH THE SHAREHOLDERS

The investor relation activities of the Company are designed to provide a balanced level of communication between the Company and its stakeholders. Established procedures are in place to ensure the timely release of price sensitive information. The Company also publishes its quarterly, half-yearly and annual results well within the time periods prescribed by the regulators.

The Company promotes the use of Company's website in all Company announcements. The website also contains corporate information which is updated on a regular basis and includes a corporate governance information which contains details of the Company's adherence to the guidelines and the full terms of reference of the Board and its Committees. All the Directors normally attend the Annual General Meeting and shareholders are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have been concluded. The Twenty-Seven Annual General Meeting will be held on 23 September 2025. All shareholders of the

Company are invited to attend the Company's Annual General Meeting. Notice of the 27th Annual General Meeting has been given on page 246.

The Directors appreciate the importance of general shareholders of the Company and use the Company's Annual General Meeting as further opportunities to communicate with them. UCL provides copies of its annual report in order that these are made available to them well in advance for detail and constructive discussion. It is the company's policy to give the shareholders the opportunity at Annual General Meeting to ask questions about its activities and prospects. The Board also structures these meetings so that shareholders can vote separately on each matter, by proposing separate resolutions for each item to be considered.

In accordance with the provisions of the Companies Act, 1994 the notice of the Twenty-Seven Annual General Meeting was sent to shareholders more than 21 clear days before the meeting. Notice of AGM is also published in two widely circulated daily newspapers, one in English and the other in Bangla and one online news portal. Shareholders have the opportunity to vote separately on each proposal at the Annual General Meeting, either in person or by proxy. The proxy form is attached to the annual report to represent the original shareholder in the meeting and vote on his/her/their behalf in case of preoccupation or otherwise.

The Chairman of the Company will be available to answer questions from shareholders at the Annual General Meeting.

The Company maintains a corporate website **www.unicap-bd.com** containing a wide range of information of the Company.

Annual Report and other important documents available in website

This Annual Report, prepared and presented on the basis of disclosure requirements by the regulatory authorities is made available on our website at www.unicap-bd.com as soon as reasonably practicable after furnishing the same to Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges where the shares of the Company are traded.

FIVE YEARS FINANCIAL SUMMARY

Annexure - A

Operating Performance

(Figures in million Taka except ratios and per share data)

Particulars	2024	2023	2022	2021	2020
Operating revenue	353.35	513.67	619.78	938.03	1,562.36
Operating profit	(537.08)	(290.77)	(311.67)	(178.34)	(133.80)
Profit before tax	(2,047.74)	(6,040.60)	(2,026.99)	(1,326.93)	(425.64)
Net profit after tax	(2,070.01)	(6,069.70)	(2,062.35)	(1,385.59)	(532.37)
Earnings per share (EPS)	(11.99)	(35.17)	(11.95)	(8.03)	(3.08)
STATEMENT OF FINANCIAL POSITION					
Current assets	2,448.63	2,429.40	2,825.46	3,093.02	4,913.30
Total assets	15,457.20	15,970.59	16,514.00	16,949.55	17,097.57
Property, plant and equipment	388.71	412.71	437.34	430.34	467.81
Net current assets	(9,293.93)	(8,596.80)	(8,093.67)	97.89	24.00
Long term liabilities	14,590.72	13,750.46	8,331.23	12,699.26	9,405.02
Current liabilities	11,742.56	11,026.20	10,919.13	2,995.13	4,889.29
Total liabilities	26,333.28	24,776.66	19,250.37	17,623.57	16,386.00
Shareholders' fund	(10,876.08)	(8,806.07)	(2,736.37)	(674.02)	711.57
Capital employed	3,714.64	4,944.39	5,594.86	13,954.41	12,208.28
PROFITABILITY AND OTHER FINANCIAL RATIOS					
Gross operating margin ratio (%)	(209.87)	(78.72)	(74.50)	(28.36)	(11.43)
Earning before interest, depreciation and tax	(1,126.99)	(5,202.32)	(1,060.02)	(172.07)	1,316.11
Price earnings ratio (Times)	(0.52)	(0.25)	(0.83)	(1.23)	(2.72)
Current ratio (Times)	0.21	0.22	0.26	1.03	1.00
Return on capital employed (%)	21.03	105.17	120.95	(7,380.01)	(54.45)
Debt/Equity (Times)	(0.11)	(0.17)	(0.64)	(2.39)	2.37
Financial expense coverage (Times)	0.40	0.64	0.67	0.84	0.92
Net profit margin (%)	(585.83)	(1,181.64)	(332.75)	(147.71)	(34.07)
Rate of dividend (%)	-	-	-	0	-
Operating expense to operating revenue (%)	(585.83)	(1,181.64)	(332.75)	(147.71)	(34.07)
BUSINESS RATIOS					
Statutory liquidity reserve ratio (%)	15.62	13.28	11.49	10.22	12.87
Cash reserve ratio (%)	1.61	1.55	1.57	1.71	1.60
Net interest income as a % of working funds	(5.44)	(3.52)	(3.95)	(3.65)	(3.95)
Cost/Income ratio (%)	(46.22)	(87.65)	(88.51)	(160.91)	(211.43)
Return on average assets (%)	(13.17)	(37.37)	(12.33)	(8.14)	(3.02)
Net asset value per share	(63.02)	(51.03)	(15.86)	(3.91)	4.12
Profit/(Loss) per employee	(15.92)	(42.45)	(13.31)	(8.71)	(3.02)
Capital adequacy ratio (%)	(85.32)	(66.49)	(15.10)	-2.26	5.12
Operating profit as a percentage of working funds	(4.60)	(2.35)	(2.40)	(1.34)	(1.01)
Dividend cover ratio (Times)	(11.99)	(35.17)	(11.95)	(8.03)	(3.08)
Non-Performing Loans to Total Loans (%)	95.91	86.94	47.45	27.32	11.00
EQUITY STATISTICS					
Authorized capital	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Paid up share capital	1,725.74	1,725.74	1,725.74	1,725.74	1,725.74
Number of shares	172.57	172.57	172.57	172.57	172.57
Shareholders' equity	(10,876.08)	(8,806.07)	(2,736.37)	(674.02)	711.57
Year end market price	6.20	8.90	9.90	9.90	8.40
Market capitalization	1,069.96	1,535.91	1,708.48	1,708.48	1,449.62
Market value addition	11,946.04	10,341.98	4,444.85	2,382.50	738.05

Annexure - B

COMPARISON OF FINANCIAL PERFORMANCE OR RESULTS AND FINANCIAL POSITION AS WELL AS CASH FLOWS WITH THE PEER INDUSTRY SCENARIO

(Figures in million Taka)

Particulars	UCL	IPDC	IFIL	CVC Finance	Meridian Finance
Loans, advances and leases	11,668.77	69,535.70	9,522.48	19,463.36	3,157.85
Deposits and other accounts	7,982.28	54,319.33	7,511.77	12,207.83	2,322.35
Shareholders' fund	(10,876.08)	6,909.04	28.17	3,338.19	(346.23)
Net Assets Value per share	(63.02)	17.73	0.20	17.84	(2.89)
Net profit after tax	(2,070.01)	363.23	(1,715.15)	209.23	(726.72)
Earning per share (EPS)	(11.99)	0.93	(12.22)	1.12	(6.06)
Net cash generated from operating activities	523.59	(2,492.35)	(109.56)	798.81	(137.75)
Net operating cash flows per share	3.03	(6.40)	(0.78)	4.27	(1.15)

2024 SOCIAL INDICATORS

Particulars	2024	2023
-------------	------	------

Staffing level

Management Cadre	36	36
Non Management Cadre	17	24
Support Staff	11	12

Total Work force

Male	57	66
Female	07	06

Average age of employees

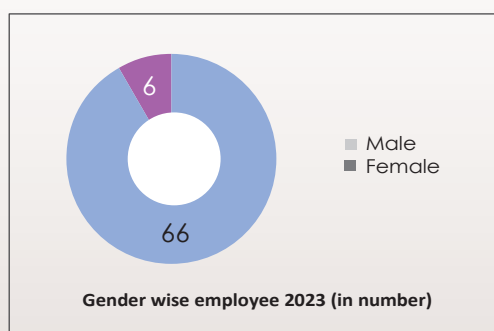
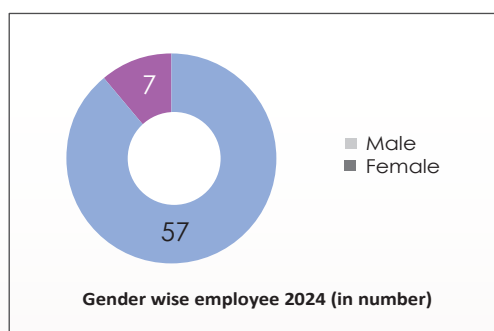
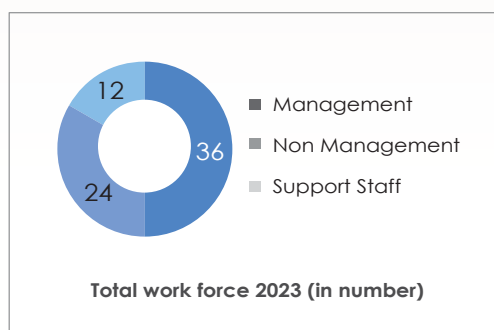
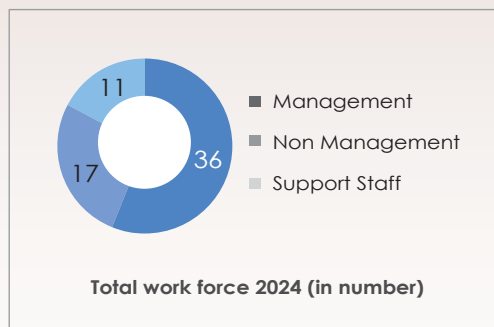
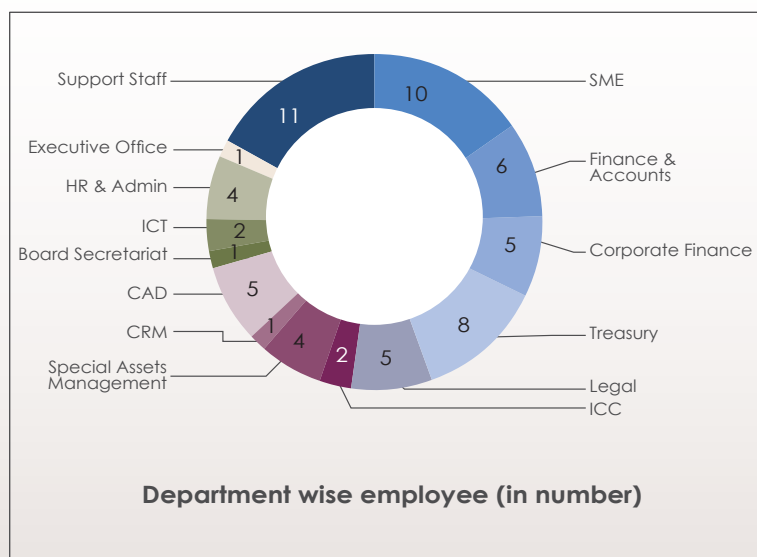
Management Cadre	42.05	41.22
Non Management Cadre	37.18	36.91
Support Staff	37.48	37.44

Change in Staffing level

Total employee at the beginning of the year	72	75
Recruitment during this year	02	04
Departures (retirement/resignation)	10	06
Total employee closing of the year	64	72

Training

Average number of days in training per employee	0.34	0.35
% of employees who participated in at least one	82.81	83.33
No. of employees who participated in at least one training program during the year	53	60
No. of training programs participated by employees during the year	18	21



Awards & Recognitions

Union Capital Limited received many awards in last couple of years. Winning such exciting awards has always been very prestigious. It is a testament to the quality of our report, transparency, compliance, good governance practices in our operations and adequate, timely & fair disclosure to the stakeholders.

We dedicate these triumphs to our customers, depositors, shareholders, regulators and others stakeholders.





2025 KEY PRIORITIES

Outlines important actions for achieving strategic goals

At the beginning of the year 2025, the Management of the Company deliberated and agreed on certain key priorities for UCL Group. These priorities will serve as the platform for driving the overall performance for the year 2025. They are:

Strengthening our Value Proposition

Strengthening our value proposition to our target customer segments including corporate, SME and retail customers with the objective of improving our share of businesses of financing operations.

Process Improvement

Removal of process, organizational and policy bottlenecks affecting efficiency improvements within the group.

Consolidating UCL and its Subsidiaries

Reinforcing our business in each of our operating segments in order to deepen our penetration, achieve positive contribution to the group's profitability and deliver commensurate returns on working fund.

Driving for Low Cost term deposit

Augmenting our market share of low cost deposits by leveraging our superior reach and personalized to drive growth building a strong and dedicated team for deposit mobilization.

Recovery from defaulter clients

Taking all conventional and non-conventional measures to recover bad loans/leases from the defaulter clients in order to reduce the classified loan and hence to improve the bottom line of the income statements.

Reduce the controllable expenses

Reducing all controllable operational expenses with a view to avoid unproductive expenses and to improve financial health of the organization.

2025 KEY PRIORITIES

Strengthening
our Value
Proposition

Process
Improvement

Consolidating
UCL and its
Subsidiaries

Driving for
Low Cost
term deposit

Recovery from
defaulter clients

Reduce the
controllable
expenses

Driving quality earnings across all of our business by focusing on industry leading customer experience and enhancing operating efficiency we shall strive for achieving our strategic goals.



GOVERNANCE AND RISK MANAGEMENT

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BOARD OF DIRECTOR

Who governs the Company

The Board is responsible for the strategic direction and ultimate control of the Company according to its Memorandum & Articles of Association and Board Charter.



MUNSHI SHAFIUL HAQUE
Independent Director and Chairman



A retired senior Government Officer, Mr. Munshi Shafiul Haque did his Masters in Economics from Rajshahi University in 1982. Later he obtained LLB and LLM from a renowned University. He started his career as an Assistant Commissioner and served the Government in various important capacities before his retirement as the Additional Secretary of the Government of Peoples Republic of Bangladesh.

Mr. Haque was the former Councilor Member of the Institute of Chartered Secretaries of Bangladesh (ICSB) and the Institute of Cost & Management Accountants of Bangladesh (ICMAB). He was also the member of the Scrutiny Committee for approval of Foreign Loan/Supplier's Credit. He was also the Chairman of National Tea Company Limited.

Mr. Haque attended in many academic training, workshop and seminars in both home and abroad.

Mr. Haque was appointed as Independent Director in the Board of Union Capital Limited on 29 September 2019 and elected as the Chairman of the Board of Directors on 15 February 2023. He is also a member of the Executive Committee.



NADEEM A. CHAUDHURY
Director
(Nominated by Enrilco Limited)



Mr. Nadeem A. Chaudhury is representing Enrilco Limited in the Board of Union Capital Limited. Mr. Chaudhury holds a Bachelor of Professional Science degree in Construction Management and Civil Engineering from Pratt Institute, New York, USA. He is also a Masters in Business Administration. He has been involved in the Infrastructure Development business internationally for over 26 years. He is also a highly skilled contract negotiator with international concerns.

Mr. Nadeem was appointed as Director in the Board of Union Capital Limited on 22 November 2001. He is a member of the Executive Committee and the Audit Committee.

He is also a Director of Enrilco Limited, Green Delta Securities Limited and Green Delta Capital Limited.

He was a Director of Green Delta Insurance Company Limited. He also served as the Managing Director of Navana Pharmaceuticals Ltd, Bengal Development Corporation and the CEO of Eastern Housing Ltd, a concern of Islam Group.



A.K.M. Sazzadul Karim

Director

(Nominated by Palmal
Garments Hosiery Limited)



Mr. A.K.M. Sazzadul Karim is a distinguished corporate leader with over 56 years of extensive experience in the corporate sector, beginning his career in 1968. He started his professional journey at James Finlay (Bangladesh) Limited as a Tea Estate Manager. Subsequently, he joined Palmal Group of Industries, one of the largest and most renowned business conglomerates in Bangladesh engaged in the textile and garment manufacturing sector. At present, he serves as the Group Chief Operational Officer (COO) of the Group.

Mr. Karim obtained his Bachelor of Science (Honours) degree in 1967, followed by a Master of Science in Soil Science from the University of Dhaka, where he secured First Class First position.

Mr. Karim was appointed as Director in the Board of Directors of Union Capital Limited on 09 January 2025.

Beyond his corporate role, Mr. Karim is actively engaged in social and philanthropic activities. He is a dedicated Rotarian and a Past President of the Rotary Club of Sonargaon, Dhaka. He has traveled to numerous countries for business and professional purposes.



DR. QAZI MOINUDDIN MAHMUD, AFHEA

Independent Director

(Nominated by Bangladesh Securities
and Exchange Commission)



Dr Qazi Moinuddin Mahmud presently serves as an Associate Professor of Management at the University of Dhaka. Sponsored by the Commonwealth Scholarship Commission UK. He obtained a PhD in HRM from the University of Bradford School of Management. He achieved Dean's prize for innovation and impact in doctoral research. He is a Bradford Graduate Fellow and an Associate Fellow of UK Advance HE as well. He taught at both undergraduate and master's level in the University of Bradford. Besides, he taught as a full-time or adjunct faculty at several institutions including BUET, Jagannath University, North South University, East West University, etc.

Prior to his teaching and research career, Dr Mahmud did his BBA in Management, PGD in Marketing Management, and MBA in HRM. He received Dean's Honor award and Dean's merit award for his outstanding results in those programs. He is a life registered Graduate Member of the University of Dhaka and a member of the Voice of Business. He is also an active member of the alumni association of Commonwealth Scholarship Commission UK and the University of Bradford.

Dr Mahmud participated in several training, conferences, and seminars at home and abroad. His writing was published by Palgrave Macmillan, Routledge, IGI Global, etc. He received extensive training on Qualitative Research Methods from the University of Oxford. He completed executive education (Tracks: Strategy & Innovation and Digital Business) from the MIT Sloan School of Management.

Dr. Moinuddin is also the Chairman of the Audit Committee of the Company.



Fakhruddin Ahmed, FCMA, FCA
Independent Director



Mr. Fakhruddin Ahmed, FCMA, FCA, a highly accomplished finance professional having over 30 years of experience in accounting, auditing, financial management and corporate leadership across diverse industries, has been appointed as an Independent Director in the Board of Directors of Union Capital Limited on 04 September 2025.

Mr. Ahmed is a Fellow Member of both the Institute of Chartered Accountants of Bangladesh (ICAB) and the Institute of Cost and Management Accountants of Bangladesh (ICMAB). Earlier, he obtained B.Com (Hons.) and M.Com in Accounting from the University of Dhaka.

Presently, he is the Managing Director of several companies under the Newage Group, including Newage Textiles Ltd., Newage Accessories Ltd., Newage Plastics Ltd., and Jimay Newage Dyeing & Printing Company Ltd. These 100% export-oriented manufacturing firms have flourished under his leadership, becoming well-established names in the textile and garment accessories sector.

Mr. Ahmed also has substantial experience in corporate governance. He served as an Independent Director of Bangladesh National Insurance Company Ltd., and has been appointed by the Hon'ble High Court Division as Independent Director and Board Member in several companies, including Bangladesh Industrial Finance Company Ltd., Evaly.com Ltd., Reptiles Farm Ltd., Envoy Textiles Ltd., Destiny-2000 Ltd. Boishakhi Media Ltd.



Mohammad Anwarul Hoque, FCA
Independent Director



Mr. Mohammad Anwarul Hoque FCA, is the Managing Partner of S. K. Barua & Co. Chartered Accountants. He worked in different companies' organizations before joining the firm. He worked in BNS Group of companies, GnG International Trading Ltd, Innovative Electric & Electronics Products Ltd as finance manager. He has 30 years' experience in in the field of accounting, auditing, RJSC, VAT and taxation. He is well conversant with latest accounting standards and auditing standards along with its interpretation, Income Tax Law, VAT, Register of Joint Stock Companies and Partnership, Securities Exchange Commission, Stock Exchange etc. He got licence as a VAT Consultant from National Board of Revenue (NBR).

He successfully completed the training on "Anti Money Laundering and Terrorist Finance" organized by world bank, Public Finance Management from Planning Ministry of Govt. of the Peoples Republic of Bangladesh. He represents to Empacta (an International professional alliance) on behalf of S. K. Barua & Co. Chartered Accountants. He went to Devon, United Kingdom for Quality Assurance (Peer Review) for a UK based company named Empacta Training International. He also went to Indonesia to attend round table session for IFR4NPO.

Mr. Mohammad Anwarul Hoque has been appointed as an Independent Director in the Board of Directors of Union Capital Limited on 04 September 2025.



Mohammad Eklas Uddin, FCA
Independent Director



Mr. Mohammad Eklas Uddin was born in a respectable Muslim family in the year 1977 in Manikgang. He obtained M. Com in Accounting from Jagannath University. Mr. Eklas qualified as a Chartered Accountant in the session Nov-Dec 2013 and became a Fellow Member of the Institute of Chartered Accountants of Bangladesh (ICAB) in 2019.

Mr. Eklas is currently working as the Principal & CEO of M. Eklas & Co. Chartered Accountants. He also worked in Energypac Power Generation Ltd., Oponin Pharma and East West University. In his 20 years of versatile career in various industries, Mr. Eklas has handled a distinct range of portfolios including Internal Audit & Compliance, Treasury & Finance, Taxation, Business Planning & Budgetary Control and Financial Reporting. He left corporate jobs in 2023, as Finance Director of East West University.

Mr. Eklas has been serving as a member of different Standing and Other Committees of ICAB and other organizations for many years. As part of his professional works, he attended various Training, Workshops, Seminars and Meetings at home and abroad such as: in Australia, India, Thailand, Nepal etc.

Mr. Eklas is also a member of Dhaka Regional Committee of The Institute of Chartered Accountants of Bangladesh (2025-2027), Member of Japan-Bangladesh Chamber of Commerce and Industry, Member of Finance Committee of South Asian University, New Delhi, India, Life Member of Manikganj Shamity, Member of CA Club Ltd., Member of Professional Club and Founder Treasurer of CA Travelers.

Mr. Eklas has been appointed as an Independent Director in the Board of Directors of Union Capital Limited on 04 September 2025.



Mr. Md. Ferdaush Hossain
Administrator
Appointed by Bangladesh Bank in the capacity of Managing Director & CEO



Mr. Md. Ferdaush Hossain, Director, Human Resource Department - I, Bangladesh Bank, has been appointed as the Administrator of Union Capital Limited in the capacity of Managing Director & CEO by Bangladesh Bank with effect from 25 August 2025.

Mr. Ferdaush completed his Bachelor of Commerce from the University of Dhaka and later obtained Master of Commerce in Finance and Banking from the same institution. He also successfully completed Banking Diploma (Part-I) from The Institute of Bankers, Bangladesh (IBB).

Mr. Ferdaush started his career with Bangladesh Bank in 2003 as an Assistant Director and over the years, has served in various capacities across multiple departments including the Human Resource Department - I, Department of Financial Institutions and Markets, Financial Institutions Inspection Department, Equity and Entrepreneurship Fund Unit, and Agricultural Credit Department.

Throughout his career, Mr. Hossain has participated in numerous professional training programs, workshops, and seminars both at home and abroad, including in Japan, Indonesia, Thailand, and India.

BOARD STRUCTURE AND ITS OPERATION

BOARD STRUCTURE OF UCL

Chaired by Mr. Munshi Shafiu Haque, the Board of Directors determines Company's objectives and supervises their implementation. The operating procedure of the Board is governed by the internal rules and regulations of the Board of Directors. The internal rules and regulations of Board of Directors also define the composition, duties and operating procedures of the committees established by the Board, which have their own charter of functioning.

SIZE OF THE BOARD

As per the Finance Company Act 2023, the size of the Board of a Finance Company shall be maximum of fifteen members including two Independent Directors. As per BSEC's Notification, a listed company should have Independent Director of at least two or one fifth of total Directors, whichever is higher. As per Articles of Association of the Company the Managing Director is an Ex-Officio Director.

COMPOSITION OF THE BOARD

As on 31 December 2024, the Board of UCL comprises as follows:

Non-executive Directors

Four (out of whom two are Independent Directors)

Independent Director - Two

Executive Director - One (The Managing Director & CEO)

NON-EXECUTIVE DIRECTOR

As on 31 December 2024, there are four Non-Executive Directors in the Board, out of whom two are Independent Directors. None of the Directors takes part in the day to day affairs of the Company. They attend only in the Board/Committee meetings to discuss the agenda reserved for the Board/ Committees.

INDEPENDENT DIRECTOR ON THE BOARD

As on 31 December 2024, there are two Independent Directors in the Board out of whom one Independent Director is nominated by the Bangladesh Securities and Exchange Commission. In order to qualify as an Independent Director, the Board affirmatively determines that the Director has no material relationship with UCL either as a partner, shareholder or officer of an organization that has a relationship with UCL that would preclude that nominee from being an Independent Director. For the purpose of such determination, the Directors consider that the Independent Director does not hold any share or holds less than one percent shares of the total paid up capital of the Company, who is not connected with the Company's Promoters or Directors or Shareholders who holds one percent or more than one percent shares of the total paid up shares of the Company, on the basis of family relationship; who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associate companies, who is not a member, Director or Officer of any Stock Exchange and who is not a shareholder, director or officer of any stock exchange or an intermediary of the capital market. A person cannot be

appointed as Independent Director who has already been appointed as Independent Director of five listed Company.

TENURE AND RETIREMENT

As per Companies Act 1994, the office of Non-Executive Directors is subject to retirement. At least one-third of the non-executive Directors shall retire by rotation in every Annual General Meeting. The Managing Director is appointed for a minimum period for three years' subject to approval of Bangladesh Bank. The tenure of an Independent Director is three years and may be extended by another three years.

The Primary responsibility of the Board of Directors is to protect the Shareholders' interest. The Board, elected by the shareholders, is the highest governing authority within the management structure.

DIRECTORS' COMPENSATION

Except the Managing Director & CEO, none of the Directors holds any position of profit and receives any remuneration other than the fees for attending the Board/Committee meetings. In addition, the Independent Directors have been receiving a monthly remuneration of Tk.25,000/- effective from July 2024, as per the decision taken by the Board, in its 313th Meeting held on 12 June 2024, in compliance with the directive of Bangladesh Bank issued through DFIM Circular No. 01, dated 29 February 2024.

MEMBERSHIP OF THE BOARD COMMITTEE

All the Board Committees are comprised entirely of Non-Executive Directors. Membership of Directors in the Board Committees is given in their biographies on pages 34 to 37 of this Annual Report.

SUB-COMMITTEE

The Board has two Sub-Committees namely Executive Committee and Board Audit Committee. The Executive Committee comprises of three Directors. The Board Audit Committee is also consisted of three Directors. All the Board Committees have a written charter that describes the Committees' purpose, duties and responsibilities. The Committee Charters are available on page 39 to 40 of this Annual Report.

BOARD MEETING

The Board holds at least four regularly scheduled meetings in each year. In the year 2024, the Board met ten times to discuss scheduled business.

DIRECTORS' RESPONSIBILITY

Each Director uses his or her best efforts to attend in all the meetings of the Board and the Board Committees to which such Directors is appointed. The Directors are responsible for developing and upgrading UCL's Governance Principles, Code of Business Conduct and the Charter of each Committee on which such Director serves. For review, working papers relating to business to be transacted in the meeting are provided well in advance to the members of Board/Committees.

CHARTER OF BOARD AND ITS COMMITTEES

The Board of Directors is responsible for supervising the Management of the business and affairs of the Company in a way which ensures that the interests of shareholders and stakeholders are promoted and protected. In discharging this duty, the Board has the following overall responsibilities:

Strategic planning process

- Supervising the formulation of the strategic direction, plans and priorities of the Company and approving the strategic Plan;
- Reviewing and approving the organizational structure of the Company;
- Monitoring implementation and effectiveness of the approved strategic and operating plans;
- Reviewing and approving the corporate financial objectives and operating plans and actions of the Company;
- Approving major business decisions;

Identification and management of risks

- Ensuring that processes are in place to identify the principal risks of Company's business;
- Reviewing the systems that are implemented by management to manage those risks;
- Reviewing the processes that ensure compliance with applicable regulatory, corporate, securities and other legal requirements.

Succession planning and evaluation of management performance

- Supervising the succession planning processes of the Company, including the selection, appointment and development of the Chief Executive Officer and the senior management team;
- Evaluating and approving compensation of the Chief Executive Officer and the senior management team in a manner that is consistent with regulatory guidelines;
- Overseeing Company's control functions' having regard to their independence and effectiveness.

Oversight of communications and public disclosure

- Assessing the effectiveness of Company's communications, including measures for receiving feedback from stakeholders;
- Overseeing establishment of processes for accurate, timely and full public disclosure;

- Reviewing due diligence processes and controls in connection with certification of the Company's financial statements.

Internal controls

- Reviewing the effectiveness of Company's internal controls and management information systems;
- Reviewing and approving the Company's annual and quarterly financial statements and other public disclosure documents that require Board approval.
- Overseeing compliance with applicable audit, accounting and reporting requirements;
- Approving dividends, as well as capital expenditures and transactions which exceed threshold amounts set by the Board.

Culture of Integrity

- Establishing Company's values;
- To the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other senior officers and that the Chief Executive Officer and other senior officers create a culture of integrity throughout the organization.

Governance

- Developing a set of corporate governance principles and guidelines;
- Appointing from its members a Chairman of the Board;
- Establishing appropriate structures and procedures to allow the Board to function independently of management;
- Establishing Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities;
- Setting expectations and responsibilities of directors, including attendance at, preparation for, and participation in meetings;
- Review the composition of the Board with a view to the effectiveness and independence of the Board and its members.

CHARTER OF THE EXECUTIVE COMMITTEE

- The Executive Committee, in fulfilling its purpose, will:
- Guide the Management in achieving the organization's vision/mission;
- Review implementation of the business policy;
- Approve credit proposals up to BDT 10 million under each agreement;

- Review credit proposals prepared by the Management and recommend to the Board where the amount exceeds BDT 10 million under each agreement;

CHARTER OF THE AUDIT COMMITTEE

- The Audit Committee, within the delegated authority and in fulfilling the regulatory requirements has the following terms of reference (TOR):

A. Internal Control

- Review the implementation of key accounting policies and financial reporting;
- Evaluate the implementation of the internal control systems and the risk management process.

B. Internal Audit

- Review the adequacy of internal audit function;
- Consider the scope of work and review approve and the annual audit plan and ensure no unjustified restrictions or limitations are made;
- Review and approve the annual audit report;
- Review the activities, resources and organizational structure of Internal Audit;
- Contribute to the selection process for the appointment of the Head of Internal Audit; and
- Ensure that findings and recommendations communicated by Internal Audit and Management's proposed responses are received, discussed and appropriately acted on.

C. Compliance

- Review the effectiveness of the company's system for monitoring compliance with relevant laws and regulations (including internal rules) and the measures taken by Management as a result of its investigation of material incidents of non-compliance.

D. Relationship with the external auditor

- Review the scope of work and audit plan;
- Review Management Letters issued by external Auditors;

- Review the Report on the annual audit of the Company;
- Consider the independence of the external auditor and any potential conflicts of interest;
- Review the "Terms of Engagement" of the external auditor;
- Discuss with the external auditor for any audit problems encountered in the course of audit work, including any restriction on audit scope or access to information;
- Discuss with the external auditor about the appropriateness of the accounting policies applied in the company's financial reports;
- Ensure that significant findings and recommendations communicated by the external auditor and Management's proposed responses are received, discussed and appropriately acted on; and
- Review the performance of the external auditor and make recommendations to the Board of Directors for the appointment, reappointment or termination of appointment of the external auditor.

E. Reporting to the Board

- Report on the conflict of interests;
- Suspected or presumed fraud or irregularity or material defect in the internal control system;
- Suspected infringement of laws, rules and regulations;
- Any other matters that requires immediate reporting.

F. Others

- Oversee the financial reporting process;
- Monitor choice of accounting policies and principles;
- Review the annual financial statements before submission to the Board for approval;
- Review the quarterly and half yearly financial statements;
- Review the statement of significant related party transactions submitted by the management.

DIRECTORS' REPORT



Dear Shareholders,

The Board of Directors of Union Capital Limited (UCL) takes the pleasure to present the Annual Report and the Audited Financial Statements of the Company for the year ended 31 December 2024 together with the Auditors' Report thereon, for consideration and approval of our respected Shareholders. The Board of Directors of the Company approved the same in its Meeting held on 29 June 2025.

This Directors' Report has been prepared in accordance with the requirements of Section 184 of the Companies Act 1994, the Bangladesh Securities and Exchange Commission (BSEC) Notification dated 03 June 2018, the Listing Regulations of the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE), the Finance Companies Act 2023, guidelines issued by Bangladesh Bank, and the applicable provisions of the Bangladesh Financial Reporting Standards (BFRS), along with other relevant rules and regulations. The Board of Directors has provided necessary disclosures, explanations, and commentary on issues deemed material and relevant to ensure full compliance with regulatory requirements and to promote transparency and sound corporate governance practices. We believe that this report will provide the insights of the Company's performance during the year under reporting.

Global Economy in 2024

The global economy in 2024 pursued a cautious path to recovery, shaped by persistent inflationary pressures, monetary tightening, and geopolitical uncertainties. Central banks across the world remained focused on stabilizing inflation while maintaining prudent monetary policies.

The year was shaped by several key economic developments. Inflation remained a central concern, though its pace moderated in many regions as monetary policies began to take effect. The US Federal Reserve and the European Central Bank adopted a cautious stance, with tentative signs of policy easing toward the year's end. Geopolitical tensions most notably the ongoing Russia-Ukraine war and instability in the Middle East continued to drive energy price volatility and trade uncertainties, weighing on global investment confidence. Supply chains showed gradual signs of recovery, although bottlenecks in critical raw materials and commodities persisted.

Global GDP reflected steady yet moderate growth, though the rate has marginally declined over the past three years. According to the IMF, global GDP stood at 6.7% in 2023 and is projected to slow to 5.8% in 2024. The Asia-Pacific region continued to be a key driver of global economic expansion, despite prevailing challenges. However, China's economic slowdown driven by its property market crisis and regulatory tightening adversely affected regional trade, dampening import demand and straining supply chains.

Economy of Bangladesh

Bangladesh's economy has recovered from the economic damage caused by the impact of COVID-19 and the ongoing Russia-Ukraine crisis, although the recent slowdown in the global economy has adversely affected the country's economic growth. In 2024, Bangladesh's GDP growth slowed to 4.22%, marking the second consecutive year of deceleration and the lowest rate in four years. The downturn was driven by persistent global challenges including inflation, elevated interest rates, and geopolitical tensions alongside domestic pressures such as weak industrial output, declining exports, currency depreciation, and structural weaknesses in the banking, energy, and trade sectors.

A major political transition took place with the removal of the previous Government and the appointment of interim Government headed by Professor Dr. Muhammad Yunus as the Chief Advisor. The interim government placed emphasis on structural reforms, youth empowerment, and entrepreneurship to stabilize the economy and address long-term vulnerabilities.

Although the transition brought turbulence and challenges in policy execution, international support and targeted interventions provided a cushion to sustain economic momentum. Going forward, Bangladesh's recovery will hinge on maintaining fiscal discipline, advancing sectoral modernization, and fostering inclusive growth to restore investor confidence and unlock its long-term potential.

Foreign Exchange Reserve

In 2024, Bangladesh's foreign exchange reserves experienced notable fluctuations. By December, gross reserves stood at USD 26.21 billion, while adjusted reserves were USD 21.42 billion down from USD 27.13 billion in December 2023. The decline underscores ongoing economic pressures, including a persistent dollar shortage and rising import costs. Nonetheless, the reserves remained at a broadly adequate level, covering approximately 4.8 months of projected imports.

Inflation

Inflation in Bangladesh has been facing a swelling growth in the first two quarter of FY-22 as price of food & non-food items are showing upward movement. Although global inflation has come down a bit, Bangladesh has experienced steep inflation in FY-2023 as price of food & non-food items are showing upward movement. The average general inflation was 9%. For that, consumers, traders, and inhabitants' purchasing power is highly affected. It is expected that the newly formed Interim Government will be able to meet this challenge by adopting necessary policies and reform.

Export and Import

Between FY2019 and FY2024, Bangladesh's export performance experienced notable fluctuations. Exports peaked at USD 49,245 million in FY2021–22, before

declining to USD 46,431 million in FY2022–23 and an estimated USD 44,470 million in FY2023–24, according to revised data from Bangladesh Bank. This downward trend, partly driven by a slowdown in the ready-made garments (RMG) sector, underscores the urgent need for strategic measures to enhance export resilience and strengthen competitiveness.

Capital Market Overview

In 2024, Bangladesh's capital market experienced volatility amid macroeconomic and political uncertainties. The Dhaka Stock Exchange (DSEX) index declined by 16.49%, closing at 5,216 points by the end of December 2024. This reflects investor caution and the impact of high interest rates. Despite this, Daily Average Turnover (DAT) grew by 9.34% year-on-year, reaching BDT 6.32 bn, with fluctuations throughout the year. The removal of the floor price initially fueled a bullish trend, but persistent high policy rates dampened market momentum. Investors increasingly shifted towards government securities to capitalize on higher risk-free returns, reducing liquidity in the equity market. Political developments in mid-year provided temporary boosts, though activity slowed again by year-end.

NBFI Sector overview 2024

As of 31 December 2024, a total of 35 finance companies were operating in Bangladesh, with one company undergoing liquidation. Among these, three are fully government-owned, 19 are privately owned by local entities, and the remaining 13 operate under joint ownership between local and foreign stakeholders.

Non-performing loans (NPLs) continued to pose a significant challenge. The banking sector's classified loan ratio reached 20.20% by December 2024, while the NPL ratio for NBFIs, as of September 2024, reached a record high of approximately 35.52% of total disbursed loans.

Liquidity conditions remained tight, driven by rising deposit rates and a cautious lending environment, which pushed funding costs higher for both banks and NBFIs. The withdrawal of the lending rate cap under the SMART (Six-Month Moving Average Rate of Treasury Bill) framework contributed to an increase in lending rates, discouraging borrowing and slowing credit growth, particularly in the private sector.

OPERATIONAL PERFORMANCE OF UCL GROUP

In 2024, Union Capital Limited (UCL), like many other financial institutions, continued to face formidable challenges, largely consistent with the difficulties encountered in recent years. The year was characterized by a persistent lack of depositors' confidence in placing new deposits with finance companies, continuation of rising the Non-Performing Loan, a subdued capital market performance, rising of deposit cost and substantial fund withdrawals by the depositors. Collectively, these factors

created significant obstacles for the Company's operations and performance during the year under review.

For the sixth consecutive year, UCL reported a net loss, reflecting the ongoing impact of structural and market-related adversities. Despite these challenges, Management implemented a wide range of measures aimed at mitigating losses. These included stringent cost control initiatives to reduce controllable operating expenses and an intensified focus on recovery efforts from non-performing loan accounts and written off accounts. However, these efforts were offset by several adverse developments. The Company was required to maintain additional provisioning in compliance with Bangladesh Bank directives, following further downgrades in the classification of non-performing loans (NPLs). In addition, rising interest rates imposed by lender banks led to an increase in financial expenses. The prolonged sluggishness in the capital market also adversely impacted the Company's subsidiaries, resulting in a notable decline in brokerage commission income. These combined factors further strained the financial performance of the Group during the year.

Key Operating and Financial Data

Key operating and financial data of last five years as required by BSEC is presented is given under the heading of Operational Performance in the page no 26 of this Annual Report.

Financing and Investment Operation

Union Capital consistently strives to adopt an innovative approach in its investment decisions, with a strong focus on identifying and financing emerging sectors while maintaining a quality portfolio. In line with its corporate vision, the Company emphasizes a segmented business strategy, catering to corporate and institutional clients, SMEs, and retail financing. However, overall investment activities remained subdued during the year, due to the prevailing liquidity crisis and continued volatility in the money market.

Diversified Portfolio

The Company's principal financing activities include term finance, lease finance, retail finance, SME finance, housing finance, syndicate finance, and work order finance etc.

Capital Market Operation

UCL provides merchant banking, portfolio management, and stock brokerage services through its subsidiaries, UniCap Investments Limited and UniCap Securities Limited.

Margin Loan

UCL Group provides margin loan facilities through its Subsidiaries namely UniCap Investments Limited and Unicap Securities Limited to its portfolio customer for purchase of shares and securities. The amount of portfolio loan outstanding as on 31 December 2024 was BDT 5,248.42 million. The above amount represents the aggregate investor's portfolio loan extended to different

portfolio customers for purchasing shares listed in the stock exchanges against their deposit.

Investment in Share and Securities

UCL maintains its own portfolio for investment in listed companies shares and securities. These are fully diversified with different sector of securities. The investment risk is being minimized through diversification and through major investments in fundamentally strong securities. In 2024, the company earned Tk.1.42 million from the investment in capital market.

Banking Arrangements

In 2024, the Company did not receive any fund from banks against different forms of borrowing to finance its operations but repaid Tk. 437.48 million as per terms and conditions of the contracts. UCL also did not get any new fund in 2024 from Bangladesh Bank under the SME Refinancing Schemes.

Deposit Mobilization

UCL offers term deposits from corporate and individuals through its wide range of deposit schemes with different maturity options, monthly/quarterly/half-yearly/yearly income options, double/triple money options, monthly saving options etc. The deposit amount of the Company stood at BDT 7,982.28 million as on 31 December 2024 as against BDT 8,156.50 million of 31 December 2023. The deposit portfolio squeezed significantly due to panic situation created out of the liquidation process of the Finance Companies and lack of confidence of the depositors in this sector.

Call Money Transactions

Being a finance company, UCL participates in money market transactions on a regular basis, engaging in both borrowing and lending activities with various banks and financial institutions to effectively manage its liquidity position.

Operational Hub

UCL provides services through its five offices geographically diversified in the areas namely Dhaka, Chattogram, Sylhet and Bogura.

Operating Results (Consolidated)

During 2024, the Company generated revenue of BDT 353.35 million, which concluded in loss from operation of BDT 513.67 million. An amount of BDT 22.27 million has been provided as provision for taxation in 2024. Earnings per share was BDT (11.99) as against BDT (35.17) of previous year. The weighted average number of ordinary shares outstanding during the year was 172.57 million same as 2023. The financial result of the Company for the year 2024 with a comparison of 2023 is summarized below:

(BDT in million except per share data)

Particular	2024	2023
Operating revenue/(loss)	(537.08)	(290.77)
Operating expenses	248.21	254.87
Profit/(loss) before tax	(2,047.74)	(6,040.60)
Provision for tax	22.27	29.10
Profit/(loss) after tax	(2070.01)	(6,069.70)
Earnings per Share (EPS)	(11.99)	(35.17)

THE SEGMENT WISE PERFORMANCE

A detailed operating segment report (consolidated) for the year 2024 has been presented in Note No. 37 of the Financial Statements on page 195 and 196 of this Annual Report. The report highlights the segment-wise performance of the core financing business, investment banking business, and brokerage business, along with comparative figures from the previous year

SUBSIDIARY COMPANIES

UCL has two wholly-owned subsidiary companies: UniCap Securities Limited, a corporate member of both the Dhaka and Chittagong Stock Exchanges, and UniCap Investments Limited, a full-fledged merchant bank. In 2024, UCL did not receive any dividend from its subsidiaries. The separate audited financial statements of these subsidiaries are presented on pages 204 to 244 of this Annual Report.

IPO OF THE COMPANY

UCL floated its ordinary shares through an Initial Public Offering (IPO) in 2007 and raised Tk.75,000,000. The net proceeds from the IPO were utilized to support the Company's operational activities, primarily through investments in lease finance and term finance

PROTECTION OF MINORITY SHAREHOLDERS

At UCL, all the shareholders are treated equal and the Board of Directors of the Company is always concerned about the minority Shareholders' interests. The Board is vigilant in ensuring that minority shareholders are protected from any abusive actions, whether direct or indirect, by controlling shareholders.

EVENTS OCCURRING AFTER THE REPORTING DATE

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since the end of the year 2024 that has significant effect or may significantly effect the operations of the Company, the results of its operations or its state of affairs, which is not already reflected in this report other than the following:

Declaration of Dividend

Mainly due to maintaining provision for classifying the loan outstanding, increasing provision requirement for down gradation of non-performing loans, decreasing interest income due to down gradation of non-performing loans and decreasing brokerage commission due to sluggish

trend in capital market, the Company incurred net loss about 195.92 crore in the year 2024.

As a result, the Board of Directors, did not recommend any dividend for the year ended on 31 December 2024 subject to approval of the shareholders at the forthcoming 27th Annual General Meeting scheduled to be held on 23 September 2025.

Appointment of Administrator by Bangladesh Bank

The Board appointed Mr. Md. Ferdaush Hossain, Director, Human Resource Department - 1, Bangladesh Bank as the Administrator of Union Capital Limited in the capacity of the Managing Director & CEO with effect from 25 August 2025, in accordance with the direction given by Bangladesh Bank's vide its letter ref. no: DFIM(c)/1054/55/2025-2708 dated 25 August 2025.

DIVIDEND DISTRIBUTION POLICY

The Company has a dividend distribution policy which was adopted by the Board in its 303rd Meeting held on 07 September 2023. The said policy is given on page no 57 and also has been posted in the website of the Company.

UNDISTRIBUTED/UNCLAIMED DIVIDEND STATUS

The Company did not retain any undistributed or unclaimed dividend of the shareholders. Referring to the directive issued by the Bangladesh Securities and Exchange Commission and its letter having reference no: SEC/SRMIC/165/2020/142 dated 25 May 2023, the undistributed/ unclaimed dividend against Cash and Fractional Stock Dividend of Tk. 1,399,558.41 had already been deposited to Capital Market Stabilization Fund (CMSF) SND A/C no: 00310311521301 of Community Bank Bangladesh Limited. The undistributed/ unclaimed Stock Dividend of 4,753 nos. Share had also been transferred to CMSF BO A/C no: 1201530074571230. Year wise status of the undistributed/ unclaimed dividend status has been given below:

Year	Cash/Fractional Dividend amount in Tk.	Stock Dividend in Number
2008	253.69	-
2009	4,233.26	-
2010	189.56	2,535
2011	524,719.40	249
2012	1,506.22	136
2013	2,078.68	291
2014	10,146.98	317
2015	824,164.05	242
2016	15,941.90	427
2017	9,398.11	207
2018	6,926.56	379
Total	1,399,558.41	4,783
Less: Fund/Share transferred to CMSF	(1,399,558.41)	(4,783)
Unpaid Fund/Share available to UCL	-	-

Year wise detail shareholders list has been uploded in Company's website at www.unicap-bd.com

APPROPRIATIONS OF PROFIT (Based on separate F/S)

Taking into account the huge amount of loss, the Board recommended no dividend for the year ended 31 December 2024 for approval of the Shareholders in the forthcoming 27th Annual General Meeting. The Board proposed the following appropriations:

Particular	BDT in million
Net Profit/(loss) after tax	(1,959.16)
Retained Earnings/(Loss) brought forward	(10,864.76)
Total Profit/(loss) available for appropriation	(12,823.92)
Proposed appropriation:	
Transfer to Statutory Reserve	Nil
Dividend paid in 2023	Nil

COMPLIANCE REGARDING TRADING OF SHARE UNDER - Z CATEGORY

In compliance with Bangladesh Securities and Exchange Commission's issued notification dated 01 September 2020 for Z - Category Company, the following disclosure has been disclosed :

Identify the reasons for Company's failure in operating and performing profitability:

The Board acknowledged the following major reasons behind Company's failure to perform profitability since 2019:

- Liquidity Crisis & Unprecedented Deposit Encashment Pressure
- Deterioration of Assets' Quality arising from the followings:
 - Sharp increasing of Non-Performing Loan ("NPL") & Reasons behind NPL
 - Delay in legal proceedings against Defaulter Borrowers
 - Subsidiary's Loan Issue
 - Not earning any Dividend against Equity Investment with 02 subsidiaries
 - Not getting any interest income on substantial amount of TDR worth Tk.138.62 crore maintained with 02 Financial Institutions
 - Delay in selling out Non-Banking Assets arising from mortgaged property
- Halt of lending business for prioritizing depositors' encashment payment
- Increasing rate of interest on Term Loan liabilities by the banks

Observation regarding identifying the persons for the said failure (if responsible any):

The Board has drawn its observation about not found any individual or group of peoples, those have/had involved for

any financial scam, misappropriation, embezzlement, manipulation or misconduct that causes of any losses of the Company. The Board also opined that the reasons behind the losses were merely for overall crisis in the Financial Sector deriving after stemming irregularities in several financial institutions and decision initiated for liquidation of one Finance Company. The event has severely restricted the ability of Union Capital Limited like many other Finance Companies to mobilize fresh deposits or access credit facilities from banks. Simultaneously, the advised impact of COVID-19 pandemic and the ongoing global economic instability for the Russia-Ukraine war, Political Crisis in the Medial East countries with Israel had adversely affected the global business that also impacted in local business. Most of our corporate clients were effected for its, for which collections from loan and lease portfolio were drastically fallen. In consequence, due to shrinking cash flow, UCL suspended new loan disbursements since June 2019 for prioritizing to meet the depositors' encashment demands and repayment the bank liabilities.

Business plan for improving the operational and financial performance with a view to reviving of the Company from present distress situation

In compliance with Bangladesh Securities and Exchange Commission's issued notification dated 01 September 2020 for the Z – Category Company, the Board in its 327th Meeting held on 29 July 2025 has adopted an action plan for improving the operational and financial performance with a view to revival of the Company and return back to profitability again. A brief summary of the said plan has been presented below:

1. Capital Restoration and Balance Sheet Strengthening by taking following measures:
 - a. Recapitalization through Strategic Investment
 - b. Conversion of Debt into Equity
2. Strengthening Assets Recovery and NPL Resolution
 - a. Aggressive Recovery Strategy taken/to be taken through Legal Proceedings:
 - i) Initiatives taken under Artha Rin Adalat Ain, 2003
 - ii) Initiatives taken under the Negotiable Instruments Act, 1881 (the NI Act)
 - iii) Initiatives before the Hon'ble Apex Court for vacating the order of stay and resuming the proceedings of the suit/case filed to recover loan money before the subordinate courts
 - iv) Execution of the Arrest Warrant
 - v) Applying for imposing restriction on leaving the country
 - vi) Applying for imposing restriction on transferring asset of defaulter borrowers
 - b. Initiatives for amicable settlement outside the Court
3. Taking special measures to sell out the Non-Banking Assets

4. Settlement of Deposit Liabilities in exchange of non-banking assets and mortgaged properties
5. Initiatives for recovery of Term Deposits maintained with 02 Finance Company
6. Enhancing Liquidity Management & Debt Restructuring
 - a. Liquidity Support from Government or Special Refinancing Schemes
 - b. Rescheduling/Restructuring Term Loan Liabilities
 - c. Approach Large Institutional Depositors for allowing longer repayment period
 - d. Reopening credit lines from Banks and Mobilizing Fresh Deposits
7. Strategic Realignment for the Subsidiaries
 - a. Conversion of Loan of Unicap Investments Limited to Equity
 - b. Restructuring of both the Subsidiaries
 - c. Explore all the avenues to enroll new customers, encourage cash transaction rather margin loan, bring in liquidity in the company and increasing management expertise
 - d. Approach BSEC towards getting fund support for both the subsidiaries those are suffering from huge amount of Negative Equity Crisis against its margin loan
8. Operational Cost Reduction
9. Regulatory and Stakeholder Engagement
 - a. Structured Communication with Bangladesh Bank
 - b. Confidence-Building Measures for Depositors and Public
 - c. Settlement of Winding-Up Cases:
10. Resuming Fresh Lending on Selective Basis

The proposed revival strategy reflects UCL's firm commitment to regaining financial stability, restoring depositor's confidence, and fulfilling its regulatory obligations. With prudent execution and necessary regulatory support, UCL expects to achieve remarkable financial improvements over the next five years and thus, UCL anticipates the potential to generate positive returns for its equity investors. Accordingly, UCL aims to reestablish its position as a resilient and responsible financial institution within the NBFI sector.

ANNUAL GENERAL MEETING

The notice of the 27th Annual General Meeting is given on page no. 246 of this Annual Report. A summary of the agenda is given below:

Ordinary Business

- Receive and adopt the Directors' Report, Auditors Report and Audited Financial Statements for the year 2024;
- Declaration of dividend for the year 2024;
- Re-appointment of the Directors;

- Confirmation of appointment of the Independent Directors;
- Appointment of the Statutory Auditors for the year 2025 and fixation of their remuneration;
- Appointment of Corporate Governance Auditors for the year 2025 and to fix their remuneration;

OBSERVANCE OF IAS, IFRS & APPLICABLE LAWS

The Directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company enabling us to ensure that the financial statements comply with the Companies Act 1994, the Finance Company Act 2023 and the Bangladesh Securities and Exchange Rules 1987. The Directors also confirm that the financial statements have been prepared in accordance with the International Accounting Standards and other applicable rules and regulations. A separate report on Directors' Responsibilities as to the preparation of financial statement is set out in this Annual Report have been prepared in accordance with the International Accounting Standards and other applicable rules and regulations. A separate report on Directors' Responsibilities as to the preparation of financial statement is set out on page no. 61 in this Annual Report.

ACCOUNTING POLICIES AND MAINTENANCE OF BOOKS OF ACCOUNTS

The Directors consider that in preparing the Financial Statements, the Company has applied appropriate accounting policies, prudent judgments and estimates and all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). In preparing financial statements, information has been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

FAIRNESS OF THE ACCOUNTS

As per Companies Act 1994, it is the responsibility of the Directors to prepare financial statements for each year to be presented before the shareholders in the Annual General Meeting. The financial statements and other financial information included in this report fairly present in all material respects, the financial conditions, results of operations, cash flows and changes in equity of the Company as of, and for the year ended 31 December 2024.

RISK MANAGEMENT

Risk is an exposure to a transaction that may result in a loss with some probability. In financial institutions, risk results from variations and fluctuations in assets, liabilities, incomes and outflows & inflows of cash etc. While the types and degree of risks an organization may be exposed to, depend upon a number of factors, it is assumed that generally FIs face Credit, Market, Liquidity, Operational, Compliance, Legal, Regulatory, Environment and

Reputation risks. A details report on Risk Management is presented on page no. 102 to 114 in this Annual Report.

CREDIT RATING

A credit rating is an assessment of the solvency or creditworthiness of a company according to established credit review procedures. UCL is rated by National Credit Ratings Ltd., one of the leading independent rating agencies and adjudged "BBB- (Triple B Minus)" in the long term and "ST - 4" in the Short Term along with developing outlook. The validity of the rating will expire on 09 December 2025.

INTERNAL CONTROL

The Board acknowledges its responsibilities for UCL's system of internal control and for reviewing its adequacy and effectiveness. The system of internal control covers, inter alia, financial, operational, management information systems, organizational and compliance controls. Our management, with the participation of the Chief Executive Officer, Chief Financial Officer and Chief of Internal Control & Compliance evaluated the effectiveness of our Internal Control. These controls include financial control that assist the Board in meeting its responsibilities for the integrity and accuracy of the company's accounting records. The Company's financial statements, prepared from these records, comply with the required laws and standards. A separate report on Internal Control is given on page 59 of this Annual Report.

INFORMATION TECHNOLOGY

In many businesses, survival and the ability to achieve strategic business goals is difficult without extensive use of information technology. UCL holds a fully automated IT structure to support its operation which also produces enhanced MIS for decision making, improve risk management and most importantly, captivate its customers at every opportunity. Additionally, UCL installed a comprehensive online Human Resource Management Software for efficient management of payroll, PF, gratuity, leave and other relevant information of the employees of the Company.

DIRECTORS' MEETING, ATTENDANCE & REMUNERATION

During the year ended 31 December 2024, total 10 meetings of the Board of Directors and total 04 meetings of the Board Audit Committee were held. No meeting of the Executive Committee was held in 2024. The attendance in the Board and its Committee meetings by each Director is given in Annexure - I on page 53 of this Annual Report. The Directors received an amount of Tk.8,000/- for attending each meeting of the Board and its Committee Meetings. The details on remuneration/fees paid to Directors in 2024 is presented on page 72 of this Annual Report.

Moreover, the Independent Directors have been receiving a monthly remuneration of Tk.25,000/- effective from July

2024, as per the decision of the Board of Directors in its 313th Meeting held on 12 June 2024, in compliance with the directive of Bangladesh Bank issued through DFIM Circular No. 01, dated 29 February 2024.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY

The Directors confirm that to the best of each Director's knowledge and belief the financial statements prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and results of the Company and the management report contained in the operational and financial review includes a fair review of the development and performance of the business and the position of the company, together with a description of principal risks and uncertainties that may face.

DIRECTORS' RESPONSIBILITIES OF PREPARATION OF FINANCIAL STATEMENTS

As per Companies Act 1994, the Directors are responsible for preparing the Annual Report and Company's financial statements in accordance with applicable laws and regulations. The Board confirms that the Financial Statements have been prepared according to IFRS and other applicable laws and regulations. A statement of the Directors' responsibility in relation to financial statements has been given on page 61 of this Annual Report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors in accordance with BSEC Notification dated 20 June 2018 confirm that:

- The financial statements prepared by the management of UCL present fairly its state of affairs, the result of its operations, cash flows and changes in equity; Proper books of accounts of the Company have been maintained; Appropriate accounting policies have been consistently applied except for the changes disclosed in the financial statements in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS), as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There are no significant doubts upon the Company's ability to continue as a going concern.

REGULATORY COMPLIANCE

UCL is well known for its regulatory compliance and has always followed applicable regulations rigorously. UCL has a dedicated compliance team for ensuring regulatory compliance across all the businesses and operations. They are

responsible for identification and assessment and compliance related matters from a regulatory compliance perspective and monitoring and reporting. We ensure that these are periodically reviewed in line with the changing scenario and taking into account modifications if any in the regulatory guidelines..

EVALUATION OF QUARTERLY REPORTS

In order to improve disclosure relating to the functioning of Board Audit Committee and to enhance the reliability and credibility of financial statements of listed companies the Bangladesh Securities and Exchange Commission (BSEC) requires the Audit Committee along with the Management of the Company to review the quarterly and half-yearly financial statements prior to placing the same before the Board for approval. The Audit Committee of UCL reviews the interim financial statements before placing the same to the Board. The Charter of the Audit Committee clearly includes among others the function of reviewing the financial statements of the Company.

SIGNIFICANT VARIANCE THAT OCCURS BETWEEN QUARTERLY FINANCIAL PERFORMANCES & ANNUAL FINANCIAL STATEMENTS

Consolidated EPS for 2024 has been increased from the same period of previous year and also for the quarter ended financial performance of 2024, primarily due to reduction in provision requirements for loans, advances, and leases and decrease in operating expenses resulting from effective cost management and control measures.

REPORT ON THE COMPLIANCE OF THE CONDITIONS OF BSEC'S NOTIFICATION

As per BSEC Notification dated 03 June 2018, the Directors are required to report on the compliance on certain conditions in line with Corporate Governance Code. The Notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The Directors confirm that we have complied with all the conditions stipulated in the Notification. A statement on the compliance with the conditions is given on page 80 to 91 of this Annual Report.

REPORT ON THE COMPLIANCE ON THE GUIDELINES OF BANGLADESH BANK

Bangladesh Bank has issued guidelines on certain issues for the NBFIs to be complied with. The Board of UCL confirms that we have complied with all the conditions of the guidelines. A statement on the compliance with the conditions is given on page 92 to 93 of this Annual Report.

CERTIFICATE FROM THE PRACTICING PROFESSIONAL ON THE COMPLIANCE OF CONDITIONS ON CORPORATE GOVERNANCE

As a measure of good corporate governance practice, and as required by BSEC, the Company has appointed K. M. Hasan & Co., Chartered Accountants to conduct Audit on the compliance status of Union Capital Limited as to the conditions on the corporate governance as stipulated in BSEC Notification dated 03 June 2018. K.M. Hasan & Co.

Chartered Accountants the Corporate Governance Auditor has given a compliance certificate for the year ended 31 December 2024 which is available on page 79 in the Annual Report. The Report confirms that the Company has complied with all the conditions stipulated in the BSEC Notification on Corporate Governance.

GOING CONCERN

Companies and other entities are experiencing the impact of difficult or uncertain economic conditions in varying degrees. The effects of such economic conditions may be significant in the area of financial reporting, in particular, the Directors' assessment of the Company's ability to continue as a going concern. Going concern is a fundamental principle underlying the preparation of the financial statements of a listed company. International Accounting Standards require Directors to consider whether there are material uncertainties that would lead to significant doubt about a company's ability to continue for foreseeable period. BSEC requires the listed companies to make adequate disclosures in the financial report about the going concern of a listed company. The financial statements of the Group and UCL have been prepared on a going concern basis. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions covering principal activities, strategic directions and challenges and uncertainties together with a review of the income statement, financial position and risk profile. In addition, the Directors have considered the future projections of profitability, cash flows, asset quality, the outcome of various stress tests and capital resources in making their assessment. After assessment, the Directors are satisfied that the Company has adequate resources to continue its operation for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements. A separate report on going concern has been set out on page 99 to 101 of this Annual Report.

SUBSTANTIAL SHAREHOLDINGS

BSEC's Notification requires a listed company to disclose in the Directors' Report, the list of shareholders holding ten percent or more voting interest in the Company. None of the shareholders hold ten percent or above shares in UCL. The shareholding status of all sponsor shareholders as of 31 December 2024 is given in Annexure-II, page 53 of this Report.

THE PATTERN & COMPOSITION OF SHAREHOLDINGS

The Authorized Capital of Union Capital Ltd. is BDT 2,000,000,000 divided into 200,000,000 ordinary shares of BDT 10.00 each. The paid-up Capital of the Company is BDT 1,725,738,430.00 divided into 172,573,843 ordinary shares of BDT 10.00 each. The shareholding pattern of the Company as at 31 December 2024 is shown in Annexure-V, on page 54 of this report as per BSEC Notification of dated 03 June 2018. As per requirement of listing regulations, the distribution schedule of shareholdings of the Company as on 31 December 2024 is given under Annexure-IV, on page 54 of this Annual Report.

DIRECTORS TO RETIRE AND RE-APPOINTMENT

As per the Article 93 of the Articles of Association of the Company, the following Director will retire in the 27th Annual General Meeting and offered themselves for reappointment:

Mr. Nadeem A. Chaudhury

Director (Nominated by Enrilco Limited)

The Company Act, 1994 requires that any Director appointed/re-appointed by the Board since last Annual General Meeting shall retire in the next Annual General Meeting.

Considering such, the re-appointment of the above mentioned Director will be place to the Shareholders in the forthcoming 27th Annual General Meeting for their confirmation. Biographical details of Mr. Nadeem is given on page 34 of this report.

CONFIRMATION OF THE APPOINTMENT OF THE INDEPENDENT DIRECTORS

To meet the casual vacancy of Directors, from Bangladesh Bank's panel of the competent individuals for considering to appoint as Independent Director, the Board in its 323rd Meeting held on 26 May 2025 has appointed Mr. Fakhruddin Ahmed, FCMA, FCA, Mr. Mohammad Anwarul Hoque, FCA and Mr. Mohammad Eklas Uddin, FCA as Independent Director in the Board of Directors of the Company for a tenure of 03 years, subject to the approval of Bangladesh Bank and Bangladesh Securities and Exchange Commission.

Subsequently, Bangladesh Bank vide its letter ref. no: DFIM(s) 1055/69/(22)2025-2156 dated 03 July 2025 has given its kind consent regarding the appointment of Mr. Fakhruddin Ahmed, FCMA, FCA, Mr. Mohammad Anwarul Hoque, FCA and Mr. Mohammad Eklas Uddin, FCA as Independent Director of Union Capital Limited. Later on, Bangladesh Securities and Exchange Commission (BSEC) vide its letter ref. no: BSEC/ICA/CG/2023/29/Part-I/462 dated 01 September 2025 has also given its consent in this regard. Subsequently, the Board in its 329th Meeting held on 04 September 2025 has confirmed their appointment as Independent Director of the Company for next three years with effect from 04 September 2025. The appointment of the mentioned Independent Directors will be place to the Shareholders in the 27th Annual General Meeting for their confirmation. Biographical details of the above mentioned Independent Directors are given on pages 36 to 37 of this report.

COMMUNICATION, PUBLIC DISCLOSURE OBLIGATIONS AND STAKEHOLDER RELATIONS

The Board is committed to providing meaningful, transparent, timely and accurate financial and nonfinancial information to primary stakeholders. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

Our primary stakeholders include employees, shareholders, government, regulatory bodies, clients, depositors,

suppliers, rating agencies, the media, and the community. As a requirement of our corporate structure, we comply with the disclosure obligations contained in the applicable listing rules of exchanges on which our shares are listed and with any public disclosure obligations as required by IFRS, BSEC and BB. The Investor Relations division has day-to-day responsibility for ensuring appropriate communication with stakeholders and together with the Company Secretarial and ICC Department, ensures that we meet our public disclosure obligations.

The processes we have adopted to ensure that we comply with all public disclosure obligations are set out below:

- Significant announcements are released directly to BSEC. Announcements are released almost simultaneously to stock exchanges, where our shares are listed thereby ensuring fair treatment of all stakeholders. Copies of these announcements are placed on our website www.unicap-bd.com as soon as possible following confirmation of release on the relevant authorities.
- We maintain a comprehensive investor relations website, which ensures that all stakeholders readily have access to historical and current information.
- All shareholders are encouraged to attend the annual general meeting and to raise issues and participate in discussions on items included in the notice of the meeting. The meeting enables the Board to communicate with shareholders and for shareholders to ask questions in person. The chairmen of the Board, Directors and the Managing Director attend the meeting to respond to relevant questions.

STAKEHOLDERS ENGAGEMENT

Stakeholder trust is of paramount importance in the financial services industry. At UCL, we are committed to fostering long-term, transparent and mutually beneficial relationships with our broad spectrum of stakeholders, we are committed to engaging them in a variety of ways. We believe engagement is fundamental to creating value for all our stakeholders: We also believe that engaging with our stakeholders promotes the principles of balance, comparability, reliability, accuracy and transparency of our reporting, both internally and externally. UCL has a wide range of stakeholders that include any person or organization that may interact with, or have an interest in, UCL and include customers, employees, lenders, suppliers, shareholders, communities, government bodies, etc.

CORPORATE SOCIAL RESPONSIBILITY

UCL's Corporate Social Responsibility (CSR) initiatives continue to expand alongside our business, fostering positive change in the communities we serve and strengthening our engagement with employees, customers, neighbors, and partners. We believe that being a responsible business is integral to the long-term success of our customers, clients, shareholders, and communities across the country. In collaboration with our stakeholders, we are committed to

building a sustainable future for Bangladesh by supporting economic growth, contributing to community welfare, and promoting environmental responsibility. UCL Group also extends its support to various charitable organizations within the community. A separate report on CSR activities is given on page 119 to 122 of this report.

CORPORATE GOVERNANCE

The Board of Directors and Management of the Company remain committed to upholding strong corporate governance, recognizing it as a critical element for the effective operation and long-term success of the Company. Sound governance practices reflect the Board's ability to exercise independent judgment in overseeing and evaluating the performance of both the Management and the Board itself. This is ensured through the presence of a well-qualified Board, a constructive relationship between the Board and the Senior Management, and the adoption of robust governance practices and procedures. A detailed report on Corporate Governance is presented on pages 80 to 91 of this Annual Report.

HUMAN RESOURCE

In today's business environment, effective management of human resources plays a pivotal role in driving organizational performance. From appropriate staffing to nurturing high-performing employees, HR management contributes not only to individual development but also to the growth of the organization as a whole. Ensuring continuous learning opportunities, fair compensation and benefits, and maintaining work-life balance are key factors that motivate employees to perform at their best delivering greater value to customers and, ultimately, to the Company. Union Capital consistently reviews its human resource policies and implements effective management policies to enhance employee engagement and development. A detailed report on Human Resources is presented on pages 126 to 127 of this Annual Report.

ENVIRONMENTAL & SOCIAL INITIATIVES

As financial service provider, our impact on the environment is relatively less and indirect. We're working to reduce our environmental impact by embedding the environment into our business – and by involving our employees, our customers, and our communities. UCL has a commitment to long-term environmental sustainability. We are also committed to taking environmental & social issues into account when conducting its business activities. This includes operational measures to reduce our consumption of resources, as well as our contribution to climate protection. We're concentrating our efforts on issues where we can be most effective. Based on input from our customers, employees, and community we have selected 3 areas of focus for operations: responsible paper use, energy and emissions, engaging our employees and communities. Our environmental initiatives have been reported on page 123 of this Annual Report.

CODE OF CONDUCT AND BUSINESS ETHICS

UCL's code of conduct applies to everyone who is employed by our company. Each of us is accountable for upholding the highest ethical standards as we execute our responsibilities. Managers and leaders are also responsible for establishing and nurturing a culture in which employees feel fully empowered, supported and obligated to do the right thing.

The Code is based on our company's Core Values. The Code of Ethics provides the guidance we need to translate our values to engage with customers, clients, shareholders, and each other. As we work together to achieve our goals, it is equally important that we commit to one another that we will always do business and grow the right way with the honesty, integrity and fair dealing that our Code of Ethics and our Core Values require.

CONTRIBUTION TO NATIONAL ECONOMY

We aspire to be known as an institution that builds enduring relationship with and delivers value for our customers, shareholders, employees and the community where we do business. As a financial service provider, UCL contributes to the economic prosperity by providing financial products and services to the industrial undertakings including SMEs. UCL contributes to the economy paying out fair share of taxes to Government. Union Capital deposits taxes regularly to the National Exchequer by way of collection of income taxes and VAT at sources from payments and also deposits of corporate income taxes. During the reporting period, the deposited amount was BDT 21.18 million. A detailed report on the contribution to national economy has been given on page 124 of the Annual Report.

AUDIT INFORMATION

The Directors who held office at the date of this Director's Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The Directors have taken all the steps that they themselves ought to have taken as Directors in order to make themselves aware of any relevant information and to establish that the Company's Auditors are aware of that information.

EXPLANATION ON QUALIFIED OPINION OF THE STATUTORY AUDITOR

As per the Companies Act, 1994, clause no. 184(3), Directors Report should be discussed about the information and explanations on any reservation, qualification or adverse remark contained in the Auditor's Report. The Board of Directors provides the following explanations in respect of the qualifications expressed by the Statutory Auditor, UHY Syful Shamsul Alam & Co., Chartered Accountants in their report for the year ended 31 December 2024:

a) Interest expense recognition on term deposits

The Auditor has observed that the Company accounted for interest on term deposits using the simple interest method instead of applying the effective interest method as required under IFRS 9 – Financial Instruments. While this has resulted in an estimated understatement of interest expense of BDT 193 million for the year ended 31 December 2024. The Board wishes to clarify that this treatment was adopted due to the following:

- A significant number of depositors submitted encashment/withdrawal instructions upon maturity, and therefore their deposits were not renewed.
- As per the Core Banking Solution Guidelines of Bangladesh Bank (Section 3.5.10- Interest/Profit Compounding Rule), interest is to be applied on a simple basis. Capitalization of interest is required only in case of auto-renewal of deposits. Since depositors explicitly opted not to renew their deposits, compounding of interest was neither applicable nor acceptable to depositors.
- Considering the financial constraints of the Company, partial repayments against principal amounts have been made on a continuous basis, rather than rolling over matured deposits.

Accordingly, the Company believes that recognition of simple interest on unsettled deposit balances reflects the economic substance of the transactions and the expectations of depositors. Nevertheless, the Company acknowledges the Auditor's observation and will continue to review its accounting treatment to ensure alignment with both Bangladesh Bank regulations and IFRS requirements going forward.

b) Non-recognition of inter-company interest expense by subsidiary

The Auditor also noted that the Company's subsidiary, Unicap Investment Limited, did not recognize interest expense of BDT 296.41 million payable to Union Capital Limited in its separate financial statements. While this omission does not affect the consolidated financial statements of the Group, since intercompany balances are eliminated upon consolidation.

The Board has already engaged with the management of Unicap Investment Limited to ensure corrective measures are taken and appropriate intercompany reconciliation and recognition controls are strengthened so that future financial statements of the subsidiary comply fully with International Financial Reporting Standards.

RELATED PARTY TRANSACTION

In the ordinary course of business, a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: Related Party Disclosures. The Company extends loans/leases and takes deposits to/from related parties including its Directors and related companies. Details of related party transactions along-with their basis has been

disclosed in note no. 45 of the notes to the Financial Statements on page 199 of this annual report.

APPOINTMENT OF AUDITORS

The Financial Institutions Act, 1993 and BSEC's Notification dated 20 June 2018 stipulated that an Auditor of a Financial Institution cannot be appointed for more than three consecutive years. Moreover, section 210(10) of the Companies Act, 1994 also gives authority to shareholders of the company to fix the Auditor's remuneration. In the 26th Annual General Meeting dated 30 September 2024, the Shareholder of the Company confirmed the appointment of UHY Syful Shamsul Alam & Co., Chartered Accountants, as the Auditor of the Company for the year 2024.

Accordingly, UHY Syful Shamsul Alam & Co., Chartered Accountants have completed their First year as the Statutory Auditors of the Company and hence eligible for re-appointment. But the mentioned Firm vide its letter ref. DC/UCL/591/2025-26/132/228/9302-611 dated 12 August 2025 has expressed unwillingness to continue as the Statutory Auditor of the Company. Considering such, in accordance with the section 210(7) of the Company Act 1994, to fill the casual vacancy in the office of the Auditor, the Board in its 328th Meeting held on 19 August 2025 has recommended to appoint Arun & Company, Chartered Accountants as the Statutory Auditor of the Company for the year 2025 with the same fee of Tk. 200,000/- (Two Lac) plus VAT until the conclusion of the next Annual General Meeting of the Company.

APPOINTMENT OF AUDITORS FOR CERTIFICATION ON COMPLIANCE OF CORPORATE GOVERNANCE CODE OF BSEC AND FIXATION OF THEIR REMUNERATION

The Board recommended Suraiya Parveen & Associates, Chartered Secretaries to conduct compliance audit for certification on the compliance on conditions of Corporate Governance Code for the year 2025 at a fee of Tk. 30,000 (thirty thousand) excluding VAT for approval of the Shareholders in the forthcoming 27th Annual General Meeting of the Company.

FUTURE OUTLOOK

As the Company looks ahead to 2025, several macroeconomic and sector-specific challenges are anticipated, which may impact operational performance and financial stability. Elevated interest rates, volatility in capital and money markets, and a slow pace of economic recovery may exert pressure on investment returns and increase financing costs. Additionally, rising levels of non-performing loans (NPLs) and persistent liquidity constraints within both banking and non-banking financial institutions pose significant risks to cash flow and asset quality. Operational efficiency, cost control, and strategic agility will be critical in navigating the prevailing uncertainty. Furthermore, political instability and potential social disruptions may negatively influence the investment climate

and disrupt normal business operations. Maintaining stakeholder confidence, aligning strategic objectives with sustainability imperatives, and safeguarding financial resilience remain key priorities for the Company.

In response to these challenges, the Board of Directors and Management are actively implementing robust risk mitigation strategies and contingency plans to ensure business continuity. The Company is supported by a highly skilled team of professionals and maintains a strong reputation as a leading service provider in the industry. Despite the difficulties faced in recent years, we are confident that our strategic and honest direction as well as team capabilities position us well to achieve our long-term objectives. A major strategic focus for 2025 will be the reduction of the current high level of non-performing loans. The Company is prioritizing recovery from NPL accounts, written-off accounts, and also from selling of mortgaged property/certificate of possession & sale or ownership of property obtained under section 33(5) and 33(7) of Artha Rin Adalat Ain 2003. Several significant loan and lease accounts, which are in the final stages of adjudication at various Artha Rin Adalats, are also expected to be resolved within the year which may ultimately help us to achieve recovery target for the year 2025.

Looking ahead, the Company plans to resume its lending operations in the final quarter of 2025. The lending strategy will primarily target SME clients and the retail segment, with a special focus on secured financing for personal loan, home/apartment and auto/vehicle loans. These new disbursements will be structured to ensure full security coverage, aligning with our prudent risk management framework.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the co-operation and support received from Bangladesh Bank, Bangladesh Securities and Exchange Commission and Stock Exchanges.

We would like to express our sincere gratitude to all the shareholders for their confidence in the Company. The Board also places on record its appreciation for continued support provided by the esteemed customers, bankers, financial institutions, regulators and depositors. The Directors also acknowledge the hard work, dedication and commitment of the employees. Their enthusiasm and unstinting efforts have enabled the Company to grow better than before and to recover the lost heritage in future.

We hope similar support from all of you that will strengthen our continuous journey.

On behalf of the Board of Directors,



Munshi Shafiul Haque
Independent Director
and Chairman

Annexure – I

Meeting and attendance for the period from 01 January 2024 to 31 December 2024

Directors Name & Position	Board Meeting			Executive Committee Meeting *			Audit Committee Meeting			Total Fee Received
	Eligible to Attend	Meetings Attended	Percent of Attendance	Eligible to Attend	Meetings Attended	Percent of Attendance	Eligible to Attend	Meetings Attended	Percent of Attendance	
Mr. Munshi Shafiul Haque Independent Director & Chairman	10	10	100.00%	-	-	-	-	-	-	80,000/-
Mr. Nadeem A. Chaudhury Director, (Nominated by Enrilco Limited)	10	09	90.00%	-	-	-	04	04	100.00%	1,04,000/-
Ms. Tajrina Sikder, Director ** Nominated by Palmal Garments Hosiery Ltd.	10	09	90.00%	-	-	-	04	04	100.00%	1,04,000/-
Dr. Qazi Moinuddin Mahmud, AFHEA Independent Director	10	10	100.00%	-	-	-	04	04	100.00%	1,12,000/-
Mr. Waqar A. Choudhury * Director	07	07	100.00%	-	-	-	03	03	75.00%	80,000/-
Mrs. Meherunnesa Haque * Director	07	01	14.29%	-	-	-	03	00	00.00%	8,000/-

No meeting of the Executive Committee was held in 2024. Leave of absence was granted in all cases of non-attendance.

i) Note relating to Board Meeting Attendance:

* Mr. Waqar A. Choudhury and Mrs. Meherunnesa Haque, Directors of the Company were excluded from the Board of Directors of the Company, since in accordance with the Finance Company Act 2023, both of them were exceeded maximum tenure of 09 years (nine) as Director of the Company.

** Ms. Tajrina Sikder was excluded from the Board of Directors of the Company, since in accordance with the Finance Company Act 2023, she was exceeded maximum tenure of 09 years (nine) as Director of the Company.

ii) Note relating to Audit Committee Meeting Attendance:

* Mr. Waqar A. Choudhury and Mrs. Meherunnesa Haque, Directors of the Company were excluded from the Board Audit Committee of the Company, since in accordance with the Finance Company Act 2023, both of them were exceeded maximum tenure of 09 years (nine) as Director of the Company.

** Ms. Tajrina Sikder was excluded as the Member of the Board Audit Committee by the Board in its 320th Meeting held on 09 January 2025.

Annexure – II

Substantial Shareholdings as on 31 December 2024

Name of Sponsor & Directors	Percent of Shareholders
Palmal Garments Hosiery Ltd.	9.73
EC Securities	7.22
Enrilco Limited	4.58
Mrs. Khurshida Chaudhury	2.77
Kazi Golam Samiur Rahman	2.20
Engr. M Abu Taher	0.30
Mr. Abdus Salam	1.12
Ms. Runa N. Alam	0.81
Ms. Rumana Sharif	0.21
Total	28.94

Annexure – III

Range of Shareholdings

The distribution schedule of shareholdings as on 31 December 2024 was as under:

Category	No of Shareholder	No of Shares	% of Total
Sponsors (Institutions)	3	37,154,558	21.53
Sponsors (Individuals)	6	12,793,361	7.41
General Public (Institutions)	150	34,677,399	20.09
General Public (Individuals)	7,688	87,948,525	50.96
Total	7,847	172,573,843	100.00

Annexure – IV

Range of Shareholdings

The distribution schedule of shareholdings as on 31 December 2024 was as under:

Shareholding Range	No. of shareholders	No. of shares	Shareholding in %
Less than 500 shares	1,815	315,815	0.18%
501 to 5,000 shares	3,962	8,388,856	4.86%
5,001 to 10,000 shares	836	6,388,145	3.70%
10,001 to 20,000 shares	532	7,835,578	4.54%
20,001 to 30,000 shares	207	5,189,740	3.01%
30,001 to 40,000 shares	117	4,142,823	2.40%
40,001 to 50,000 shares	79	3,661,341	2.12%
50,001 to 100,000 shares	144	10,470,759	6.07%
100,001 to 1,000,000 shares	131	35,021,368	20.29%
Over 1,000,000 shares	24	91,159,418	52.82%
Total	7,847	172,573,843	100.00%

Annexure – V

Pattern of Shareholdings as on 31 December 2024

Sponsor Shareholder/Directors	No. of shares held	Percentage
Palmal Garments Hosiery Ltd	16,792,968	9.73
EC Securities Ltd.	12,459,305	7.22
Enrilco Limited	7,902,285	4.58
Mrs. Khurshida Choudhury	4,780,213	2.77
Kazi Golam Samiur Rahman	3,803,919	2.20
Engr. M Abu Taher	520,000	0.30
Mr. Abdus Salam	1,935,824	1.12
Ms. Runa N. Alam	1,397,421	0.81
Ms. Rumana Sharif	355,984	0.21
Mr. Munshi Shafiul Haque, Independent Director	Nil	--
Dr. Qazi Moinuddin Mahmud, AFHEA, Independent Director	Nil	--
MD, CFO, CS & HIAC		
Mr. A.N.M. Golam Shabbir, Managing Director & CEO (CC)	Nil	--
Mr. Mohammad Balayet Hossain, Chief Financial Officer	Nil	--
Mr. Md. Abdul Hannan, Company Secretary (CC)	Nil	--
Mr. Alamin Akhand, Head of Internal Audit (CC)	Nil	--
Other top Executives		
Mr. Fazle Karim Murad, Head of Business (CC)	Nil	--
Mr. Muhammad Salah Uddin, Head of CAD & SAM	Nil	--
Mr. Khandaker Muhammad Forhad Abedin, Head of Legal	Nil	--
Mr. Mabub Alam, Head of Treasury	Nil	--
Statutory Auditors – Uhy Syful Shamsul Alam & Co.		
Partner/Employees	Nil	--
Shareholder holding 10% or more voting rights		
Shareholder holding 10% or more voting interest in the company	Nil	--

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

Audit committee of UCL is consisted of a selected number of members of the Board of Directors whose responsibilities include among others helping auditors remain independent of management. The Audit Committee also assists the Board of Directors to ensure that the financial statements reflect a true and fair view of the state of affairs of the Company.

COMPOSITION OF THE BOARD AUDIT COMMITTEE

Presently, the Audit Committee consists of three Directors of the Company appointed by the Board of Directors. The appointment of Independent Director is ratified by the shareholders in the Annual General Meeting. An Independent Director is in the Chair of the Audit Committee. As required, all members of Audit Committee are well capable to analyze and interpret financial statements to effectively discharge their duties and responsibilities as member of the Audit Committee.

In compliance with Section 3.2 (i) of the Corporate Governance Notification issued by the BSEC on 07 August 2012, the Board Audit Committee was first reformed on 31 December 2012 by appointing an Independent Director as Chairman. Presently, the Board Audit Committee comprises the following members:

Dr. Qazi Moinuddin Mahmud, AFHEA, Chairman

Mr. Nadeem A. Chaudhury, Member

Mr. A.K.M. Sazzadul Karim, Member

Biographical details of the current members of the Committee are set out in the Directors profile in the Annual Report. The members' fees as fixed by the Board of Directors under the guidelines of Bangladesh Bank are shown in the table of remuneration of the audit committee members in the Annual Report.

Chief Financial Officer (CFO), Head of Internal Control and Compliance (ICC) and the representatives of the external auditors (if required) are invited to attend the committee meetings. As per the requirement of the committee, the Chief Executive Officer (CEO) or other employees may be invited in the meetings.

OBJECTIVE OF THE COMMITTEE

The Audit Committee performs in absolute coherence and ensures compliance with the regulatory guidelines. By effectively carrying out its functions and responsibilities, the audit committee helps to ensure that management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess management's practices and internal controls, and that the outside auditors, through their own review, objectively assess the company's financial reporting practices. The objective of the committee is to assist the Board in fulfilling its corporate governance responsibilities, particularly:

- The reliability and integrity of information for inclusion in Company's financial statements;
- Compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations;
- The integrity of company's internal control framework;
- Safeguarding the independence of the external and internal auditors;

- Ensuring that the management has selected accounting policies that are in line with applicable accounting standards; and
- Reviewing interim financial releases i.e. quarterly and half yearly unaudited financial statements and recommend the same to the Board of Directors for approval.

The engagement partner of the external audit firm is invited to attend each Annual General Meeting and to be available to answer shareholder's questions about the conduct of the audit and the preparation and content of the auditor's report.

CHAIRMAN OF THE AUDIT COMMITTEE

The committee is chaired Dr. Qazi Moinuddin Mahmud, who is an Independent Director and has adequate knowledge and extensive experience to serve in this role. Biographical details of the Chairman of the Committee is given on page 35 in the Annual Report.

AUDIT COMMITTEE CHARTER

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for:

- the integrity of the UCL's financial statements;
- UCL's compliance with legal and regulatory requirements;
- the External Auditor's qualifications and independence;
- evaluating the operating effectiveness of internal control system;
- the performance of UCL's internal audit function and independent auditors; and
- reviewing the functions as per the requirements of regulatory authorities.

Authority

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Recommend to the Board regarding appointment, compensation and oversee the work of the external auditors appointed by UCL to conduct the annual audit. The Auditors will report to the audit committee.
- Resolve any disagreements between management and the auditors regarding financial reporting.
- Pre-approve all auditing and permitted non- audit services performed by the external audit firm.
- Seek any information it requires from employees - all of whom are directed to cooperate with the committee's requests - or external parties.
- Meet with company officers, external auditors, or outside counsel, as necessary.

Internal Control

- Review the implementation of key accounting policies and financial reporting;
- Evaluate the implementation of the internal control systems and the risk management process;
- Recommend to the Board steps needed to improve the system of internal control.

Internal Audit

- Review the adequacy of internal audit functions;
- Consider the scope of work and review and approve the annual audit plan;
- Review the reports prepared as per audit plan and as per the requirement of higher authorities/management/committee;
- Review the activities, resources and organizational structure of internal audit;
- Contribute to the selection process for the appointment of the Head of internal audit; and
- Ensure that findings and recommendations communicated by internal audit and Management's proposed responses are received, discussed and appropriately acted on.

External Audit

- Discuss with the external auditor for arising any audit problem encountered in course of audit work, including any restriction on audit scope or access to information;

- Discuss with the external auditor regarding the appropriateness of the accounting policies applied in the company's financial reports;
- Ensure that significant findings and recommendations communicated by the external auditor and Management's proposed responses are received, discussed and appropriately acted on;
- Review the performance of the external auditor and make recommendations to the Board of Directors for the appointment, reappointment or termination of the external auditor.

Compliance

Review the effectiveness of the company's system for monitoring compliance with relevant laws and regulations (including internal rules) and the measures taken by Management as a result of its investigation of material incidents of non-compliance.

Meeting held during the year 2024 along with the attendance of the members

Members of the Audit Committee	Position	Meeting Attendance		
		Eligible to attend	Members Attended	Percentage of attendance
Dr. Qazi Moinuddin Mahmud, AFHEA	Chairman	4	4	100.00%
Mr. Nadeem A. Chaudhury	Member	4	4	100.00%
Ms. Tajrina Sikder **	Ex-Member	4	4	100.00%
Mr. Waqar A. Choudhury *	Ex-Member	3	3	100.00%
Mrs. Meherunnesa Haque *	Ex - Member	3	0	00.00%

* Mr. Waqar A. Choudhury and Mrs. Meherunnesa Haque were excluded as the Member of the Board Audit Committee by the Board in its 318th Meeting held on 10 December 2024.

** Ms. Tajrina Sikder was excluded as the Member of the Board Audit Committee by the Board in its 320th Meeting held on 09 January 2025.

ACTIVITIES OF THE COMMITTEE CARRIED OUT IN THE YEAR 2024

The Audit Committee carried out among others the following activities:

- Reviewed the audited financial statements for the year ended 31 December 2023 along with the auditors' report thereon and recommended the same to the Board;
- Reviewed the Management Letter issued by the External Auditors for the year 2023;
- Reviewed the proposal of auditors for appointment and recommended the same to the Board;
- Reviewed the comprehensive inspection reports of Bangladesh Bank and compliance reports thereon;
- Reviewed the departmental activities of the company;
- Reviewed and discussed on the management structure of the company and its subsidiaries along with the weaknesses of the company for improvement;
- Reviewed the report on the non-performing/ default clients;
- Reviewed the pending legal suits and the performance of the panel lawyers of the company;
- Reviewed the Investigation Report on classification status of all loan/lease provided by the company;
- Reviewed the quarterly un-audited consolidated financial statement of the company;

- Reviewed the internal audit report of various department and branches audit reports;
- Reviewed the affairs of subsidiary companies;
- Reviewed the audit observations of the External Auditors and communicated the same with the Board;
- Reviewed the Quarterly Operations Report (QOR) and Departmental Control Function Checklist (DCFCL) on quarterly basis;
- Reviewed disclosures required in the statement on Corporate Governance, Audit Committee report, standard of business conduct, statement of risk management and internal control for the financial year ended 2023 for inclusion in the Annual report 2023 and recommended for the adoption by the Board.

The Committee concurs with and accepts the audit report on the financial statements and has recommended for approval thereof to the Board. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.



Dr. Qazi Moinuddin Mahmud
Chairman, Board Audit Committee

DIVIDEND DISTRIBUTION POLICY

This Dividend Distribution Policy has been prepared in accordance with the Directive issued by Bangladesh Securities and Exchange Commission on 14 January 2021.

Objective:

The objective of this Dividend Distribution Policy ("the Dividend Distribution Policy") is to ensure the entitlement of shareholders as well as profits to be retained in the business for expansion or other business purposes. Further, this Policy will also ensure that the dividend is distributed following the applicable legislation in the interests of the shareholders and will also address the management of unclaimed dividends.

Scope and Legal Basis:

This Policy has been prepared pursuant to the Directive No. BSEC/CMRRCD/2021-386/03 as issued on 14 January 2021 by the Bangladesh Securities and Exchange Commission.

Approval of Dividend:

Dividend would continue to be declared/ recommended on percent basis on the Ordinary Equity Shares of the Company having face value Tk. 10.00 each. Therefore, dividend approved by the shareholders will be distributed amongst all shareholders, based on their shareholding and whose name would appear in the Register/the Central Depository Bangladesh Limited (CDBL) as on the record date.

Factors to be considered:

Before declaring the dividend board shall consider the following factors: (a) Net operating profit after tax, EPS; (b) Working capital requirements; (c) Capital expenditure requirements for expansion of business including expansion plans and investment in subsidiaries company; (d) Past Dividend Trends (e) Income tax implications (f) Other factors which the Company's Board may consider. (g) Any rules, directive or guideline issued by BSEC or other regulatory authority. The Board may consider not declaring Dividend or may recommend a lower payout for a given financial year based on its financial performance, challenges, opportunities for which the Board will provide rationale in the Annual Report.

Procedures for Declaration and Distribution of Dividend:

- A. Based on the financial performance and considering other factors, the Board of Directors of the Company shall declare/recommend interim or final cash/stock Dividend as decided in the meeting.
- B. Where Dividend declaration or recommendation is proposed for consideration of the Board it shall be a specific agenda for consideration.

C. Dividends will generally be recommended by the Board of Directors once a year, after the announcement of the year-end financial results which will be approved in Annual General Meeting (AGM) by the shareholders. The Board may also declare interim dividends as may be permitted by the Companies Act/ BSEC guidelines.

D. The Company shall ensure compliance to applicable laws and this Policy in relation to Dividend declaration and distribution by the Company.

Other conditions:

The Company shall Comply the followings with regard to dividend payment:

1. The Dividend Distribution Policy shall be disclosed in the Annual Report and website of the Company.
2. Company shall pay off the annual or final dividend to the entitled shareholders within 30 days of approval/ AGM. Provided that interim dividend shall be paid off to the entitled shareholders within 30 days of record date.
3. Cash dividend shall be distributed in the following manner and procedures, namely:
 - i) Within 10 (ten) days of declaration/approval of cash dividend by the Board of Directors of the Company or AGM, as the case may be, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of the Company, dedicated for this purpose;
 - ii) The Company shall pay off cash dividend directly to the bank account of the entitled shareholders as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholder in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN): Provided that the Company may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN;
 - iii) The Company, upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or

customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN based on the information provided by the stock broker or merchant banker or portfolio manager.

iv) The Company, in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant.

v) The Company shall pay off cash dividend to non-resident sponsor, director, shareholder, or foreign portfolio investor (FPI) through the security custodian in compliance with the rules or regulations in this regard;

vi) The Company, immediately after disbursement of cash dividend and issuance a certificate of tax deducted at source, if applicable, shall intimate to the shareholder or unit holder through a short message service (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder;

vii) The Company shall maintain information of unpaid or unclaimed dividend of shareholders and shall also disclose the summary of aforesaid information in the annual report and in the statements of financial position (Quarterly/annually) as a separate line item as "Unclaimed Dividend Account" and publish the year wise unclaimed dividend in the website.

4. The Company shall credit stock dividend directly to the BO account of the entitled shareholder, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL).

5. The Company shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the procedure as per BSEC guidelines.

6. The Company shall submit a compliance report to the Commission and the exchange(s) in a specified format provided by Bangladesh Securities and Exchange Commission within 7 (seven) working days of completion of dividend distribution.

Provided that the Company shall publish the Compliance Report in its website.

7. The Company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.

8. If any cash dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge, if any) thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred by the Company to the Fund as directed or prescribed by the Commission;

Provided that the Company shall provide detailed information to the manager of the Fund during transfer of cash dividend as directed or prescribed by the Commission;

Provided further that if any shareholder or unit holder claims his cash dividend after transfer of such dividend to the Fund, within 15 (fifteen) days of receiving such claim, the Company shall, after proper verification of the claim, recommend to the manager of the Fund to pay off such dividend from the Fund and the manager of the Fund shall pay off such cash dividend to the claimant in accordance with the provisions and procedures as directed or prescribed by the Commission.

9. If any stock dividend or bonus shares remains unclaimed or unsettled including corporate benefit in terms of bonus shares thereon for a period of 3 (three) years from the date of declaration or approval or record date, as the case may be, shall be transferred in dematerialized form to the BO Account of the Fund:

Provided that the Company shall provide detailed information to the manager of the Fund during transfer of stock dividend or bonus shares as directed or prescribed by the Commission;

Provided further that if any shareholder claims his stock dividend or bonus shares after transfer of such dividend or bonus shares to the BO Account of the Fund, within 15 (fifteen) days of receiving such claim, the Company shall, after proper verification of the claim, recommend to the manager of the Fund to pay off or transfer such stock dividend or bonus shares from the BO Account of the Fund and the manager of the Fund shall pay off or transfer such stock dividend or bonus shares to the claimant's BO Account in accordance with the provisions and procedures as directed or prescribed by the Commission.

Dividend for 2024

For incurring net loss of Tk.195.92 crore in the year 2024, the Board of Directors, did not recommend any dividend for the year ended on 31 December 2024, subject to approval of the shareholders at the forthcoming 27th Annual General Meeting.

REPORT ON INTERNAL CONTROL

INTRODUCTION

A sound internal control system has always been one of the most important matters for any organization. The better the internal control system better the performance of the Company. The Board of Directors recognizes the importance of a sound internal control system with a view to ensuring good corporate governance practice thereby safeguarding the shareholders' investments as well as company's assets.

As a listed issuer, we have an obligation, to ensure that a statement on the state of the company's internal control is included in this annual report. The statement on internal control has been prepared to comply with the regulatory requirements as well as to articulate the practical internal control effectiveness to the existing and potential stakeholders.

RESPONSIBILITY

The Board of Directors acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets.

The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems. However, in view of the inherent limitations in any system, such system of internal control is designed to manage rather than to eliminate risks that may impede the achievement of the Company's objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses. The system of internal control covers risk management and financial, organizational, operational and compliance controls. The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the management. This process has been put in place for the year and is reviewed periodically by the Board through its Audit Committee which is supported by the Internal Auditors. While the 'tone at the top' is set by the Board, it is the role of the management to implement the policies adopted by the Board.

DESCRIPTION ON THE INTERNAL CONTROL SYSTEM

Control Environment

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the Company's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction that are provided by the Board of Directors.

Identification and Evaluation of Risks and Control Objectives

Naturally the Company faces a variety of risks from various sources that are assessed. A precondition to risk assessment is

establishment of objectives, linked at different levels and internally consistent. Risk assessment is the identification and analysis of relevant risks which affects the achievement of objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory and operating conditions will continue to change.

Mechanisms are needed to identify and deal with the special risks associated with change.

Control Activities

Control activities are the policies and procedures that help to ensure that management directives are properly carried out. They help to ensure that necessary actions have been taken to address risks which affects the achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Information and Communication Processes

Information systems produce reports, containing operational, financial and compliance-related information, that make it possible to run and control the business. They deal not only with internally generated data, but also information about external events, activities and conditions necessary to informed business decision-making and external reporting. Effective communication must also occur in a broader sense, flowing down, across and up the organization. All personnel must receive a clear message from top management that control responsibilities must be taken seriously. They must understand their own role in the internal control system, as well as how individual activities relate to the work of others. There also needs to be effective communication with external parties, such as customers, suppliers, regulators and shareholders.

Processes for Monitoring the Effectiveness of Internal Control System

Internal control system, a process that assesses the quality of the system's performance over time, is needed to be monitored. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities, and other actions that personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the Board.

KEY INTERNAL CONTROL PROCESSES

The key processes that the Board has established in reviewing the adequacy and integrity of the Group's system of internal controls include the following:

Risk Management Framework

The risk management process seeks to identify, measure, monitor and control risk. It also seeks to ensure that risk exposures are adequately managed and the expected returns compensate the risks taken.

This process is regularly reviewed through its Risk Management Committee (RMC) which ensures the proper management of risks and takes the appropriate measures to mitigate any identified weaknesses in the control environment.

Among other committees Asset Liability Management Committee (ALCO), Credit Committee and Basel I Implementation Committee are set up in the Group to manage specific areas of risk. In line with regulatory requirements and industry best practices, the Group has instilled the principle that risk management is a core responsibility of the respective business and operating units. This is enriched in the risk management framework of the Group.

Internal Audit Function

The internal audit performs regular review of the Company's operational processes and system of internal controls. Internal audit adopts a risk-based approach in determining the auditable units and frequency of audits.

Audit plans are reviewed regularly

The results of the audits conducted by internal auditor are reported to the Board Audit Committee. The follow-up actions and the review of the status of actions taken as per the auditors' recommendations are carried out by the management via various management committees.

The Audit Committee holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors as well as the regulatory authorities. The Minutes of the meetings of the Audit Committee are subsequently tabled to the respective Boards for notation. The copy of the Minutes of the meetings of the Audit Committee is also sent to Bangladesh Bank regularly within the stipulated time. Further details of the activities undertaken by the Audit Committee of the Company are set out in the Audit Committee Report.

Group Compliance Framework

Compliance risk in UCL is defined as the risk of impairment to the Group's reputation and financial condition from failure to meet laws and regulations, internal policies and expectations of stakeholders.

The Group's state of compliance with laws, regulations and internal policies & procedures are reported to RMC. In addition the Group has placed a reporting process wherein any incident affecting the reputation of the Group is escalated to the senior management immediate after the occurrence of the incident. The escalation process ensures the adequate oversight and guidance is provided by the Board in managing reputational risk.

Board Committees

Specific responsibilities have been delegated to the

relevant Board Committees, all of which have written terms of references. These committees have the authority to examine and/or consider all matters within their scope of responsibilities and make recommendations to the Board for approval, if required. The Board Committees are as follows:

- The Executive Committee; and
- The Audit Committee.

Management Committee (MC)

The Management Committee, comprising key management personnel of UCL and chaired by the Managing Director, manages the strategic direction and provides strategic guidance to the functional units. Being a forum where all strategic and operational matters are discussed, the MC meets regularly and special meetings are convened to discuss urgent issues.

Authority Limits

Delegation of authority including authorization limits at various levels of Management in the Group are designed and documented to ensure accountability and responsibility.

Internal Policies and Procedures

Policies, procedures and processes governing the Group's businesses and operations are documented and made available to employees across the Group. These policies, procedures and processes are reviewed and updated to cater to changes in laws and regulations as well as changes in business and operational environment. Furthermore, a review of the policies, processes and procedures are also carried out to ensure that appropriate controls are in place to manage operational risks.

Performance Review

Regular and comprehensive information is shared by the Management for monitoring of their performance against the strategic business plan approved by the Board, covering all key financial and operational indicators as well as key strategic initiatives undertaken by the Group during the year. The Management Committee and the Board receive and review the monthly accounts and financial information reports at their monthly or regular meetings.

Human Capital Management

The Group acknowledges that one of the key constituents of any internal control system is its people and the system of internal controls is dependent on the responsibility, integrity and judgment that people apply to their work.

Code of Ethics and Conduct

The Code of ethics and conduct sets out the standards of good and ethical business practices, and aims to maintain confidence in the security and integrity of the business practices. It is a requirement that all employees of the Group understand and observe the Code.

DIRECTORS' RESPONSIBILITY

In respect of the Financial Statements

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with IFRS and applicable laws and regulations.

The Companies Act, 1994 requires the Directors to prepare financial statements for each financial year. The Directors have prepared these financial statements in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), related circulars of Bangladesh Bank, Bangladesh Securities and Exchange Rules 1987 and the Listing Regulations of the Stock Exchanges. The financial statements are, as required by laws, to give a true and fair view of the state of affairs of the group and of the profit or loss of the group for the year under review.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimate that are reasonable and prudent;
- State that these financial statements comply with IFRSs as adopted by the FRC; and
- Prepare the consolidated financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirement in preparing these financial statements.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In addition, the Companies Act, 1994 requires the Directors to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections the auditors consider to be appropriate for the purpose of enabling them to give their audit report. The Directors, having made appropriate inquiries, confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware;
- The Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors have reviewed the budget and cash flow forecasts. On the basis of this review, and in the light of the current financial position and existing borrowing facilities including cash flows, the Directors are satisfied that UCL is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

In compliance with the requirements of the BSEC's Notification no. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018, the Directors are also required to disclose certain matters in their report. In compliance with these requirements, the Directors confirm that:

- The financial statements present fairly its state of affairs, result of its operations, cash flows and changes in equity;
- Proper books of account have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- IFRSs have been followed in preparing the financial statements and any departure has been adequately disclosed;
- The system of internal control is sound in design and effectively implemented and monitored;
- Statement on Company's ability to continue as a going concern has been disclosed;
- Significant deviations from last year in operating results have been highlighted along with the reasons thereon has been disclosed;
- Key operating and financial data of preceding five years have been summarized;
- The number of Board meetings held during the year and attendance by each Director has been disclosed;
- The pattern of shareholdings etc. has been disclosed;
- Industry outlook and possible future developments has been disclosed;
- Segment-wise performance has been disclosed;
- Risks and concerns have been disclosed;
- Continuity of any extra-ordinary gain or loss has been disclosed;
- Statement of all related party transactions has been disclosed;
- Significant variance, while occurred between quarterly financial performance and annual financial statements, has been disclosed;
- Remuneration to Directors including Independent Director has been disclosed;

A brief resume, nature of Director's expertise in specific areas, other directorship and the membership of committees of the Board of other companies given on 34 to 37 of this Annual Report.

RESPONSIBILITY OF THE MANAGING DIRECTOR & CEO AND THE CFO IN RESPECT OF FINANCIAL REPORTING

The Board of Directors

Union Capital Limited
bti Landmark, Level - 08,
Plot - 16, Gulshan Avenue,
Gulshan- 01, Dhaka - 1212.

Subject: Declaration on Financial Statements for the year ended on 31 December 2024

Dear Sir(s),

Pursuant to the condition No. 1(5) (xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006/158/207/ Admin/80, dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Union Capital Limited for the year ended on 31 December 2024 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
6. The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 31 December 2024 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



Mohammad Balayet Hossain
SVP & Chief Financial Officer



A.N.M Golam Shabbir
Managing Director & CEO (CC)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Sets out the responsibility of the management in establishing adequate internal Control over financial reporting

Management of UCL is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by or under the supervision of the Managing Director & CEO and the Chief Financial Officer and effected by the Board of Directors, the Management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as adopted by the Financial Reporting Council (FRC) and other applicable rules and regulations. It includes those policies and procedure that:

- Pertain to the maintenance of records that, in reasonable details, accurately and fairly the transactions related to operations;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as adopted by the Financial Reporting Council (FRC) and our receipts and expenditures are made only in accordance with authorization of our management Directors; and
- Provide reasonable assurance regarding prevention and timely detection of unauthorized acquisition, use, or disposal of our assets that could have a material effect on our financial statements.

Due to inherent limitation, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may determine.

Management evaluated, under the supervision of the Managing Director & CEO, the Chief Financial Officer and the Head of Internal Control & Compliance, the effectiveness of internal control over financial reporting as of 31 December 2024.

Based on that evaluation, management concluded that, as of 31 December 2024, internal control over financial reporting was effective. Also based on the results of our evaluation, management concluded that there were no material weaknesses that have been identified in internal control over financial reporting as of 31 December 2024.

Our internal control over financial reporting as of 31 December 2024 has been audited by UHY Syful Shamsul Alam & Co., Chartered Accountants, who also audited the consolidated financial statements as of and for the year ended 31 December 2024. The Auditors also assesses the effectiveness of our internal control and determines the degree and extent of reliance on internal control system.

Sincerely yours,



Mohammad Balayet Hossain
SVP & Chief Financial Officer



A.N.M Golam Shabbir
Managing Director & CEO (CC)

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE CODE

How we govern ourselves as a Group is as important as anything else we do. Being an ethical company is about much more than simply adhering to the letter of the law. But it's an important step. We aim to achieve and maintain the highest standards of business integrity, ethics and professionalism across all of our activities.

The Board is accountable to the Company's shareholders for the good conduct of the Group's affairs. This report explains how the Group applies the Corporate Governance Code issued by the BSEC and Bangladesh Bank.

The Directors are committed to maintaining the highest standards of corporate governance, which they believe are fundamental in discharging their stewardship responsibilities.

The Board confirms that the Company has, throughout the period under review, complied with all provisions set out in corporate governance code.

As part of its commitment to sustainable operations at every level, UCL Group operates within a clearly defined governance framework that defines all governance and compliance aspects of the Company.

The Board of Directors strongly believes in the importance of good Corporate Governance in maintaining Company's reputation and solid foundation. The Board will continue to ensure good Corporate Governance to provide the requisite leadership, policy, strategy and internal controls in order to continue to deliver and sustain company's value propositions. This benefits our stakeholders while at the same time ensuring continuing momentum towards reaching UCL's aspirations to be a leading financial institution.

UCL is committed to the principles of excellence in corporate governance and ethics. This commitment is evidenced by the following practices that are in place at UCL Group:

- A Board with all non-executive members being independent of Management;
- Clear separation of the role of the Chairman of the Board and the Managing Director & CEO;
- The Audit Committee and Executive Committee comprises solely of Non-executive Directors;
- Inclusion of the independent Directors in the Board Audit Committee;
- An Independent Director is in the Chair of the Audit Committee;

- A code of ethics and business conduct;
- Maintaining the basic principles of Corporate Governance;
- Published Charter for the Board and all of its Committees;
- Certification from an independent professional on the compliance of the conditions of BSEC's Notification of 03 June 2018;
- A set of corporate values - integrity, trust, teamwork, openness, transparency, excellence and resilience communicated to all employees;
- The members of the Board Audit Committee possesses knowledge on internal control, financial and administrative matters;
- The Audit Committee meets regularly with/without the presence of the Executive Management;
- An established system of internal control with appropriate check and balance;
- Ensure transparency in financial reporting and adequate disclosures.

For UCL, Corporate Governance is not a mere statement of compliance. We aim to achieve and maintain the highest standards of business integrity, ethics and professionalism across the Group.

We believe that good governance, in its broadest sense, is a competitive advantage. To maximize shareholders' value on a sustainable basis, principles of good governance must extend beyond the Board of Directors into every segment of business activities. Indeed, a foundation of ethics, integrity and good governance guides all of our activities across our diverse operations.

Thank You,



Munshi Shafiul Haque
Independent Director
and Chairman

CORPORATE GOVERNANCE

Outlines UCL's operations and financial condition

Corporate governance describes how rights and responsibilities are distributed among corporate bodies according to applicable laws, rules and internal processes. Corporate governance also defines the decision-making systems and structure through which owners directly or indirectly control a company.

CORPORATE GOVERNANCE

This statement outlines the key aspects of UCL's corporate governance framework. The Board has consistently placed great importance on good corporate governance practices, which is vital to the Company's well-being. The Board has adopted a comprehensive framework of Corporate Governance Code, designed to properly balance performance and conformance. This enables UCL to undertake, in an effective manner, the prudent risk-taking activities which are the basis of its business. The Guidelines and practices of the Company comply with the "Corporate Governance Code", notification date 03 June 2018 by the Bangladesh Securities and Exchange Commission as well as with the "Guideline on Corporate Governance" issued by Bangladesh Bank vide DFIM Circular no. 7 dated 25 September 2007.

Overview

- Our core values guide the Board's oversight, its relationship with management and its accountability to shareholders;
- Our governance responsibilities are integral to our performance and long-term sustainability;
- Our corporate governance standards reflect emerging best practices and meet or exceed legal and regulatory requirements; and
- Proper governance is important to our shareholders, our customers, our employees, our communities – to UCL.

Foundation for Corporate Governance

UCL sees good corporate governance, risk management and internal control as key elements in a successful business and to maintain confidence among customers, shareholders, authorities and other stakeholders. UCL defines corporate governance as the relationship among shareholders, executive management, employees, the various companies within the Group and other stakeholders

Good corporate governance benefits both our customers and our shareholders, and is essential to our long-term business success. For this reason, we devote considerable time and resources to make sure that:

- Our policies reflect our values and business goals;
- We have an effective corporate governance structure; and

- We are operating in a way that is open, honest and transparent.

As part of our long-standing commitment to ethics and good corporate citizenship, our first step is always to comply with the laws and regulations that govern the way we market our products and services. We have a sound compliance practices that:

- Are consistent with recommendations set forth by the BSEC;
- Seek to prevent, detect and resolve potential violations of law or company policy; and
- Undergo regular assessment to make sure that we are being responsive to our evolving business and associated compliance risks.
- Our compliance practices are just one part of our overall commitment to operate ethically, openly and transparently. But we believe it's the right place to start.

Corporate Governance Structure

Our corporate governance policies and procedures form the basis of a sound corporate governance framework and refer to other documents that regulate certain aspects of corporate governance in greater detail.

Articles of Association (AoA): Define the purpose of the business, the powers and duties of the Directors and the basic organizational framework.

Code of Conduct: Defines the UCL's ethical values and professional standards that the Board and all employees are required to follow, including an emphasis that employees must adhere to all relevant laws, regulations, and policies in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking.

Organizational Guidelines and Regulations: Define the responsibilities and sphere of authority of the various bodies within the company, as well as the relevant reporting procedures.

Corporate Governance Code: Summarize certain principles promoting the function of the Board and its committees and the effective governance of the company.

Board of Directors Charter: Outlines the organization and responsibilities of the Board.

Board Committee Charters: Define the organization and responsibilities of the Committees. As part of its commitment to sustainable operations at every level, UCL group operates within a governance framework that defines all governance and compliance aspects of the organization.

Corporate Governance Statement

The Board of UCL governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholders' value. The Board is committed to, and ensures that, the Management performs in accordance with the highest level of ethics and integrity. Corporate governance is the framework of rules, relationships, systems and processes within which and by which the operations of the group is exercised and controlled. It influences the setting and achievement of objectives of the Company, the monitoring and assessment of risk and the optimization of performance. There is no single model of good corporate governance. For UCL, best practice corporate governance has been adapted to the changing circumstances and will continue to evolve as those circumstances change.

This statement outlines the main corporate governance practices employed by the Board of UCL in applying the Corporate Governance Code.



Corporate Governance Model

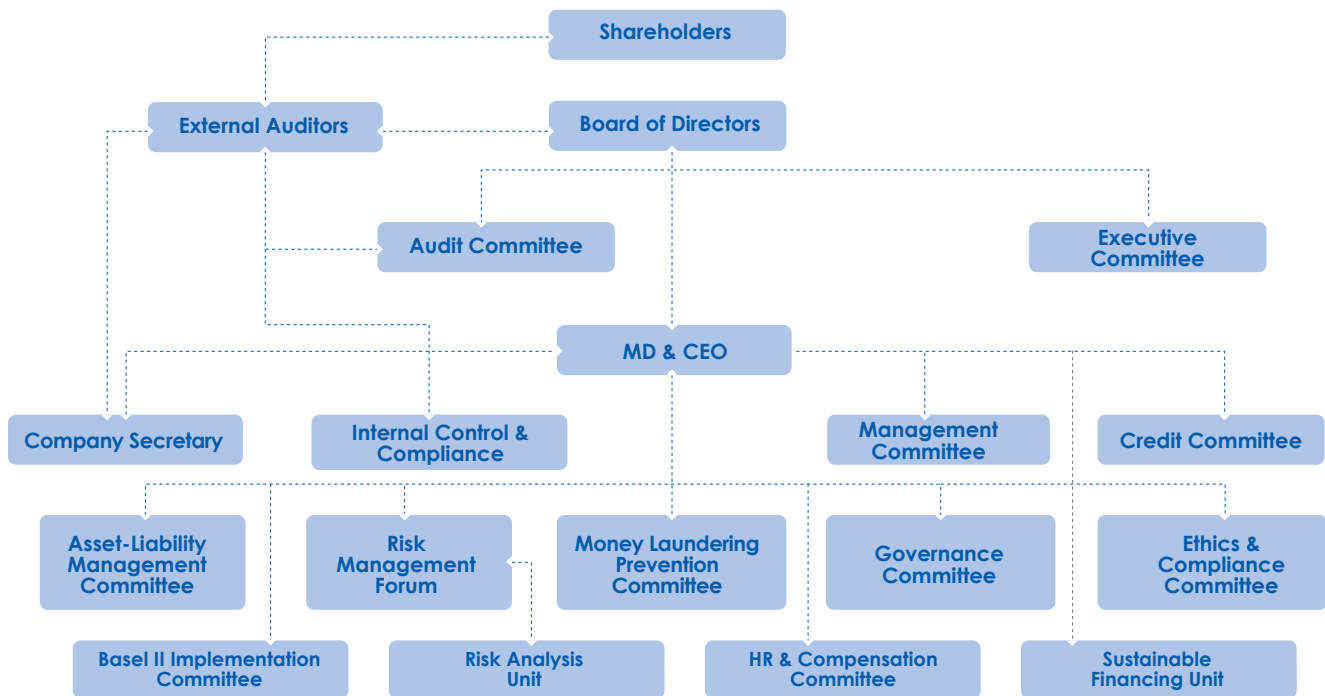
UCL's Governance Model conforms to the relevant regulatory requirements as well as best market practices. The Governance Model is in place to ensure it remains relevant and is able to meet future challenges.

Basic Principles Forming a Good Board

The Board is collectively responsible to the Company's shareholders for the long-term success of the Company and for its overall strategic direction, its values and its governance. It provides the leadership necessary for the

Company to meet its business objectives whilst ensuring that a sound system of internal control and risk management is in place.

The Board is responsible for governing the business and affairs of the Company and for exercising all such powers pursuant to the articles of association of the Company. While carrying out their duties and responsibilities, the Board is committed to ensuring that the highest corporate governance standards are adhered to.



Complying with Rules and Regulations

We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We know that transparent disclosure of our governance helps stakeholders assess the quality of the Group and our management and assists investors in their investment decisions. We fully adhere to the principles set out in the BSEC and Bangladesh Bank Corporate Governance guidelines.

POLICY ON APPOINTMENT OF DIRECTORS

The Directors are appointed as per the rules and regulations set forth in the Companies Act, 1994, the Financial Company Act, 2023 and Bangladesh Securities and Exchange Commission's (BSEC) code on Corporate Governance.

To be a member of the Board of a listed company, a Director other than nominated and alternate Director must hold at least 2 percent of the outstanding shares of the company. The Independent Directors are exempted from such requirement.

As per the Companies Act, 1994, the office of non-executive Directors is subject to retirement. At least one third of the non-executive Directors shall retire by rotation in every Annual General Meeting. As per the Central Bank's guideline, a Director may be appointed for a period of three years and the term may be extended for another two term of three years. The Managing Director is appointed for a minimum period of three years' subject to approval of the Central Bank. The office of the Managing Director being an ex-officio Director is not subject to retirement. The tenure of an Independent Director is three years and may be extended by another three years tenure.

Size of the Board

As on 31 December 2024, the Board of UCL comprises of four members including two Independent Directors. The Managing Director & CEO is an Ex - Officio. As per the Finance Company Act, 2023, the size of the Board of Non-Banking Financial Institution shall be maximum of fifteen members including two Independent Directors. As per BSEC's notification, a listed company should have Independent Director of at least 2 (two) Directors or one-fifth (1/5) of the total number of Directors in the company's Board, whichever is higher. As per articles of association of the Company, the Managing Director is an ex-officio Director.

Composition of the Board

The Directors determine the composition and size of the Board in accordance with Bangladesh Bank and BSEC's regulations. The regulators set upper and lower limits with the number of Directors not permitted to be less than five and more than twenty as per BSEC corporate governance code. While the maximum number is fixed as fifteen including two Independent Directors as per the Finance Company Act, 2023 and Bangladesh Bank regulations. The skills and experience of each Director and their period of office at the date of this report are set out on pages 34 to 37 of the annual report. The Board of UCL comprises of the following:

Non-executive Directors (as on 31 December 2024)

Four out of whom two are Independent Directors

Independent Directors: Two (as on 31 December 2024)

Executive Director

One (The Managing Director & CEO)

NON EXECUTIVE DIRECTOR

All the Directors except the CEO are the non-executive Directors in the Board. None of the Directors takes part in the day to day affairs of the Company. They attend only in the Board/Committee meetings to discuss the agenda reserved for the Board/Committees.

INDEPENDENT DIRECTOR AND BOARD'S CONSENT THEREOF

As on 31 December 2024, there are two Independent Directors in the Board representing more than one-fifth of the total Directors. Out of two Independent Directors, one is nominated by Bangladesh Security and Exchange Commission. As per the BSEC code on Corporate Governance at least 2 (two) Directors or one-fifth (1/5) of the total number of Directors in the company's Board whichever is higher, should be Independent Directors. In order to qualify as an Independent Director, the Board affirmatively determines that the Director has no material relationship with UCL either as a partner, shareholder or officer of an organization that has a relationship with UCL that would preclude that nominee from being an Independent Director. For the purpose of such determination, the Directors consider that the Independent Director does not hold any share or holds less than one percent shares of the total paid up capital of the Company who is not connected with the Company's Promoters or Directors or Shareholders who holds one percent or more than one percent shares of the total paid up shares of the Company, on the basis of family relationship; who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associate companies, who has not been an executive of the company in immediately preceding 2 (two) financial years, who is not a member or TREC (Trading Right Entitlement Certificate) holder, Director or officer of any Stock Exchange and who is not a shareholder, Director (except Independent Director) or officer of any Stock Exchange or an intermediary of the capital market. The Independent Director is appointed for a period of three years which may be extended by one term only. A person cannot be appointed as Independent Director who has already been appointed as Independent Director of five listed companies.

DIVISION OF POWERS AND RESPONSIBILITIES

The Management and control of UCL is divided among the shareholders (at the General Meeting), the Board of Directors and the Managing Director & CEO, pursuant to the provisions of the external framework, regulatory authorities, the Articles of Association and the internal instructions set forth by the Board of Directors. the Articles of Association and the internal instructions set forth by the Board of Directors.

THE CHAIRMAN

Responsible for leading the Board

There is a clear and effective division of accountability and responsibility between the roles of the Chairman and the Managing Director & CEO. The Chairman of the Company is a non-executive Director, therefore Independent of the CEO.

RESPONSIBILITY OF THE CHAIRMAN

The Chairman is responsible for leading the Board and ensuring it performs in an effective manner. The Chairman presides over Board and General Meetings of the Company. He ensures that the Board is well informed and effective; that Members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper decision making of the Board and the Company. Additionally, the Chairman has to ensure that General Meetings are conducted efficiently and in accordance with the requirement of the Companies Act, 1994 and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

ANNUAL APPRAISAL OF THE BOARD'S PERFORMANCE

Being the representative of the shareholders, the Board is responsible to the shareholders for the overall performance of the company along with the management. However, there is no such annual appraisal scheme for the performance of the non-executive members of the Board. The Non-Executive Directors of the Board will get fees for attending Board and Committee Meetings. The Board of Directors in its 302nd Meeting held on 24 August 2023 has reviewed and fixed the Meeting Attendance fees as Tk. 8,000/- for all the Members of the Board of Directors for attending the Board and its Committee Meetings.

Moreover, the Independent Directors have been receiving a monthly remuneration of Tk.25,000/- effective from July 2024, as per the decision taken by the Board of Directors in its 313th Meeting held on 12 June 2024, in compliance with the directive of Bangladesh Bank issued through DFIM Circular No. 01, dated 29 February 2024.

POLICY ON TRAINING OF DIRECTORS

The Board of Directors of UCL is well-balanced having professional and industry knowledge to put forward the Company to the desired level of success. During the year under review no such training program has been organized for the Directors. We recognize the importance of the program of such training for the overall development of the Company to ensure best corporate governance practices.

REPORT ON COMPLIANCE WITH THE BEST PRACTICES ON CORPORATE GOVERNANCE

The Chairman of the Company on behalf of the Board of Directors issues a report on compliance with the best practices on Corporate Governance. The report is

reviewed by the External Auditors. The certificate of the External Auditors is given on page 79 of this Annual report. The report of the Chairman is also given on page 64 of this report.

MEMBERSHIP AND QUALIFICATION OF THE DIRECTORS

The Board currently consists of four members which is within the regulatory limit. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be adequate enough to ensure an effective decision making process.

DIRECTORS KNOWLEDGE AND EXPERIENCE

As a major financial services provider, the Board recognizes that its Members must have the appropriate mix of skills as well as the necessary knowledge, experience and commitment to effectively contribute towards the growth and expansion of the company as a whole. Furthermore, being on the Board of a parent company, the Board Members are required to be responsive to the constantly changing financial landscape.

DIRECTORS KNOWLEDGE AND EXPERTISE IN FINANCE AND ACCOUNTING

Our Directors bring on Board a wealth of knowledge and experience in business development, finance, legal, accounting, general management skills and the regulatory environment. A brief profile of each Member of the Board outlining their quantifications, experience and skills is presented on pages 34 to 37 of this annual report.

DIRECTORS INDEPENDENCE

All the Directors except the Managing Director are non-executive Directors and independent from the management. All Directors bring independent judgments to bear on their decisions. The materiality thresholds used to assess Directors independence are set out in the BSEC notification on Corporate Governance dated 03 June 2018. The Managing Director & CEO is an ex-officio member of the Board having no voting rights. The Board believes that the interests of the shareholders are best served by:

- The current composition of the Board which is regarded as balanced with a complementary range of skills and experience detailed in the Directors' profile on pages 34 to 37 of this report; and
- The Independent Directors providing an element of balance as well as making a considerable contribution in their respective fields of expertise.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgments:

- A standard item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors may seek the advice of independent experts, subject to the approval of the Board;

- All Directors must act at all times in the interests of the Company; and
- Directors meet as required independently of executive management.

Adoption of these measures ensures that the interests of shareholders, as a whole, are pursued and not jeopardized by a lack of independence.

DIRECTORS' RETIREMENT AND REAPPOINTMENT

In accordance to the guideline of the Central Bank's, a Director may be appointed for a period of three years and the term may be extended by another two terms of three years. As per the Companies Act, 1994, the office of non-executive Directors is subject to retirement. At least one third of the non-executive Directors shall retire by rotation in every Annual General Meeting. On the other hand, as per the clause no. 1(2)(e) of Corporate Governance Code - 2018 of BSEC's, the tenure of an Independent Director is three years and may be extended by another three years term. The Independent Director shall not be subject to retirement by rotation as per the Company Act, 1994. The Managing Director is appointed for a minimum period of three years' subject to approval of the Central Bank. The office of the Managing Director being an ex-officio Director is not subject to retirement.

NUMBER OF MEETINGS OF THE BOARD AND THE PARTICIPATION OF EACH DIRECTOR

In 2024, the Board held ten meetings. The Board may also take certain decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not decided upon by way of written consent. The detail of the attendance of the Directors is given on page no 53 of this annual report. All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Management Committee attend the meetings to ensure effective interaction with the Board. Minutes are kept of the proceedings and resolutions of the Board are sent to the Bangladesh Bank including the Minutes of Board Committees.

Board Meetings Procedure

- The Board convene according to an agreed schedule to discuss business and other issues whenever considered necessary;
- The Chairman decides on the agenda based on proposals by the other members of the Board, the Managing Director & CEO, and the secretary to the Board;

- The Chairman convene a meeting to deal with a specific item, if requested by a member of the Board or the Managing Director & CEO;
- The Board deals with the reports of the Board committees, Credit committees and the Managing Director & CEO;

Business of the Board Meetings

The Board's agenda is managed to ensure that shareholder value and governance all play an appropriate part in its deliberations and judgments.

The Board delegates to Management the day-to-day operation of the business, in accordance with appropriate risk parameters. The Board monitors compliance with policy and achievement against objectives, by holding management accountable for its activities through regular updates.

During the year ended 31 December 2024, the Board considered a wide range of issues, including:

- Receiving regular reports on the financial position of the company and the various businesses;
- Receiving reports on the outstanding issues arises from earlier board meetings;
- Approving interim and full-year results;
- Discussing and approving corporate strategy; reviewing Minutes and reports from the Audit Committee and Executive Committee;
- Minutes of the Meetings of the Subsidiary Companies;
- Receiving reports on governance/compliance issues affecting the Company;

Access to Information

Directors may access all relevant information required to discharge their duties in addition to information provided Board papers and regular presentations delivered by executive Management on business performance and issues.

Responsibilities of the CEO

The Managing Director & CEO who has extensive financial experience and knowledge (including corporate finance and business development), drives the Group's overall strategic growth towards achieving UCL's strategic vision and direction. He leads the Management in the execution of strategic initiatives. The distinct and separate duties and responsibilities of the Managing Director and the Chairman ensure the balance of power and authority in relation to the establishment of a fully effective Board. The Managing Director's integral role is to implement the policies and decisions of the Board, oversee the entity's operations as well as coordinate the development and execution of the corporate strategies. In addition, thereto, he is also

responsible for the following tasks: to put in place initiatives that will shape the corporate direction and values of the company towards the achievement of a "customer-centric" corporate culture and underpinned by the company's values;

POLICY ON ANNUAL EVALUATION OF THE CEO BY THE BOARD

Since the CEO is responsible for daily operation of the Company, the annual performance of the CEO is measured through following key performance indicators:

- Meet the annual budgetary targets of the Company as approved by the Board;
- Maximize the Shareholders' value through achieving desired Return on Asset (ROA), Return on Investments (ROI) and Return on Equity (ROE) as set by the Board;
- Enhance the Earnings Per Share (EPS) to a competitive level in the industry;
- Sustainable growth of investment and revenue for the Company as set by the Board;
- Gradual reduction of cost to income ratio of the Company;
- Gradual reduction of the non-performing asset (NPA);
- Improvement of the overall CAMELS Rating.

THE COMPANY SECRETARY

The Company Secretary serves the Board on matters relating to the affairs of the Board and ensures that Board meetings are properly convened and an accurate and proper record of the proceedings and minutes of the meetings are kept. The Company Secretary assists the Chairman and Directors in the conduct of meetings and their governance obligations and responsibilities as Directors of the Company. The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees, the Senior Management and the regulators. Apart from performing the duties and responsibilities of a Secretary to the Board, the Company Secretary also undertakes the following roles:

- Ensures that the Board is kept well informed/ updated on legal/regulatory requirements that affects the duties and responsibilities of Directors;
- Ensures that the relevant companies within the Group comply with its statutory obligations under relevant laws and regulations;
- Provides guidance to Directors and Senior Management on various corporate affairs matters;
- Assists in managing shareholder relations and resolving their enquires;
- Manages relationship with the office of RJSC;
- Submits all statutory return to RJSC within stipulated time period; and
- Acts as a custodian of the Group's statutory records.

AUDIT COMMITTEE

OBJECTIVE OF THE COMMITTEE

The objective of the committee is to assisting the Board in fulfilling its corporate governance responsibilities, particularly:

- The reliability and integrity of information for inclusion in Company's financial statements;
- Compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations;
- The integrity of company's internal control framework;
- Safeguarding the independence of the external and internal auditors.
- Ensuring that the Management has selected accounting policies that are in line will applicable accounting standards.
- Review interim financial releases i.e. quarterly and half yearly unaudited financial statements and recommend the same to the Board of Directors for approval.

The engagement partner of the external audit firm is invited to attend each Annual General Meeting and to be available to answer shareholder's questions about the conduct of the audit and the preparation and content of the auditor's report.

APPOINTMENT AND COMPOSITION

The Audit Committee is a Sub-Committee of the Board of Directors. The committee assists the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company as well as ensures that the operating effectiveness of the internal control system is adequate. The committee is directly responsible to the Board of Directors. The Audit Committee comprises of three non-executive Directors out of whom Dr. Qazi Moinuddin Mahmud, an Independent Director is the Chairman of the Audit Committee.

CHAIRMAN OF THE AUDIT COMMITTEE

The committee is chaired by a non-executive Independent Director Dr. Qazi Moinuddin Mahmud, who has required knowledge and extensive experience to serve in this role. The biography of Dr. Qazi Moinuddin Mahmud is given on page 35 of this annual report.

QUALIFICATION AND EXPERTISE OF THE MEMBERS OF THE COMMITTEE

All the members of the Audit Committee are knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business. The biography of all the Members of the Committee is given on page 34 to 35 of this Annual Report.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee, within the delegated authority and in fulfilling the regulatory requirements. The charter of the audit committee is given in page 55 to 56 of this Annual Report.

AUDIT COMMITTEE INVOLVEMENT IN SELECTION OF APPROPRIATE ACCOUNTING POLICIES

As per the BSEC code on Corporate Governance, 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.

The Board delegates the responsibility to the Audit Committee to select the appropriate accounting policies that are in line with applicable accounting standards as applicable and adopted by the ICAB, Bangladesh Securities and Exchange rules 1987 and the Listing Regulations of the Stock exchanges. After selecting the appropriate accounting policies, the Audit Committee recommends the Board regarding adoption of the selected accounting policies. The Board there after approves the selected accounting policies for adoption to ensure the true and fair view of the state of the affairs of the Company.

AUDIT COMMITTEE INVOLVEMENT IN REVIEW OF EXTERNAL AUDIT FUNCTION

The audit committee reviews the following audit functions of the external audit:

- Review the scope of work and audit plan;
- Review Management Letters issued by external auditors;
- Review the report on the annual audit of UCL;
- Consider the independence of the external auditor and any potential conflicts of interest;
- Review the "Terms of engagement" of the external auditor;

AUDIT COMMITTEE INVOLVEMENT IN THE REVIEW OF ANNUAL AND INTERIM FINANCIAL RELEASES

As per the Corporate Governance guideline of the BSEC, the Audit Committee is required to review along with the management, the quarterly and half yearly and annual financial statements before submission to the Board for approval. In compliance with the BSEC's code on Corporate Governance, the Audit Committee reviews the interim and annual financial releases whether audited and/ or unaudited and places the same before the Board for approval.

AUDIT COMMITTEE INVOLVEMENT IN COMPLIANCE WITH LAWS AND REGULATIONS

UCL being a part of the financial industry in Bangladesh required to comply with applicable laws and regulations.

There are several regulatory authorities including the central bank who are the related parties of the Company's operation and performance. The Audit Committee monitors and ensures the Board that the company complies with all the applicable laws, rules and regulations of various regulatory authorities.

ACCESS OF THE HEAD OF INTERNAL AUDIT TO THE COMMITTEE

Then head of internal control and compliance have direct access to the Audit Committee.

NUMBER OF MEETINGS AND ATTENDANCE BY MEMBERS OF AUDIT COMMITTEE

The Audit Committee conducted four meeting in the year 2024. Details of audit committee meetings and attendance of audit committee members is given on page 56 of this Annual Report.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The guidelines on internal control & compliance given by Bangladesh Bank recommend internal control practices for NBFIs to assist them in assessing the application of the principles and compliance with the provisions with regard to internal control. The systems of internal control of the company are designed and operated to support the identification, evaluation and management of risks affecting the company. Assurance on compliance with systems of internal control and on their effectiveness is obtained through regular management reviews, reviews of key financial controls, internal audit reviews and quality assurance, testing of certain aspects of the internal financial control systems by the external auditors during the course of their statutory examinations and reports to the audit Committee by the external auditors.

Internal and External Auditors

Auditing forms an integral part of corporate governance at the Group. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Internal Audit

Our Internal audit department comprises of a team of independent professionals headed by Mr. Alamin Akhand reports directly to the Audit Committee. Internal audit performs an independent and objective assurance and consulting function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal audit is responsible for carrying out periodic audits. Its function also includes independent assessment risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining areas of audit concentration and specifying resource requirements for approval by the audit Committee.

External Audit

Our Statutory Auditor is UHY Syful Shamsul Alam & Co., Chartered Accountants. They are also the auditor of our subsidiary Companies UniCap Securities Limited and UniCap Investments Limited.

DIRECTORS RESPONSIBILITY TO ESTABLISH APPROPRIATE SYSTEM OF INTERNAL CONTROL

The Board of Directors acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. Guidance for Directors of Public Listed Companies, the Board is pleased to present the Statement on Internal Control of the Group. The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of these systems. However, in view of the inherent limitations in any system, such system of internal control is designed to manage rather than to eliminate risks that may impede the achievement of the Company's objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements, frauds or losses.

REVIEW THE ADEQUACY OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control covers risk management and financial, organizational, operational and compliance controls. The Board confirms that there is an on-going process of identifying, evaluating and managing significant risks by the management. This process has been put in place for the year and is reviewed periodically by the Board through its Audit Committee which is supported by the Internal Auditors.

MANAGEMENT AND MITIGATION OF THE RISKS

Disclosure on risk management is covered in details in the risk management section of this report from page 102 to 114. This risk management disclosure has been made in line with best practices and premised on the commitment of the Board of Directors to adhere to sound corporate governance standards within the UCL Group.

ETHICS AND COMPLIANCE

We believe that a Code of Conduct and Business ethics provide a foundation for the stability and sustainable growth of UCL, and supports the Company's efforts in achieving its goals. UCL, therefore, encourages all Directors, Management team and all employees to conduct business and perform their duties in accordance with the Code of Conduct and ethical principles. UCL has its own code of conduct and ethical principles which is communicated to all the employees. This annual report contains the ethical principles that we follow while discharging our duties. A details disclosure on ethics and compliance is given in page 76 to 78.

COMMUNICATION OF ETHICS AND BUSINESS PRACTICE TO THE EMPLOYEES

UCL has in place a Code of ethics and Business Conduct applicable for all employees. The code of ethics and business conduct is communicated to every employee in the induction training after joining UCL. The Board and the Management confirms that the ethics and business principles are communicated to employees to ensure the best ethical practice within the company.

BOARDS COMMITMENT TO ESTABLISHING HIGH LEVEL OF ETHICS AND COMPLIANCE

The Board believes that a Code of Conduct and Business ethics provides a foundation for the stability and sustainable growth of UCL, and supports the Company's efforts in achieving its goals. Therefore, UCL's Board is committed to establish high level of ethics and compliance in the organization to ensure safe and ethical business practice in the financial industry.

COMPLIANCE WITH RULES, REGULATIONS AND LAWS

The financial industry of Bangladesh is very competitive and highly regulated by several regulatory authorities such as the central bank of Bangladesh, BSEC, RJSC, Stock Exchanges and the National Board of Revenue etc. UCL Financial Group is in compliance to all the rules and regulations as promulgated by the appropriate regulatory authorities from time to time. Detailed disclosure on Ethics and Compliance has been covered in page 76 to 78 of this annual report.

POLICY WITH REGARD TO FEES & REMUNERATION OF DIRECTORS

Except the Managing Director & CEO, none of the Director holds any position of profit. The Board of Directors in its 302nd Meeting held on 24 August 2023 has reviewed and fixed the Meeting Attendance fees as Tk. 8,000/- for all the Members of the Board of Directors for attending the Board and Its Committee Meetings.

Moreover, the Independent Directors have been receiving a monthly remuneration of Tk.25,000/- effective from July 2024, as per the decision taken by the Board of Directors in its 313th Meeting held on 12 June 2024, in compliance with the directive of Bangladesh Bank issued through DFIM Circular No. 01, dated 29 February 2024.

Sl.	Name of the Directors	Status with the Company	Meeting Fees			Monthly Remuneration of Independent Director
			For Board Meeting	For Executive Committee Meeting	For Audit Committee Meeting	
1	Mr. Munshi Shafiul Haque	Independent Director & Chairman	80,000/-	--	-	150,000/-
3	Mr. Waqar A. Choudhury	Director	56,000/-	--	24,000/-	--
4	Mrs. Meherunnesa Haque	Director	8,000/-	--	--	--
5	Mr. Nadeem A. Chaudhury	Director	72,000/-	--	32,000/-	--
6	Ms. Tajrina Shikdar	Director	72,000/-	--	32,000/-	--
7	Dr. Qazi Moinuddin Mahmud	Independent Director	80,000/-	--	32,000/-	150,000/-

REMUNERATION POLICY OF THE CEO AND SENIOR MANAGEMENT

As per guidelines of the central bank, appointment of the Managing Director & CEO along with the remuneration package is subject to approval of the central bank. The Board reserves the right to recruit and decide the remuneration benefit of the senior management employees. The CEO has been given with the authority to recruit and decide remuneration benefit of the mid and lower level management in line with the industry best practice.

COMPOSITION OF THE HR & COMPENSATION COMMITTEE AND MEETINGS HELD

The compensation committee comprises of 3 members headed by the CEO. Other member of the committee is Mr. Fazle Karim Murad, EVP & Head of Business (CC) and Mr. Salah Uddin Pallab, Assistant Vice President and Head of Human Resource Management (CC).

ACTIVITIES OF THE MANAGEMENT COMPENSATION COMMITTEE

The Management compensation committee activities during the year under review as under:

- Reviewed the existing pay scale to compare UCL's pay scale with industry benchmark;
- Proposed and recommended the Board for revision of old pay scale;
- Introduced a new pay scale in line with industry benchmark;
- Significant changes made in the company's service rules for employees; and

REMUNERATION OF THE CEO

In 2024, the total remuneration of the CEO was TK 5,759,254/- for the year under review that includes all benefits as approve by the central bank of Bangladesh.

REMUNERATION OF THE SENIOR MANAGEMENT

Employees in the rank of Assistant Vice President and above are considered as the senior management. In 2024, total senior management employees were 11 in number with a total remuneration of TK. 26,725,297/-.

ESTABLISHING AN EFFECTIVE ANTI FRAUD PROGRAM

Anti-fraud Program

Our anti-fraud program outlines UCL's attitude to, and position on, fraud and sets out responsibilities for its detection and prevention. It establishes guidelines for preventing, detecting and dealing with fraud. It gives a clear message to employees and stakeholders about conduct that will not be tolerated by UCL.

Fundamental Elements of an Effective Anti-fraud Program

- Creating and maintaining a culture of honesty;

- Evaluating the risk of fraud and implementing the processes, procedures and controls necessary to mitigate those risks; and
- Developing and appropriate oversight process.

Focus on Anti-Fraud Program

UCL is committed to create a culture of honesty and high ethics inside out of the company to clearly communicate acceptable behavior and expectations of each employee. Such a culture is rooted in a strong set of core values that provides the foundation for employees as to how UCL conducts its business. It also allows the company to develop an ethical framework that covers:

- a. Fraudulent financial reporting,
- b. Misappropriation of assets, and
- c. Corruption as well as other issues.

Directors and officers set the "tone at the top" for ethical behavior within the company. Management shows its employees through words and actions that dishonest or unethical behavior will not be tolerated, even if the result of the action benefits the company. All employees are treated equally, regardless of their position.

Anti-fraud program aim to outline UCL's commitment to;

- Take appropriate measures to prevent and deter fraud;
- Introduce and maintain necessary procedures to detect fraud;
- Encourage employees to report any suspicions action;
- Investigate all instances of suspected fraud;
- Take appropriate disciplinary, civil or criminal proceedings;
- Report all suspected fraud to the appropriate authorities.

Employees Code of Conduct

All the employees of ULC have been given with the code of conduct during his induction to the company. The employees are instructed to follow the ethical principles to add value to the ethical practice of the company

Prevention and Control of Fraud

All Head of the Departments of UCL advocates to the subordinates of the respective department to develop a corporate culture of honesty and integrity. Besides it is the duty of each departmental head to assess the risk of fraud arising in the normal course of operations of his department and establishes controls and procedures designed to eliminate the likelihood of fraud. The senior management of UCL receives, investigates, reports and recommends a remedial course of action in respect to suspected or

voiced concerns of fraud or fraudulent behavior. UCL promotes a regular corporate culture of honesty and integrity.

Creating Positive Work Environment

Importance of positive work environment is beyond explanation. In absence of a positive work environment, there are ample opportunities for employee morale, which can affect an employee's attitude about committing fraudulent activities against the company's interest. UCL recognizes the importance of a positive work environment. The Board delegated the authority to the top management of the company to ensuring a positive work environment with a view to minimizing the risk of probable fraud. The CEO conducts a regular monthly meeting with all the employees where the floor is open for all to speak out and report any irregularities directly to the CEO. The Management also discussion different issues regarding company's working environment in the meeting.

Oversight and Responsibilities of Establishing Anti-Fraud Measures

The Internal Control and Compliance (ICC) Department is primarily responsible for preventing, monitoring and rectifying fraud and potentially fraudulent behavior. The Head of ICC is independent of the Management with direct reporting to the Audit Committee. The Internal Audit Department gradually establishing and regularly monitoring procedures and controls designed to assess, prevent and remediate fraud and fraudulent behavior. If necessary, all the departmental heads will report regarding the implementation of this Anti-Fraud Policy to the ICC Department, which will then be reviewed and summary of findings will be reported to the Audit Committee depending the nature of the fraud.

Mitigating Fraud Risks

Once risk areas are identified by management, UCL Management evaluates the adequacy of existing internal control activities and determines if further controls or changes to existing controls are required to reduce or eliminate the risk. Although there may be high risk fraud indicators in certain instances, other compensating measures may exist to mitigate the weakness in controls. It may be possible to reduce or eliminate certain fraud risks by making changes to the entity's activities and processes.

Hot Line Reporting of Fraudulent Behavior and/or Suspicious Activities

The Internal Control and Compliance (ICC) Department is the focal point to report any type of fraudulent behavior or suspicious activity within the organization. The ICC Department maintains reliable communications channels (Direct telephone and e-mail) allowing for the anonymous reporting of actual or suspected instances of fraud or fraudulent behavior committed by any employees.

For the people external to the company has also been given with the opportunity to report any type of fraudulent/suspicious activities through the company's website. In this case the focal contact person is the Company Secretary. Email address of the Company Secretary along with direct telephone number has been published in the company's website.

Whistleblower System

Employees are usually the first to notice if Company's procedures are not followed. All our employees have an obligation to report any suspicion or knowledge of breaches of the Company's policies to the head of Internal Control & Compliance Department. The reports are then passed on to the Audit Committee and the Board of Directors. UCL values a free flow of information. To ensure that critical information is not withheld, all reports and questions received through the whistleblower system are treated confidentially.

COMMUNICATION TO THE SHAREHOLDERS AND STAKEHOLDERS

The Company reports including quarterly, half-yearly and annual reports and accounts were sent to shareholders in a timely and accurate manner, and meet with shareholders in the AGM where they are encouraged to ask questions about the performance, strategy and future prospect of the Company. The Stakeholders have access to company information through the company's website and postal correspondence. UCL complied with the requirements for reporting and disclosure of information to the Shareholders and Stakeholders during the year under review.

Annual General Meeting

Under Companies Act, the AGM must be held within nine months from the end of the financial year. Notice of an AGM, including agenda items and proposals submitted by the Board must be published at least 21 days prior to the meeting. Shares only qualify for voting at an AGM if they are entered into the depository register with voting rights on record date.

Request to Convene a Meeting by the shareholders

Shareholders holding shares not less than one-tenth of the issued share capital of the company have the right to call an extraordinary general meeting and request for a specific item be placed on the agenda and voted upon at the meeting. The Director shall, within 21 days from the date of deposit of the requisition for meeting by the shareholders, proceed duly to call a shareholders' meeting.

Statutory Quorums

Shareholders' resolutions that require a vote by a majority of the votes represented include:

- Transaction of ordinary business done in an AGM;
- Increase of paid up capital; consolidation or subdivision of shares; cancellation of unissued shares;
- A consensus of at least two thirds of the votes represented is required for resolutions include:
- Change provisions of the object clause;
- Change the name of the company alter or add to its AoA;
- Reduce share capital;
- Make reserved capital;
- Remove auditor before expiry of term;
- On court winding up or voluntary winding up;

Notices of Shareholders Meeting

Notice of an AGM, including agenda items and proposals submitted by the Board must be published at least 21 days prior to the meeting. Notices to shareholders are made by publication in the daily newspapers. The Board may designate further means of communication for publishing notices to shareholders. Notices required under the listing rules is published in two widely circulated newspapers in English and Bangla and sent to the stock exchanges and BSEC.

Timely and Balanced Disclosure

The Board has an established process to ensure accountability at a senior executive level for compliance with the continuous disclosure obligations of Bangladesh Bank, BSEC and listing rules. Executive Management is required to communicate all matters of a material nature and which may require disclosure to regulators, to the Chairman, CEO or the Company Secretary.

The Rights of Shareholders

UCL promotes effective communication with the Company's Shareholders and encourages Shareholder participation at Annual General Meetings. UCL communicates with the shareholders through AGM, EGM, the annual report and Company's website. All of the Company's announcements to the market may be accessed through the Company's website.

Shareholders are provided with the opportunity to question the Board concerning the operation of the Company at the Annual General Meeting. They are also afforded the opportunity to question the Company's auditors concerning matters related to the audit of the Company's financial statements at that meeting.

CONTRIBUTION TO ENVIRONMENT AND SOCIETY

A natural and clean environment, economical use of resources and respect for people's health and safety all these are getting increasing importance. In accordance with this, UCL is continuously working towards reducing consumption of energy, elimination of use of hazardous substances from its processes and minimizing waste generation. The emphasis is on minimizing paper transactions to the extent possible. One of the key targets for financing manufacturing companies is to reduce their carbon footprint.

The central bank has taken rigorous steps to encourage green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management (ERM). It is encouraging banks and financial institutions in minimizing paper transactions and installing solar power system, opening up refinance line for solar energy, bio-gas and effluent treatment plant (ETP) at reduced interest rates. The central bank introduced refinancing scheme for financing solar energy, biogas and effluent treatment plant (ETP).

THE DISCLOSURE COMMITTEE

The disclosure committee consists of the Chief Executive Officer, the CFO and Company Secretary and the Head of ICC. The function of the disclosure committee is to meet as and when required in order to assure compliance with the disclosure and transparency requirements and the Listing Rules, and to ensure that the routes of communication between UCL members, the disclosure committee, the company secretarial office and investor relations are clear so that the company is able to comply fully with its continuing obligations under the disclosure requirements.

ETHICAL & COMPLIANCE STATEMENT

OVERVIEW

As governance and regulatory requirements in the financial industry continues unabated, financial institutions are coming under intense pressure to implement good governance practices and manage compliance risk while pushing for improvements to the bottom-line. Compliance risk within the UCL Financial Group is defined as the risk of impairment to the organization's business model, reputation and financial condition from failure to meet laws and regulations, internal policies and the expectations of stakeholders.

The Group upholds the adoption and infusion of good corporate governance principles and best practices as a basic tenet of running and growing its business. The compliance principles remain an important guide for the Group as it continuously evolves to meet the growing demands of compliance best practices.

COMPLIANCE RISK MANAGEMENT

The main aim of compliance risk management is to preserve the Group's reputation so that our competitive standing, reputation, brand and share value are not only maintained, but also enhanced. With a vision to be a financial group with industry leading compliance culture, the followings are the Group's compliance objectives:

- To be the most compliant financial group;
- To enable business growth and compliance;
- To ensure zero-tolerance for regulatory breaches; and
- To minimize operational losses.

To achieve these objectives, the Group's underlying mission is to effectively measure and manage the compliance risk of the Group to meet the expectations of all stakeholders. Providing the foundation for this aspiration is the Group Compliance Framework, from which the building blocks of the compliance functions are shaped.

COMPLIANCE GOVERNANCE

At the apex of Compliance is the Board, which oversees and provides strategic direction for compliance in the Group. The Risk Management Committee ("RMC") is the management Committee wherein the Group's state of compliance with laws, regulations, internal policies and procedures is reported. The Compliance Division is responsible for developing and maintaining the Group Compliance Framework. This forms the foundation from which policies and procedures are designed to manage compliance risk.



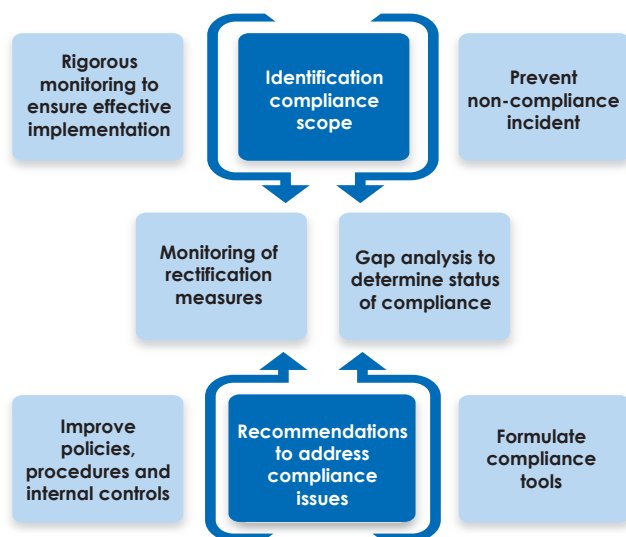
SCOPE OF COMPLIANCE

The scope of compliance covers the areas of credit, operations, anti-money laundering and terrorist financing (AML/TF), treasury, insurance, financing operations and investment management, including subsidiaries. The Internal Control team was set-up to assist in managing internal control compliance and risk issues. The team also assists in the identification of issues at ground level that may affect compliance and the escalation of the same. This also creates expertise at operational level for compliance processes. Division and Department Heads are continuously engaged to ensure that they continue to inculcate compliance awareness and discharge their duties effectively to ensure their respective units comply with regulatory and internal requirements.



COMPLIANCE LIFE CYCLE

Compliance activities are closely intertwined with compliance developments on the global front, existing legal & regulatory requirements as well as the Group's policies and procedures. The following diagram illustrates the compliance lifestyle and general approach taken by the Group in managing compliance risk. The approach is derived from various compliance sources such as new regulations, sound practices, and reports from relevant stakeholders as well as internal reviews conducted by the Compliance Division itself.



COMPLIANCE SOURCES

- Laws and regulations
- Group's policies and procedures
- Sound industry practices
- Internal compliance review
- Internal audit reports
- Group risk assessment
- Regulators' reports or dialogues

COMPLIANCE CHALLENGES

Against the backdrop of increasing regulatory requirements and pervasive threat of financial crime and fraud, traditional approaches to oversight are no longer adequate. Compliance initiatives are thus anchored upon providing a value proposition to our stakeholders.

CHALLENGES

- Recalibrate functions to focus on compliance
- Focus resources on value-adding initiatives
- Re-validate best practices periodically
- Use expertise to enhance knowledge and awareness in the Group
- Continue to build good and valuable controls to avoid operational losses
- Provide meaningful compliance assurance

- Continuous surveillance on key risk areas
- Strive to improve processes to enable compliance.

KEY INITIATIVES

The strategies adopted to provide a value proposition to our stakeholders are as below:

COMPLIANCE VALUE

- Infusing Best Practices
- Compliance Assurance
- Compliance Risk Mitigation
- Enabling Compliance
- Education and Awareness

Infusing Best Practices

A comprehensive set of policies and procedures that institutionalize right from wrong is integral in promoting a sound compliance culture. It is imperative that the Group develops overarching compliance policies along with procedures on how to comply with specific regulations. Among the key Compliance Policies employed are:

- Compliance Framework
- AML & TF Programme
- Incident Reporting, Management and Escalation Process
- Core Values
- Code of Ethics and Conduct
- Whistleblower Policy
- Insider Trading Policy

Compliance Assurance

The Group's state of compliance is provided for, through surveillance programmes. The respective Boards and Senior Management are apprised of the state of compliance through the submission of the Compliance Report. The Compliance Report encompasses compliance with statutory or regulatory requirements, compliance with internal policies and procedures, operational losses incurred, AML/TF measures, as well as root cause and trend analyses.

Compliance Risk Mitigation

Compliance risk mitigation is a key process in the entire Incident Reporting and Management Process. Incidence reports are duly reviewed to detect trends or commonalities so that losses and incidences of non-compliance, negligence or fraud can be managed proactively and minimized accordingly. The Compliance Division continues to play an active role in integrating sound compliance risk management into the overall risk management strategy.

Enabling Compliance

Apart from working with respective business and operating units to ensure compliance with relevant laws and regulations, enabling compliance is another key function of Compliance. The Compliance Division embarked on issuing

regulatory alerts on an as-and-when basis to enable and assist business and operating units to respond to regulatory requirements in a speedy manner. Where issues are related to regulatory compliance reminders are issued to relevant business or operating units to ensure that the Group provides necessary data and accurate information to them.

Education and Awareness

Effective knowledge management is a key challenge in ensuring that staff of the Group are aware of the risk issues surrounding their activities and are able to manage them accordingly in the course of carrying out their duties.

With the ultimate aim of embedding compliance culture throughout the Group, the Compliance Division works with Internal Audit and Risk Management Department to carry out overall briefings. These briefings involve sharing common findings and experiences as well as advising on how to improve compliance and contain operational risk within the branches.

Continuous improvements would be made through training to ensure compliance policies are understood and practiced by all staff. Mindful that regulatory requirements and sound practices continue to increase and grow in complexity, education and creation of awareness remain a primary focus for the Group.

VALUE OF COMPLIANCE

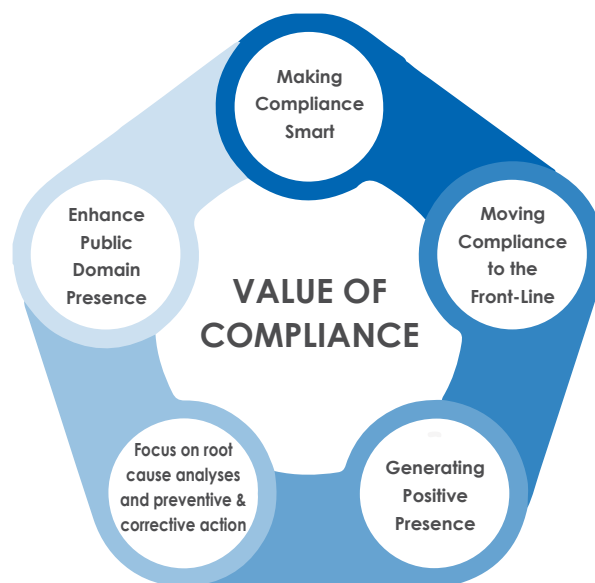
The five-pronged strategy as detailed in the previous pages ultimately aims to protect the UCL brand value by achieving compliance excellence. Fundamental to achieving compliance excellence is the process of “making compliance smart” that is attained as follows:

As business models change, new technologies emerge and regulatory requirements increase amidst the intense focus on operational efficiencies and the consolidation of the financial sector, the Group has never been more exposed to such a myriad of risks, not to mention larger sets of rules and regulations. Thus, “making compliance smart” becomes a critical determining factor in our journey towards compliance excellence.

In this regard, the Board and senior Management within each respective entity have extended their highest support and cooperation in moving compliance to the front-line. They have done this by establishing the tone from the top, which is quite simply, to comply with all laws and regulations and employ ethical behavior. All staff is aware that the Board and Management takes an uncompromising stance if such trust is breached.

The Group's focus on root cause analysis and preventive & corrective action to generate a positive presence has yielded greater compliance understanding. Growing in tandem with the understanding is the cooperation between the business and operating units and the Compliance Division with regard to managing compliance risk. The

Compliance department is increasingly becoming a point-of reference and advisor for key strategic initiatives that the Group embarks on.



The effective penetration of a proper compliance culture into all business and operating units has facilitated early detection of compliance risk. This has resulted in quicker compliance risk. The Group recognizes that the strengthening of a compliance culture is the foundation for good compliance practices.

ANTI-MONEY LAUNDERING AND TERRORIST FINANCING (AML/TF)

As one of the forerunners of the Government and Bangladesh Bank initiatives to prevent the financial system from being used for illicit and laundering activities, the Group has established the following processes and infrastructure:

- Accountability of each level of employee for antimoney laundering detection and prevention;
- Education and training in preventing and detecting money laundering; and
- Extensive procedures covering customer identification, account opening, record keeping and recognition and reporting of suspicious transactions.

The AML/TF measures continue to focus on ensuring the effectiveness of reporting by all business and operating units to Compliance Division.

AML/TF self-compliance assessments continue to provide an avenue for the Compliance Division to gauge the understanding of business and operating units on AML/TF and act as tools to enhance future measures. In addition, various learning initiatives are offing to raise awareness among employees on the important role that they play in ensuring the Group does not become a conduit for money laundering.

Certificate on

COMPLIANCE WITH CONDITIONS ON CORPORATE GOVERNANCE CODE



**Report to the Shareholders of Union Capital Limited on
compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by Union Capital Limited for the year ended on 31 December 2024. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 of the Bangladesh Securities and Exchange Commission and its subsequent amendment.

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

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

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

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission except NRC related conditions and those mentioned in the statement of compliance status;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the Securities Laws and other relevant laws; and
- The governance of the Company is satisfactory.

For K. M. HASAN & CO.
Chartered Accountants

Md. Amirul Islam FCA, FCS
Senior Partner

Place: Dhaka
Dated: 08 September 2025

Status on compliance of the Corporate Governance Guideline (CGG) as on 31 December 2024

Status of compliance with the condition imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018 and Notification No. BSEC/CMRRCD/2009-193/66/PRD/148, dated 16 October 2023 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	Board of Directors			
1(1)	Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		
1(2)	Independent Directors			
1(2)(a)	At least 2 (two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√		
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	Who shall not be an independent director in more than 5 (five) listed companies;	√		
1(2)(b)(ix)	Who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution; and	√		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1(2)(d)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.			No such event occurred
1(2)(e)	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)	Qualification of Independent Director (ID)			
1(3)(a)	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)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association; or			N/A
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of k. 100.00 million or of a listed company; or			N/A
1(3)(b)(iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			No such event occurred
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such event occurred
1(5)	The Directors' Report to Shareholders:			
1(5)(i)	An industry outlook and possible future developments in the industry	√		
1(5)(ii)	The segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;			N/A
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			N/A
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		Disclosed in note no.: 45 of the Audited Financial Statements
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other 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 Share Offer, Direct Listing, etc.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	√		Disclosed under Annexure - I of the Directors' Report
1(5)(xi)	A statement that 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;	√		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that 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;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no significant doubt 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 there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			No such event occurred
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director shall be discribed;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1(5)(xxiv)(a)	A brief resume of the director;	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C;	√		
1(5)(xxviii)	The Directors' report to shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.	√		No such confidential issues to be incorporated in the Directors Report.
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Bangladesh Bank vide its letter ref. no: DFIM(P) 1052/27/2021-2436 dated 04 November 2021 directed that no Finance Company is permitted to comply with conditions for formation of Nomination and Remuneration Committee in accordance with the Corporate Governance Code, 2018 issued by BSEC, since it is conflicting with the regulation of the Financial Company Act and relevant Directive/Notification of Bangladesh Bank. However, UCL has a Remuneration and Compensation Committee. The Committee is comprised of the members of the higher Management of UCL		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise,with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Directors' Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS,CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	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;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
4	Board of Directors' Committee			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	Bangladesh Bank vide its letter ref. no: DFIM(P) 1052/27/2021-2436 dated 04 November 2021 directed that no Finance Company is permitted to comply with conditions for formation of Nomination and Remuneration Committee in accordance with the Corporate Governance Code, 2018 issued by BSEC, since it is conflicting with the regulation of the Financial Company Act and relevant Directive/Notification of Bangladesh Bank. However, UCL has a Remuneration and Compensation Committee. The Committee is comprised of the members of the higher Management of UCL		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board 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;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee.			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			No such event occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such event occurred
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
	Role of Audit Committee			
5(5)(a)	oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission.			No such event occurred
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interests;			No such event occurred
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such event occurred
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			No such event occurred
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such event occurred
5(6)(b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such event occurred
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC).	Bangladesh Bank vide its letter ref. no: DFIM(P) 1052/27/2021-2436 dated 04 November 2021 directed that no Finance Company is permitted to comply with conditions for formation of Nomination and Remuneration Committee in accordance with the Corporate Governance Code, 2018 issued by BSEC, since it is conflicting with the regulation of the Financial Company Act and relevant Directive/Notification of Bangladesh Bank. However, UCL has a Remuneration and Compensation Committee. The Committee is comprised of the members of the higher Management of UCL		
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	"Do"		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	"Do"		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b).	"Do"		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	"Do"		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors;			"Do"
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			"Do"
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			"Do"
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			"Do"
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			"Do"
6(2)(g)	The company secretary shall act as the secretary of the Committee;			"Do"
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			"Do"
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			"Do"
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			"Do"
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			"Do"
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.			"Do"
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;			"Do"
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			"Do"
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			"Do"
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC			"Do"
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			"Do"
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			"Do"

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	

6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	"Do"		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	"Do"		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	"Do"		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	"Do"		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	"Do"		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	"Do"		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	"Do"		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	"Do"		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	"Do"		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	"Do"		
7	External or Statutory Auditors.			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	any other service that creates conflict of interest.	√		
7(2)	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; his or her family members also shall not hold any shares in the said company:	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company.			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		Website address is www.unicap-bd.com
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance.-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		Annexure - C is presented in this Annual Report

Compliance Report

BANGLADESH BANK'S GUIDELINES ON CORPORATE GOVERNANCE

Bangladesh Bank issued a guideline on Corporate Governance vide DFIM Circular no. 7 dated 25 September 2007. The Board of Directors of Union Capital Limited has taken appropriate steps to comply with the guidelines and implementation of the same. Status report on compliance with those guidelines is given below:

Particulars	Compliance status
1 RESPONSIBILITIES AND AUTHORITIES OF BOARD OF DIRECTORS	
A Work-planning and strategic management	
i The Board shall determine the vision/mission of the Company. Board shall also determine the strategy and work planning for enhancement of institutional efficiency and other policy matters on annual basis. Board shall make necessary amendment in the strategy on quarterly basis.	Complied
ii The Board shall have its analytical review to be incorporated in the annual report as regard to the success or failure in achieving the target as set out in the annual work plan and inform the same to the shareholders in the annual general meeting.	Complied
iii The Board will set the Key Performance indicators (KPI) for the Managing Director/CEO and other senior executives and will evaluate on half-yearly basis.	Complied
B. Formulation of sub-committee	
Executive Committee may be formed in combination with Directors (excluding any alternate Director) and management of the Company only for rapid settlement of the emergency matters (approval of loan/lease application, recovery, write-off, rescheduling etc.) arisen from the regular business activities.	Complied
C. Financial Management	
i Annual budget and statutory financial statements shall be adopted finally with the approval of the Board.	Complied
ii The Board shall review and examine in quarterly basis various statutory financial statements such as statement of income-expenses, statement of loan/lease, statement of liquidity, adequacy of capital, maintenance of provision, legal affairs including actions taken to recovery of overdue loan/lease.	Complied
iii The Board shall approve the Company's policy on procurement and collection and shall also approve the expenditures according to policy. The Board shall delegate the authority on the Managing Director and among other top executives for approval of expenditure within budget to the maximum extend.	Complied
iv The Board shall adopt the operation of bank accounts. Groups may be formed among the management to operate bank accounts under joint signatures.	Complied
D. Loan/Lease/Investment	
i Policy on evaluation of loan/lease/investment proposal, sanction and disbursement and its regular collection and monitoring shall be adopted and reviewed by the Board regularly based on prevailing laws and regulations. Board shall delegate the authority of loan/lease/investment specifically to the Management preferably on the Managing Director and other top executives.	Complied
ii No Director shall interfere on the approval of loan proposal associated with him. The Director concerned shall not give any opinion on that loan proposal	Complied
iii Any syndicated loan/lease/investment and large scale loan/lease/investment proposal must be approved by the Board.	Complied
E. Risk Management	
The Board shall approved the 'Risk Management Guideline' and review the same regularly as specified by the 'Core Risk Management Guideline' of Bangladesh Bank.	Complied

Particulars	Compliance status
F. Internal Control & Compliance An Audit Committee approved by the Board shall be formed. Board shall evaluate the reports presented by the Audit Committee on compliance with the recommendation of internal auditor, external auditors and Bangladesh Bank inspection team.	Complied
G. Human Resources Management The Board shall approve the policy on Human Resources Management and service rule. Chairman and Director of the Board shall not interfere on the administrative job in line with the approved service rule. Only the authority for the appointment and promotion of the Managing Director/Deputy Managing Director/General Manager and other equivalent position shall lie with the Board in compliance with the policy and service rule. No Director shall be included in any Executive Committee formed for the purpose of appointment and promotion of others.	Complied
H. Appointment of Managing Director and Increase of Salaries & Allowances The Board shall appoint a competent Managing Director for the Company with the approval of the Bangladesh Bank and shall approve any increment of his salary and allowances.	Complied
I Benefit to Chairman The Chairman may be offered an office room, a personal secretary, a telephone at the office, a vehicle in the business-interest of the Company subject to the approval of the Board.	Complied
2 RESPONSIBILITIES AND DUTIES OF CHAIRMAN	
i The Chairman shall not participate in or interfere into the administrative or operational and routine affairs of the Company as he has no jurisdiction to apply executive power.	Complied
ii The Minutes of the Board Meetings shall be signed by the Chairman.	Complied
iii The Chairman shall sign-off the proposal for appointment of the Managing Director and increment of his salary & allowances.	Complied
3 RESPONSIBILITIES AND DUTIES OF MANAGING DIRECTR	
i The Managing Director shall discharge his responsibilities on matters relating to financial, business and administration vested by the Board upon him. He is also accountable for achievement of financial and other business targets by means of business plan, efficient implementation of administration and financial management.	Complied
ii The Managing Director shall ensure compliance of the Finance Company Act 2023 and other relevant circulars of Bangladesh Bank and other regulatory authorities.	Complied
iii All recruitment/promotion/training, except recruitment/promotion/training of DMD & GM equivalent position, shall be vested upon the Managing Director. He shall act such in accordance with the approved HR Policy of the Company.	Complied
iv The Managing Director may re-schedule job responsibilities of employees	Complied
v The Managing Director may take disciplinary actions against the employees except the DMD and GM or equivalent position.	Complied
vi The Managing Director shall sign all the letters/statements relating to compliance of policies and guidelines. However, departmental/Unit heads may sign daily letters/ statements as set out in DFIM circular no. 2 dated 06 January 2009 if so authorized by Managing Director.	Complied

Market Discipline (CAMD) – Pillar III

A) Scope of Application

Qualitative Disclosures:

- (a) The name of the top corporate entity in the group to which this guideline applies.

• Union Capital Limited.

- (b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted)

- Union Capital Limited (UCL) has two wholly owned subsidiaries: UniCap Securities Limited and UniCap Investments Limited which are fully consolidated.

- (c) (Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group)

• Not Applicable

Quantitative Disclosures:

- (d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries

• Not Applicable

B) Capital Structure

Qualitative Disclosures:

- (a) Summary information on terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or Tier 2.

Tier 2 Capital includes:

- General provision up to a limit of 1.25% of Risk Weighted Asset (RWA) of Credit Risk.
- Revaluation reserves:
 - 50% of Revaluation reserve for fixed assets
 - 45% Revaluation reserve for securities
- All other preference shares

Conditions for maintaining regulatory capital:

- The amount of Tier 2 capital will be limited to 100% of the amount of Tier 1 capital.
- 50% of revaluation reserves for fixed assets and 45% of revaluation reserves for securities are eligible for Tier 2 capital.

Quantitative Disclosures (Consolidated) :

- (b) The amount of Tier 1 capital, with separate disclosure of:

Sl No.	Particulars	Amount in crore Taka
(a)	Paid up Capital	172.57
(b)	Statutory reserve	45.19
(c)	Retained earning	(1,305.37)
Total Tire -1 (Core Capital)		(1,087.61)
(d)	The total amount of Tier 2 capital	15.30
(e)	Other deductions from capital	-
Total eligible capital		(1,072.31)

C) Capital Adequacy

Qualitative Disclosures

- (a) A summary discussion of UCL's approach to assessing the adequacy of its capital to support current and future activities.

Risk Weighted Assets (RWA) and Capital Adequacy Ratio (CAR)

UCL has applied Standard Approach for computation of Capital Charge for Credit Risk and Market Risk while Basic Indicator Approach for Operational Risk. Total Risk Weighted Assets (RWA) of the Company is determined by multiplying capital charge for market risk and operational risk by reciprocal of the minimum capital adequacy ratio and adding the resulted figures to the sum of risk weighted assets for credit risk. Total RWA is then used as denominator while total Eligible Capital as numerator to derive Capital Adequacy Ratio.

Strategy to Achieve the Required Capital Adequacy:

- Rigorous monitoring of overdue loans to bring those under 90 days overdue
- Financing clients having good rating as per Company's policy
- Using benefit of credit risk mitigation by taking eligible collaterals against transactions
- Increasing capital base of the company.

Quantitative Disclosures (Consolidated) :

Particulars	Amount in crore Taka
Capital requirement for Credit Risk	120.31
Capital requirement for Market Risk	5.37
Capital requirement for Operational Risk	-
Total and Tier 1 capital ratio:	
CAR on Total capital basis (%)	(85.32%)
CAR on Tier 1 capital basis (%)	(86.54%)

D) Credit Risk

Qualitative Disclosures

(a) The general qualitative disclosure requirement with respect to credit risk including:

- Definitions of past due and impaired (for accounting purposes) As per the Bangladesh Bank's Prudential Guideline on Capital Adequacy and Market Discipline for Financial Institutions, the unsecured portion of any claim or exposure (other than claims secured by residential property) that is past due for 90 days or more, net of specific provisions (including partial write-off) will be risk weighted as per risk weights of respective balance sheet exposures. For the purpose of defining the net exposure of the past due loan, eligible financial collateral (if any) may be considered for Credit Risk Mitigation.
- Description of approaches followed for specific and general allowances and statistical methods.
- General and specific provisions are maintained according to the relevant Bangladesh Bank's Guidelines.

Discussion on FI's credit risk management policy:

Implementation of various strategies to minimize risk

To encounter and mitigate credit risk, the following control measures are taken place at UCL:

- Vigorous monitoring and follow up by fully dedicated recovery and collection team
- Strong follow up of compliance of credit policies by appraiser and credit department
- Taking collateral, performing valuation and legal vetting on the proposed collateral by members of our own dedicated technical and legal department
- Seeking legal opinion from external lawyers for any legal issues if required
- Regular review of market situation and industry exposures
- Insurance coverage for funded assets

In addition to the best industry practices for assessing, identifying and measuring risks, UCL also considers Guideline for Managing Core Risks of Financial Institutions issued by Bangladesh Bank for management of risks.

Approved Credit Policy by the Board of Directors

The Board of Directors has approved the credit policy for the company where major policy guidelines, growth strategy, exposure limits and risk management strategies have been described/ stated. Credit policy is regularly updated to cope up with the changing global, environmental and domestic scenarios.

Separate Credit Risk Management (CRM) Department

An independent Credit Risk Management (CRM) Department is in place, at UCL, to scrutinize projects from a risk-weighted point of view and assist the management in creating a high quality credit portfolio and maximize returns from risk assets. CRM assess credit risks and suggest mitigations before recommendation of every credit proposal while Credit Administration confirms that adequate security documents are in place before disbursement.

Monitoring and Recovery Team

A strong recovery team monitors the performance of the loans and advances, identifies early sign of delinquencies in portfolio and takes corrective measures to mitigate risks, improve loan quality and to ensure recovery of loans in a timely manner including legal actions.

Independent Internal Control & Compliance Department

Appropriate internal control measures are in place at UCL. An Internal Control & Compliance Department has been established to ensure compliance with all internal guidelines, Bangladesh Bank guidelines, operational procedures and adequacy of internal control and documentation procedures.

Credit Evaluation

To mitigate credit risk, UCL search for credit reports from Credit Information Bureau (CIB) of Bangladesh Bank. The report is scrutinized by Credit Admin Department and Credit Risk Management Department to understand the liability condition and repayment behavior of the client. Depending on the reports, opinions are taken from the concerned related parties for better understanding about client's credit worthiness.

Credit Approval Process

To ensure both speedy service and mitigation of credit risk, the approval process is maintained through a multilayer system.

Depending on the size of the loan, a multilayer approval system is designed. As smaller loan are very frequent and comparatively less risky, lower sanctioning authority is set to improve processing time and associated risk. Bigger loans require more scrutiny as the associated risk is higher hence sanctioning authority is higher as well.

Early Warning System

Performance of loans is regularly monitored to trigger early warning system to address the loans and advances whose performance show any deteriorating trend. It helps the company to grow its credit portfolio with ultimate objective of protecting the interest of the stakeholders.

Methods used to measure Credit Risk

As per the directives of Bangladesh Bank, 'The Standardize Approach' is applied by the company to measure its Credit Risk.

Quantitative Disclosures (Solo)

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

Particulars	Amount in crore Taka
Leasing	123.19
Term finance	506.14
Home loan	11.77
Investment in subsidiaries	542.85
Other finance	0.14
Total	1,184.09

(c) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Particulars	Amount in crore Taka
Dhaka Division	1,014.42
Chattogram Division	155.83
Rajshahi Division	9.83
Khulna Division	0.47
Rangpur Division	2.54
Sylhet Division	0.99
Total	1,184.09

(d) Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.

Particulars	Amount in crore Taka
Trade and Commerce	92.16
Industry	
Garments & Knitwear	58.80
Textiles	149.21
Food Production, Processing & Rice Mills	12.54
Jute & Jute-Products	1.22
Plastic & Rubber Industry	3.72
Leather & Leather Goods	0.04
Iron, Steel & Engineering	36.60
Pharmaceuticals & Chemicals	42.77

Particulars	Amount in crore Taka
Cement & Allied Industry	0.47
Paper, Packaging, Printing, Publishing & Allied Industry	17.48
Wood, Furniture & Fixture	0.09
Glass, Glassware & Ceramic Industry	13.96
Ship Manufacturing & Breaking	75.99
Electronics & Electrical Products	21.94
Power, Gas, Petroleum, Water & Sanitary	-
Transport & Aviation	17.31
Agriculture	
Poultry & Livestock	24.13
Fisheries	-
Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	15.42
Housing	
Individual/Retail Housing	0.04
Project/Commercial Housing	25.86
Financial Corporation	
Insurance Company	0.23
Audit & Accounting Firm	-
Loans to Own Subsidiaries	542.85
Other Financial Auxiliaries	-
Service	
Tourism, Hospitality & Logistics	0.13
Health Sector	28.50
Tailoring & Laundry	0.95
Restaurant Service, Catering & Online Food Supplier	-
Others	1.92
Consumer Finance	
Personal Loan	-
Auto Loan	0.12
Employee/Staff Loan	0.12
Credit Card	-
Loan Against Deposit	0.02
Grand total	1,184.09

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

Particulars	Amount in crore Taka
Repayable on demand	-
Not more than 3 months	18.55
Over 3 months but not more than 1 year	55.97
Over 1 year but not more than 5 years	1,109.57
Over 5 years	-
Total	1,184.09

(f) By major industry or counter party type.

- (i) Amount of impaired loans and if available, past due loans, provided separately

The amount of classified loans and advances of UCL are given below as per Bangladesh Bank guidelines.

Particulars	Amount in crore Taka
Loans & advances up to 5 years	403.13
Loan & advances over 5 years	732.57
Totals	1,135.70

- (ii) Specific and general provisions:

Specific and general provisions were made on the amount of classified and unclassified loans and advances of UCL.

Particulars	Amount in crore Taka
Provision on classified loans and advances	724.36
Provision on unclassified loans and advances	6.38
Total	730.75

- (iii) Charges for specific allowances and charge-offs during the year.

During the year the specific and general provisions were made on the amount of classified and unclassified loans and advances of UCL.

Particulars	Amount in crore Taka
Provision on Unclassified loans and advances	(22.09)
Provision on classified loans and advances	41.40
Total	19.30

E) Equities: Banking book positions

Qualitative Disclosures

- (a) The general qualitative disclosure requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons. Discussion of important policies covering the valuation and accounting of equity holdings in the banking book positions. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.

Quoted shares are valued at cost prices and if the total cost of a particular share is lower than the market value of that particular share, then provision is maintained as per terms and conditions of regulatory authority.

Quantitative Disclosures (Solo)

- (b) Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities, a comparison to publicly quoted share values where share price is materially different from fair value.

Particulars	Amount in crore Taka
Quoted shares (Market price)	1.84
Quoted shares (Cost Price)	2.34
Unquoted shares	1.47

Breakup of Total Investment	
Particulars	Amount in crore Taka
Government securities	-
Non marketable securities	1.47
Preference share	-
Investment in share (lock-in)	-
Marketable Securities	2.34
Commercial paper	-

- (c) The cumulative realized gain (losses) arising from sales and liquidations in the reporting period.

Particulars	Amount in crore Taka
Cumulative realized gain / (Loss)	0.01

(d)

Particulars	Amount in crore Taka
Total unrealized gains (Losses)	(0.51)
Total latent revaluation gains(Losses)	-
Any amounts of the above included in Tier 2 Capital	-

(e) Capital requirements broken down by appropriate equity groupings, consistent with FI's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital.

Specific Risk –Market value of investment in equities is BDT 3.30 crore. Capital requirement is 10% of the said value which stands at BDT 0.33 crore.

General Risk – Market value of investment in equities is BDT 3.30 crore. Capital requirement is 10% of the said value which stands at BDT 0.33 crore.

F) Interest rate in the banking book

Qualitative Disclosures

(a) The general qualitative disclosure requirement including the nature of interest risk and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits.

Interest rate risk in the banking book arises from mismatches between the future yield of assets and their funding cost. Assets Liability Committee (ALCO) monitors the interest rate movement on a regular basis.

UCL measures the interest rate risk by calculating maturity gap between Risk Sensitive Assets (RSA) and Risk Sensitive Liabilities (RSL) i.e. a positive maturity gap affect company's profitability positively with the increment of interest rate and negative maturity gap affects company's profitability adversely with the increment of interest rate.

Quantitative Disclosures (Consolidated)

(b) The increase (decline) in earning or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk broken down by currency (as relevant).

Interest Rate Risk-Increase in Interest Rate: (BDT in Crore) Where applicable

Particulars	Maturity wise distribution of Assets-Liabilities				
	One month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 Year
A. Total Rate Sensitive Liabilities (A)	773.28	14.95	12.76	34.88	67.14
B. Total Rate Sensitive Assets (B)	122.93	14.51	34.14	12.43	58.59
C. Mismatch	(650.36)	(0.44)	21.39	(22.44)	(8.56)
D. Cumulative Mismatch	(650.36)	(650.80)	(629.4)	(651.85)	(660.40)
E. Mismatch (%)	-84.10%	-2.94%	167.69%	-64.35%	-12.74%

Magnitude of shock	Minor	Moderate	Major
	2%	4%	6%
Change in the Value of Bond Portfolio (BDT in Crore)	0.00	0.00	0.00
Net Interest Income (BDT in Crore)	(13.21)	(26.42)	(39.62)
Revised Regulatory Capital (BDT in Crore)	(1,085.52)	(1,098.73)	(1,111.93)
Risk Weighted Assets (BDT in Crore)	1,256.88	1,256.88	1,256.88
Revised CAR (%)	-86.37%	-87.42%	-88.47%

G) Market Risk

Qualitative Disclosures

(a) Views of BOD on trading/investment activities

All the Market risk related policies/guidelines are duly approved by BOD. The BOD reviews the compliance aiming to mitigate market risk.

Method used to measure Market risk

Market risk is the probability of losing assets in balance sheet and off-balance sheet position arising out of volatility in market variables i.e. interest rate, exchange rate and prices of

securities. In order to calculate the market risk for trading book purposes the company uses Standardize (rule based) Approach. Capital charge for interest rate risk and foreign exchange risk is not applicable to our company as because we do not have such balance sheet items

Market Risk Management System

A system for managing Market Risk is in place where guideline has been given regarding long-term, short-term funding, liquidity contingency plan, local regulatory compliance etc. Treasury manages the Market risk with the help of Asset Liability Management Committee (ALCO) and Asset Liability Management (ALM) Desk in the following manner:

Interest Risk Management

Treasury Department and Finance & Accounts Department review the risk of changes in the income of the company as a result of movements in the market interest rates. In the normal course of business, UCL tries to minimize the mismatches between the duration of interest rate sensitive assets and liabilities. Effective Interest Rate Risk Management is done as under:

Market analysis

Market analysis over interest rate movements are reviewed by the Treasury Department with the help of other concerned Departments of the company. The type and level of mismatch interest rate risk of the company is managed and monitored from two perspectives, being an economic value perspective and earning value perspective.

GAP analysis

ALCO has established guidelines in line with central bank's policy for the management of assets and liabilities, monitoring and minimizing interest rate risks at an acceptable level. ALCO in its regular meeting analyzes Interest Rate Sensitivity by computing GAP i.e. the difference between rate sensitive assets and rate sensitive liabilities and takes decision of enhancing or reducing the GAP according to prevailing market situation aiming to mitigate interest rate risk.

Continuous Monitoring

Company's treasury manages and controls day-to-day trading activities under the supervision of ALCO that ensures continuous monitoring of the level of assured risks.

Equity Risk Management

Equity Risk is the risk of loss due to adverse change in the market place of equities held by the Company. Equity Risk is managed by the following manner:

UCL minimizes the equity risks by portfolio diversification as per investment policy of the Company.

Particulars	Amount in crore Taka
Interest rate risk	-
Equity position risk	5.37
Foreign Exchange Position and Commodity risk (If any)	-

H) Operational Risk:

Qualitative disclosure:

(a) Views of Board on the system to reduce Operational Risk:

All the policies and guidelines of internal control and compliances are established as per advice of the Board.

Audit Committee of the Board oversees the activities of internal Control and compliance as per good governance guideline issued by Securities and Exchange Commission.

Performance gap of executives and staff

UCL's recruitment policy is based on retaining and attracting the most suitable people at all levels of the business and this is reflected in our objective approach to recruitment and selection. The approach is based on the requirements of the job (both now and in future), matching the ability and potential of the individual. Qualification, skills and competency form our basis for nurturing talent. Favorable job responsibilities are increasingly attracting greater participation from different level of employees in the UCL family. We aim to foster a sense of pride in working for UCL and to be the employer of choice. As such there exists no performance gap in UCL.

Potential external events

No such potential external event exists to raise operational risk of UCL at the time of reporting.

Policies and Procedure for mitigating operational risk

UCL has established a strong Internal Control and Compliance Department to address operational risk and to frame and implement policies to deter such risks. Internal Control and Compliance Department assesses operational risk across the company and ensures that appropriate framework exists to identify, assess and manage operational risk.

Approach to calculating capital charge for operational risk:

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. UCL uses basic indicator approach for calculating capital charge against operational risk i.e. 15% of average positive annual gross income of the company over last three years.

Quantitative Disclosures (Consolidated)

(b) Capital requirement for operational risk:

Particulars	Amount in crore Taka
Capital requirement for operational risk:	-

Report on Going Concern

Reflects company's continuance for the foreseeable future

A company is a going concern when it is considered to be able to pay its debts as and when they are due, and continue in operation without any intention or necessity to liquidate or otherwise wind up its operations for at least the next 12 months from the end of the reporting period i.e. financial year end.

Going concern assumption is a fundamental principle in the preparation of financial statements and hence it is the responsibility of the Directors to assess company's ability to continue as going concern that involves making appropriate inquiries of certain financial and operating matters.

Overview

International Accounting Standard (IAS) 1: Presentation of Financial Statements requires management to make an assessment of an entity's ability to continue as a going concern each time the financial report is approved for issuance. In other Financial Reporting Frameworks, there may be no explicit requirement for the management to make a specific assessment of an entity's ability to continue as a going concern. Nevertheless, since the going concern assumption is a fundamental principle in the preparation of financial statements, as per IAS 1, the preparation of the financial statements requires management to assess Company's ability to continue as a going concern even if the financial reporting framework does not include an explicit requirement to do so.

Bangladesh Securities and Exchange Commission's Notification dated 7 August 2012 requires the Directors of all the listed companies to report on its ability to continue as a going concern. The Board of Directors of UCL makes annual assessment as to whether there exists any material uncertainty that may cast significant doubt about UCL's ability to continue as a going concern and to make adequate disclosures in the financial reporting if such uncertainties are identified.

The time period that the Directors have considered in assessing the appropriateness of the use of going concern basis in preparing the financial statements for the year ended 31 December 2024 is a period of twelve months from the date of approval of the issuance of these financial statements

Although, UCL has been experiencing financial loss since 2019 and facing tremendous challenges to continue its business operations in current economic position but the Directors are hardly working to overcome from this distress

situation. In this connections, several initiatives have already been taken by UCL and we are also in the process of adopting some other strategic steps to turn around our business.

Our assessment regarding UCL's ability to continue as a going concern involves making a judgment, about inherently uncertain future outcomes of events or conditions. In judgment, Management has considered following factors that appeared to be relevant:

The degree of uncertainty:

The Management confident that during the period of assessment there was no such event or condition the outcome of which may create any significant uncertainty about the continuance of UCL's business;

Nature and size of business:

UCL is engaged in financing and capital market operations. Considering the nature, size and extent of business and the continuous guidance of our regulatory bodies UCL will be able to continue its business in upcoming years.

Subsequent events:

Subsequent events that were readily available at the time of judgment have been taken into account while making assessment as to the continuance UCL as a going concern.

Moreover, in making this assessment, the Directors considered the Group's business, profitability forecasts, cash flows, terms and conditions of borrowing facilities, governance and risk management practices, funding and capital plans including stress scenarios, together with a range of factors such as the outlook for the Bangladesh economy taking account of the impact of fiscal realignment measures, monetary policy, regulatory compliance and in particular the Directors have focused on the matters set out below:

Financial Matters

• Debts with repayment records

At the end of 2024, the total fixed term borrowings of the Company were Tk. 1,677.97 million compared to Tk. 1,993.40 million of prior year.

Particulars	2024	2023	2022	2021	2020
Term borrowings	1,677.97	1,993.40	2,258.14	2,377.39	2,314.05

- **Improve of Profitability:**

UCL has incurred substantial amount of financial losses during the last 05 years because of huge amount of suspended interest income and keeping substantial amount of required provision. The management is confident that from the upcoming years, significant amount of suspended interest will return to income and provision will be released simultaneously while settlement of NPL accounts or partial recovery from NPL accounts. Besides, collection from written off accounts will directly be added to income. As consequences, significant positive impact in the profitability will be observed in the future.

- **Timely disclosure of financial results.**

As required by the regulations, UCL always committed to and has been publishing its financial results timely and making transparent disclosure to its shareholders. We have been publishing our financial statements on quarterly, half yearly and yearly basis in the national dailies as well as in the Company's website as a part of regulatory compliance which helps the investors, depositors, customers, shareholders and other stakeholders in making economic decision.

Operating matters

- **Corporate culture and employee satisfaction**

UCL's aspiration is to be the employer of choice. A good working environment is of paramount importance to any company's continuance, sustainability and the wellbeing of its employees. At UCL we strive to create a flexible and challenging framework that always attracts qualified aspirant and encourages existing employees to continuously hone their skills and excel in their fields. There exists a very good corporate environment in the Company. Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exist a good number of employee benefits like home loan benefit, car loan benefit, performance related bonus, gratuity, provident fund etc., which are considered to be instrumental for employee satisfaction.

Other matters

- **Plan for reducing of Non-Performing Loan (NPL):**

The management of UCL have formulated several plans towards reduction of NPL within December 2024 through exerting conventional and non-conventional initiatives. The plans include the followings:

- i) Full and final settlement of NPL accounts;
- ii) Rescheduling of NPL accounts;
- iii) Reducing NPL by collection;

Through implementations of the above plans, the Management has targeted to reduce NPL being Tk.100 crore in the year 2025. The Management firmly believes that by continuing the following process we will be able to achieve this target with this time period:

- i) Amicable Settlement;
- ii) Strengthening and expediting legal actions;
- iii) Appointing of Recovery Agent;
- iv) Liquidation of securities;
- v) Attachment of property/shares;

- **Recovery from written off loan:**

The Special Asset Management Department of UCL has been exerting multi-dimensional initiatives to recover its written off loans. We have targeted to collect Tk.1.29 crore in the year 2025 from written off portfolio.

- **Settlement of TDR encashment demand through mutual understanding:**

The management of UCL has been negotiating with its depositors on continuous basis who have placed requests for deposit encashment. As per mutual understanding UCL has been settling encashment demand gradually based on its cash flow. It is mentionable here that during the year from 2019 to 31.03.2025, we have so far repaid Tk.582.56 crore to our depositors. Besides, we have also repaid Tk.413.66 crore against our bank borrowings and repaid Tk.23.14 crore against preference share at the same time. As such, UCL repaid its debt totaling Tk.1019.36 crore during said time frame.

- **Reopening sources of fund inflow and resuming fresh business:**

In order to turn around from the present situation, the management plans to restart fresh disbursement at the earliest to its proven loan/lease clients from its existing cash flow or from any new source of fund.

- **Credit Rating**

A credit rating is an assessment of the solvency or creditworthiness of a company according to established credit review procedures. UCL is rated by National Credit Ratings Ltd., one of the leading independent rating agencies and adjudged "BBB- (Triple B Minus)" in the long term and "ST - 4" in the Short Term along with developing outlook. The validity of the rating will expire on 09 December 2025.

- **Changes in Government policy**

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

- **Regulatory compliance**

UCL has established an independent compliance function in line with the best practices to ensure strict compliance with laws, rules, regulations issued by the regulators and policies, processes, procedures approved by the Board of Directors.

- **Product innovation and sustainability**

UCL always strives for tailor made product innovation, customer satisfaction, value addition to the shareholders, carrying out environmental initiatives, conducting our work through conversation with our customers to address environmental issue which altogether ensure the sustainability.

Conclusion

Under the purview of the above, the management of UCL is confident that it will be able to continue its operation in the upcoming years and restore its hard earned reputation. Our strength is our present wholehearted workforce and honorable Board of Directors. It's our pride to let you know that there is no financial scam, corruption, embezzlement of fund at UCL. We would like to specially point out that Bangladesh Bank is closely monitoring our every operational activity towards re-building our financial strength. Their continuous support and guidelines will help us to move forward.

In this backdrop, the Directors consider it appropriate to prepare 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 the Group's ability to continue as a going concern for the upcoming years.

RISK MANAGEMENT

Describe how we manage our risks

UCL's risk management is based on guidelines, policies and instructions set forth by the Board of Directors. On the basis of the Board of Directors' general instructions, the Company has prepared specific instructions on risk management for the individual business units. These instructions are used as the basis for business and control procedures, among other things, at the units.

RISK MANAGEMENT PHILOSOPHY

The key elements of UCL's risk management philosophy are the following:

- UCL recognizes sound risk management to be the foundation of a long-lasting financial institution;
- risk officers are empowered to perform their duties professionally and independently without undue interference;
- risk management is governed by a set of policies that are clearly communicated;
- risk management is a shared responsibility. Therefore, UCL aims to build a shared perspective on risks that is grounded in consensus;
- there is a clear segregation of duties between operations and risk management functions; and
- risk-related issues are taken into consideration in all business decisions. UCL shall continue to strive to maintain a conservative balance between risk and revenue considerations.

RISK CULTURE

- The Board and Management consciously promote a responsible approach to risk and ensure that the long-term survival and reputation of UCL are not jeopardized while expanding UCL's market share.
- The responsibility of risk management in UCL is vested in the Board of Directors, which is implemented through the Executive Management.
- UCL pays attention to both quantifiable and unquantifiable risks.
- UCL management promotes awareness of risk and risk management across UCL.
- UCL avoids products, markets and businesses where it cannot objectively assess and manage the associated risks.

RISK APPETITE

UCL's risk appetite is set at a level that minimizes erosion of earnings or capital due to avoidable losses and trading books, or from frauds or operational inefficiencies. UCL's appetite for risk is governed by the following:

- high-quality risk assets measured by five Key Performance Indicators:

- ratio of non-performing loans to total loans;
- ratio of loan loss expenses to interest revenue;
- ratio of loan loss provision to gross nonperforming loans;
- ratios of large loan to total exposure; and
- Percentage of concentration risk.

- Diversification targets are set for the credit portfolio and limits are also set for aggregate large exposures.
- Financial and prudential ratio targets are pegged at a level more conservative than regulatory requirements.

UCL will not compromise its reputation through unethical, illegal and unprofessional conduct. UCL also maintains zero appetite for association with disreputable individuals and entities.

RISK MANAGEMENT OVERSIGHT

UCL's Risk Management Department provides central oversight of risk management across UCL to ensure that the full spectrum of risks facing UCL and the Group are properly identified, measured, monitored and controlled to minimize adverse outcomes. The department is however, complemented by other departments in the management of certain important risks as illustrated below:



The Risk Management Department coordinates the monitoring and reporting of all risks across UCL. The Internal Control and Compliance department is responsible for continuous independent verification of control measures to manage all risks across the Group.

Internal audit has the responsibility of auditing the risk management function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Internal audit also tests the adequacy of internal controls and makes appropriate recommendations where weaknesses

are identified with the view of strengthening the Group's risk management framework. Its functions are as under:

- Sets policies and defines limits for other units in UCL;
- Performs risk monitoring and reporting, and provides framework for management of risk;
- Coordinates activities with internal audit to provide a holistic view of risks; and
- Collaborates with information technology department to provide relevant automated credit information.

RISK MANAGEMENT PRINCIPLES

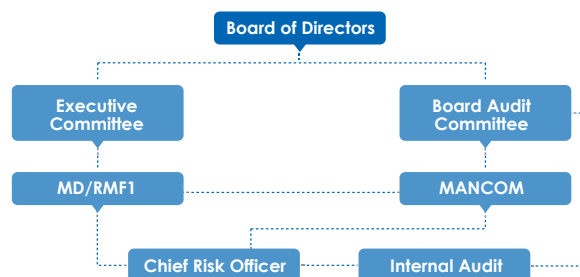
The following principles guide our management risk:

- Effective balancing of risk and reward by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive controls and transferring risk to third parties;
- Shared responsibility in risk management as business segments are responsible for active management of their risks, with direction and oversight provided by risk management department and other business units;
- Business decisions are based on an understanding of risk as we perform rigorous assessment of risks in relationships, products, transactions and other business activities;
- Avoid activities those are not consistent with our Values, Code of Conduct or Policies, which contributes to the protection of our reputation;
- Proper focus on clients reduces our risks by knowing our clients and ensuring that all products and transactions are suitable for, and understood by our clients; and
- Use of clear communication line for risk reporting with maximum cooperation from the Chief Risk Officer and effective monitoring of every department helps manage risks throughout the organization.

GOVERNANCE

Risk Management Governance Framework

UCL's risk management governance framework is outlined in the diagram below:



ROLES AND RESPONSIBILITIES

Board of Directors

- Approve risk strategy and policies.

- Ensure that management maintains an appropriate system of internal control and reviews its effectiveness.
- Ensure the Group's overall credit risk exposure is maintained at prudent levels.
- Review and approve changes/amendments to the risk management framework.
- Review and approve risk management procedures and control for new products and activities.
- Ensure that the Management as well as individuals responsible for credit risk management possesses the requisite expertise and knowledge to accomplish the risk management function.
- Ensure that the Management implements a sound methodology that facilitates the identification, measurement, monitoring and control of risk.

Board committees

The above responsibilities of the Board of Directors are discharged primarily by its two Committees namely:

- Audit Committee
- Executive Committee and

Without prejudice to the roles of these committees, the Board retains ultimate responsibility for risk management and ensures through RMF.

Risk Management Forum (RMF)

For all categories of risk, the Risk Management Forum is responsible for formulating policies, monitoring, implementation and reviewing risk reports for presentation to the Board/Board committees as well as implementing Board decisions across UCL. The Forum comprises of Heads of Business, SME, Accounts, HR & ICT, ICC and Treasury and is headed by the Chief Risk Officer. To be more specific, the Forum is responsible for the following:

- Designing overall risk management strategy of UCL;
- Communicating views of the Board and management regarding risk management culture and risk appetite all over UCL;
- Developing policies and procedures for identifying, measuring and controlling risk;
- Reviewing market conditions, identifying external threats and providing recommendations on course of actions;
- Allocating appropriate resources to evaluate and control risk;
- Implementation of risk strategy approved by the Board of Directors;
- Reviewing risk reports on a regular and timely basis;
- Monitoring the prescribed threshold limits of risk appetite set by the regulators and UCL itself and report on compliance.

- Holding monthly meetings of the Forum to discuss findings on Risk Management Paper (RMP) submitted by RAU and plan necessary precautionary measures to mitigate risks.

Risk Analysis Unit (RAU)

The Risk Analysis Unit acts as secretariat of the Risk Management Forum (RMF). The Unit is independent of rating transactions, or setting/working to achieve any target imposed by UCL. In more details the responsibilities of this Unit includes:

- Identifying and analyzing all sorts of risks appropriately, timely and quantifying those risks and their exposure to material loss.
- Reviewing proposals in respect of credit policies and standards and endorsing them to the Risk Management Forum for approval by the Board.
- Monitoring on an ongoing basis the Group's risk quality and performance by reviewing periodic credit portfolio reports and assessing portfolio performance.
- Defining credit approval framework and assigning credit approval limits in line with UCL policy.
- Reporting to RMF on compliance of UCL's credit policies with statutory requirements prescribed by the regulatory/supervisory authorities.
- Collecting data/information from different departments and preparing Risk Management Paper (RMP) on a monthly basis for submission to the Bangladesh Bank where the risks associated in conducting business are highlighted, analyzed, and recommendations put forward for discussion and approval by the RMF.
- Preparing the report on the "Product/Service Risk Management" for submission to the Bangladesh Bank as per instruction given in the guidelines on Product & Services of Financial Institutions in Bangladesh.

INTERNAL CONTROL

Overview

Internal control in UCL refers to the overall operating framework of practices, systems, organizational structures, management philosophy, code of conduct, policies, procedures and actions, which exists in the Group and is designed to ensure:

- that essential business objectives are met, including the effectiveness and efficiency of operations and the safeguarding of assets against losses;
- the reliability of financial reporting and compliance;
- compliance with applicable laws and regulations including internal policies;
- systematic and orderly recording of transactions; and
- provision of reasonable assurance that undesired events will be prevented or detected and corrected.

UCL is committed to creating and maintaining a unique internal control environment that is capable of sustaining its current leadership position in the financial services industry.

Strategy and policy

UCL operates in an environment that is continuously exposed to uncertainties and change. Such risks may prevent the institution from achieving its strategic business objectives. To manage these risks effectively, UCL Group has put in place internal control measures that cover the company and its subsidiaries.

Effective IT control and revenue assurance

UCL has developed a framework for effective information technology (IT) controls. This essentially revolves around ensuring the integrity, security, efficiency and reliability, and compliance of UCL information systems and resources, including:

- management and administration of users /access control on UCL's various application software to ensure proper user access rights are attached to each job role and to ensure reliability of access control mechanisms on the applications;
- monitoring IT operations, databases, server hardware and server operating systems, network infrastructure and applications systems monitoring;
- reviewing all new systems end-to-end and coming up with technology-related risk and vulnerabilities in the product, processor system being developed and advising mitigating controls.

Fraud management strategies

To protect the institution from financial and reputational harm, UCL implements the following fraud prevention and detection measures:

- Building fraud prevention and detection controls in processes and systems.
- Strict compliance with internal policy, regulatory and statutory requirements.
- Implementation of anti-fraud operational, supervisory and independent controls.
- Proactive management of financial and non-financial risks.
- Holding operators and supervisors personally responsible for fraud occurrence.
- Conducting root cause analysis of fraud occurrence.
- Automation of reconciliation activities.
- Continuous awareness campaign on fraud learning points.
- Continuous control improvement measures.
- Improve anti-fraud operational control capacities among operations staff.
- Implementation of whistle-blowing policy.

Priorities for 2025

- Full implementation of the Bangladesh Bank Guidelines and Circulars on ICC.
- Strengthening of internal controls consciousness in UCL through effective support and training to operators in their role as the first line of defense in risk management.
- Strengthening IT supervision and monitoring to ensure adequate control over UCL's software.

RISK MANAGEMENT REPORTING

In compliance with the issue of Bangladesh Bank DFIM Circular no. 1, dated 7 April 2013, UCL have started submitting its Risk Management Paper (RMP) every month from the month of April 2013 to the Department of Financial Institutions & Markets (DFIM) of Bangladesh Bank. Now as per Bangladesh Bank DFIM Circular Letter No. DFIM(S)/1055/67/2021-2678 dated 18 November 2021, Bangladesh Bank directed to all the NBFIs to submit the said report on quarterly basis from December 2021 and onward. As such, UCL has been submitting the report quarterly without any exception. According to the circular, UCL have already formed the Risk Analysis Unit (RAU) which is responsible for constructing the Risk Management Paper in every month and submission to the Risk Management Forum (RMF).

The Forum is comprised of the Departmental Heads of Business, Accounts, SME, HR & ICT, ICC, Treasury and headed by the Chief Risk Officer meets every month to discuss on the Risk Management Paper in hand and formulate policies to mitigate the risks affecting the organization. The meeting minutes are attached with the RMP of the month and submitted to DFIM of Bangladesh Bank. The Risk Management Paper emphasize on the following risks affecting UCL:

- | | |
|-----------------------------|----------------------|
| • Credit Risk | • Market Risk |
| • Liquidity Risk | • Operational Risk |
| • Information Security Risk | • Compliance Risk |
| • Legal Risk | • Reputational Risk |
| • Money Laundering Risk | • Environmental Risk |

The report identifies, analyses, and measures how each of the above categories of risks affect UCL and quantifies the risk of material loss as a result. The Paper also goes on to provide recommendations on how UCL can draw precautionary measures and mitigate the risks facing the business.

RISK MANAGEMENT DISCLOSURE

CREDIT RISK

Overview

Credit risk management verifies and manages the credit process from origination to collection. In designing credit policies, due consideration is given to our commitment to:

- create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations;
- identify credit risk in each investment, loan or other activity of UCL;
- utilize appropriate tools to measure credit risk;
- adopt a risk-based approach for determining appropriate pricing for lending products and services;
- set acceptable risk parameters;
- maintain acceptable levels of credit risk for existing individual credit exposures;
- maintain acceptable levels of overall credit risk for our portfolio;
- coordinate credit risk management and other risks inherent in UCL business activities; and
- Set remedial and recovery actions.

The credit process is managed by multiple specialized departments:

- Marketing Department;
- Credit Risk Management (CRM);
- Credit Administration Department (CAD);
- Legal Department;
- Internal Control and Compliance (ICC) Department and
- Special Assets Management (SAM) Department.

Marketing Department is responsible for procurement of business and acts as a relationship manager.

Credit Risk Management (CRM) Department is responsible for identifying and analyzing the various risk factors of loan/lease and recommend their assessment to the Credit Committee / Executive Committee / Board of Directors. The department serves as the credit secretariat and manages other credit process initiatives for the Company.

Credit Administration Department (CAD) is mainly responsible for ensuring the documentation formalities before disbursement of any sanctioned loan/lease facility. After disbursement the files and documents are preserved by CAD which is the core responsibility as custodian.

Special Assets Management (SAM) Department is responsible for the recovery of loans that are past due for 6 months or more and accounts written off from on-balance sheet. SAM will continue to liaise with recovery agents, legal department and outsourcing legal services to ensure effective recovery of bad loans.

Internal ratings scale

In measuring credit risk of loan and advances to customers, UCL reflects the following components:

- Character and capacity of the client;
- Current exposures to the counterparty and its likely future development; and
- Credit history of the counterparty and likely recovery ratio in case of default obligations - value of collateral and other ways out.

Customers Risk Rating system

In order to manage our credit risk, the management has developed a risk rating grade system. The risk rating grades have nine risk buckets to provide a preset, objective basis for making credit decisions, with one additional bucket specifically included to categories customers in default. Each risk bucket may be denoted alphabetically and by range of scores as follows:

Description	Rating bucket			Range of scores	Prob. of default	Grade
Extremely low risk	AAA	1	1.00 – 1.99	90–100%	1%	Investment
Very low risk	AA	2	2.00 – 2.99	80–89%	1%	
Low risk	A	3	3.00 – 3.99	70–79%	1.5%	
Low risk	BBB	4	4.00 – 4.99	60–69%	2%	
Acceptable–moderately high risk	BB	5	5.00 – 5.99	50–59%	4%	Non-Investment
High risk	B	6	6.00 – 6.99	40–49%	6%	
Very high risk	CCC	7	7.00 – 7.99	30–39%	9%	
Extremely high risk	CC	8	8.00 – 8.99	10–29%	13%	
High likelihood of default	C	9	9.00 – 9.99	0–9%	15%	Default
Default risk	D	10				
SMA	D				5%	
Sub-standard	D				20%	
Doubtful	D				50%	
Bad loss	D				100%	

Collateral Risk Rating (CRR)

UCL shall not lend to non-investment grade customers without any form of collateral. Collaterals are rated from best to worst in order of liquidity, controllability and realizable value. The more liquid a collateral is, the lower the estimated portion of the exposure that may not be covered in the event of default. Therefore, for highly illiquid collaterals, a higher loss given default is assumed.

Risk limit control and mitigation policies

The industry and portfolio limits are set by the Board of Directors on the recommendation of the Management. Credit Risk Management monitors compliance with approved limits.

Portfolio limits

The process of setting the limits is as follows:

- UCL engages in a detailed portfolio plan. In drawing up the plan, UCL reviews the macroeconomic factors, identifies the growth sectors of the economy and conducts a risk rating of the sectors to determine its acceptable target market industries and exception. UCL target loan portfolio is then distributed across acceptable target market industries.
- Aggregate single/group exposure limit of not more than 30 percent of company's equity. It may go beyond the limit with the permission of Bangladesh Bank.
- Sector exposure limit of not more than 30% of UCL loan portfolio.

Single party limits

Limits are imposed on loans to individual borrowers. UCL as a matter of policy does not lend above its regulatory lending limit, which is 30 percent of its shareholders' funds. The internal guidance limit is, however, set at 25 percent to create a prudent buffer.

UCL also sets internal credit approval limits for various levels in the credit process and these are shown in the table below (amount in Taka):

Approval levels	Investment grade
Board of Directors	Over 10,000,000
Executive Committee	Upto 10,000,000
Credit Committee	Upto 3,000,000

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the UCL demand.

Classification and provisioning policy

Provision is made in accordance with the Prudential Guidelines issued by Bangladesh Bank for each account that is not performing in accordance with the terms of the related facility.

Write-off and recoveries

After full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off:

- continued contact with customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of collateral security leaves a balance of the debt; or
- it is apparent that no further recovery on the facility is possible;
- legal actions have been taken against customers for recovery.

All credit facility write-offs shall require endorsement at the Board level. Credit write-off approval shall be documented in writing.

Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

Portfolio ratios

Asset quality ratios

Non-performing accounts have been recognized, classified and provisions made as appropriate in line with the Bangladesh Bank Guidelines. Rate of nonperforming loans/lease for the period was 95.91 percent mainly due to the recognition and classification of weak and impaired assets in the portfolio.

Non-performing exposures are defined as exposures with past due obligations >3 months. Loans move from performing status to SMA, sub-standard, doubtful and bad & loss, depending on objective criteria based on the number of months past due.

Credit Risk Management outlook

The Group will continue to pursue a moderate and sustainable loan growth strategy by optimally exploiting the economic development goals of the government vis-a-vis achieving its own strategic imperatives. It is expected that there would be increased demand for credit, while loan selection criteria will remain rigorous with pricing reflecting the risks being taken on such exposures for asset creation to make business sense.

The credit process will be enhanced to address prevailing challenges, while credit models will be subjected to periodic validation for the purpose of obtaining necessary assurances. Portfolio stress tests will be adopted as appropriate, to consider implications of scenarios that may seem relatively unlikely but could pose serious risks to the company if they crystallize.

We will continue to strengthen SME lending, credit analysis and credit monitoring through both internal and external trainings.

MARKET RISK

Overview

Market risk is the risk that the value of investment portfolio will decrease due to changes in market risk factors such as share prices, interest rates, etc. It represents the potential

for a negative impact on the balance sheet and income statement resulting from adverse changes in the value of investments and interest rates as a result of movements in market variables.

During the financial year, UCL was exposed to market risk in its trading and investing activities mainly as a result of:

- interest rate movements in response to market forces or as directly indicated by monetary policy pronouncements;
- share price movements in response to market forces.

Structure and framework

UCL ensures that all the market risk exposures are consistent with its business strategy and within the defined risk tolerance. UCL therefore manages market risk within:

- an overall market risk exposure maintained at levels consistent with the available capital; and
- a reliable methodology for identifying, measuring, controlling, monitoring and reporting market risk.

Governance

The Board of Directors provides oversight for the market risk management function through its Management Committee.

Management oversight is provided by the Assets & Liabilities Management Committee (ALCO).

The Board of Directors is responsible for:

- approval of market risk management framework, policies, strategies, guidelines and philosophy;
- approval of market risk-related limits for UCL.

The ALCO, made up of relevant department heads, is responsible for:

- reviewing policies relating to market risk management;
- recommending market risk policies to the Board;
- providing management oversight for the implementation of policies relating to interest rates and share prices' risks;
- reviewing market risk strategy;
- developing policies, procedures and systems for identifying, measuring, controlling and reporting market risks;
- evaluating market risk inherent in new products;
- ensuring compliance with statutory and regulatory requirements relating to market risks;
- recommending policies and guidelines for market risk measurement, management and reporting;
- ensuring that market risk management processes (including people, systems, operations, limits and controls) are in line with market risk framework;
- recommending policies for identifying, measuring, monitoring, controlling and reporting market risk; and
- recommending steps to protect UCL capital ratios from the effects of changes in market risk factors.

UCL also provides oversight for its subsidiaries that engage in trading in quoted equities. UCL does not trade in commodity and therefore is not exposed to commodity risk.

Policy and Strategy

UCL has put in place a market risk management framework that provides the Board and Management with guidance on market risk management processes.

Stress testing

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress scenarios are regularly updated to reflect changes in risk profile and economic events. The ALCO is responsible for reviewing stress exposures and where necessary, enforcing reductions in overall market risk exposure.

Outlook

Small investors are increasingly preferring risk-free investment avenues over highly volatile and risky shares. This shift is primarily driven by the continuous rise in interest rates and, to some extent, by the prevailing economic uncertainty. The uncertainty stems from the lingering post-COVID-19 impacts, the prolonged disruptions in the global economy caused by the ongoing Russia-Ukraine war, as well as the unstable situation in the Middle East resulting from Israel's attacks in Palestine, Syria, Iran, and Yemen.

On the other hand, local political arena has been facing pressure due to many issues. Ensuring a peaceful and credible election will be a major challenge for the present Interim Government. The country's economic stability and development largely depend on the successful and widely accepted conduct of the National Election, as well as the smooth transfer of power to the next elected government.

LIQUIDITY RISK

Overview

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due, or will have to meet the obligations at excessive cost. This risk arises from mismatches in the timing of cash flows.

Governance

The Board is primarily responsible for approval of liquidity risk management framework, policies, strategies, guidelines and philosophy.

The Assets & Liabilities Management Committee (ALCO), made up of the Managing Director & CEO, the Chief Financial Officer and other relevant divisional heads, is responsible for the following:

- review policies relating to liquidity risk management;
- recommendation of liquidity risk policies to the MANCOM;

- review liquidity risk strategy and recommendation of the same for Board approval;
- provision of management oversight on the implementation of policies relating to liquidity risk;
- ensure proper matching the liquidity profile;
- monitor liquidity risk inherent in the maturities mismatch of the assets and liabilities;
- development of policies, procedures and systems for identifying, measuring, controlling and reporting liquidity risks;
- ensure compliance with statutory and regulatory requirements relating to liquidity risks;
- review and recommendations on liquidity risk related limits for approvals; and
- approval of stress scenarios and contingency funding plan assumption.

Implementation of UCL market and liquidity risk management policies, procedures and systems is delegated to the Head of Treasury who reports to the ALCO/Chief Risk Officer.

Policies and procedures

The principal mechanism for implementing UCL's liquidity policy is the maintenance of the liquid assets over and above the defined regulatory minimum.

The liquidity ratio is interpreted in conjunction with cash flow projection and liability concentration ratios to measure UCL's exposure to liquidity risk. The cash flow technique used is the maturity ladder, which assesses all UCL's cash inflows against its outflows to identify the potential for net shortfalls or net funding requirements.

UCL use of concentration ratios helps preventing it from relying on a limited number of depositors or funding sources.

Capital management

UCL's capital management approach is driven by its strategy and organizational requirements, taking into account the regulatory and business environment in which it operates. It is company policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

UCL's capital is divided into two Tiers: Tier 1 capital comprises core equity including ordinary shares, statutory reserves, general reserves and retained earnings. Under provisions are deducted in arriving at Tier 1 capital.

Tier 2 capital comprises general provisions, minority and other interests in Tier 2 capital and unrealized gains arising from the fair valuation of equity instruments held as available-for-sale.

Tier 2 capital also includes reserves arising from the revaluation of properties, if any.

Bangladesh Bank prescribed a minimum limit of 10 percent of total risk weighted assets as a measure of capital adequacy for NBFIs. Total risk weighted assets reflects only credit, market and operational risk.

In June 2006, the Basel Committee on Banking Supervision published International convergence of Capital Measurement and Capital Standards, known as Basel II. Basel II is structured around three 'Pillars': minimum capital requirements, supervisory review process and market discipline. Thereafter there have been several press releases by the committee aimed at increasing capital requirements and improving measurement of capital.

(Figure in million)

2024	2023	Particulars
(85.32)	(66.49)	Capital adequacy ratio(%)
Capital composition:		
Tier 1		
1,725.74	1,725.74	Paid-up capital
451.89	451.89	Statutory reserves
--	--	Non-controlling interest (insignificant)
(13,053.72)	(10,983.71)	Retained earnings
(10,876.08)	(8,806.08)	Total
Tier 2		
150.40	153.56	General provision
--	--	Asset revaluation reserves
2.60	7.90	All other preference shares
153.00	161.46	Total
Capital utilization:		
12,568.76	13,001.94	Qualifying risk weighted assets

Outlook

UCL expects to continue building on the goodwill in the coming years by maintaining a good liquidity position that ensures financial obligations are met as and when due at minimal cost. Penetration of all customer segments will continue as a mean of providing a stable, low-cost deposit base for UCL from diversified funding sources.

OPERATIONAL RISK

Overview

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. This definition includes legal risk but excludes reputational risk. Therefore, in line with the Basel II risk management framework and best practices, operational risk in UCL is composed of the following risk types: operations risk, legal risk, and regulatory compliance risk, and technological risk, financial and environmental risk. UCL recognizes the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

Objectives

UCL is committed to the management of operational risks. UCL's operational risk management framework aims to:

- reduce losses arising from operational risk - a key role of operational risk management in UCL is to reduce losses from operational failure;
- improve performance measurement - improved understanding of its operational risk profile shall enable appropriate allocation of risk which would allow improved performance measurement and evaluation of activities;
- ensure better control of operations - UCL expects that increased understanding of risk activities within various business units will lead to improvements in the control of operations and the emergence of a more proactive operational risk management culture;
- provide early warning signals of deterioration in UCL internal control system;
- raise awareness of operational risk in UCL from top to bottom through the implementation of an operational risk approach.
- improve the information system and take necessary action to mitigate the system failure and security;
- ensure employment practices and work place safety to prevent physical damage.

Methodologies

In order to meet its operational risk management objectives, each business function within UCL is required to identify, assess, measure and control its operational risk in line with the policy.

Key operational risks

Major operational risks are financial crimes (internal fraud, external fraud and money laundering). Each incident is analyzed and acted upon. Analysis revealed that the quality of people and their integrity is a critical panacea to mitigating these key operational risks. As a result, UCL has adopted a competency-based recruitment policy in which attitude; skills and knowledge are considered before engaging any employee. Other key countermeasures put in place include:

- enhanced employee training & Know Your Employee (KYE) drive;
- job segregation; and
- imposition of stiff disciplinary measures for fraudulent staff.

Strategy

Failure to manage operational risk effectively often results in significant financial losses, regulatory fines, reputational damage, brand erosion or even the loss of license, all of which directly impact shareholders' value. Accordingly,

UCL's operational risk strategy aims to minimize the impact of operational risk on its shareholders' value. In more specific terms, our strategy is to:

- reduce the likelihood of occurrence of unexpected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation in earnings;
- minimize the impact of unexpected events including related costs that support UCL's long term growth, cash flow management and balance sheet protection; and
- make all managers responsible for the management of operational risk and thus minimize actual or potential losses. UCL recognizes that some losses, such as operational errors, are inevitable and are normal business costs; but will ensure these costs are kept within acceptable levels and potential losses are minimized.

Governance

While the overall responsibility for operational risk management in UCL resides with the Board, the Management is responsible for the day-to-day management of such risks. To ensure consistency and prudent management of operational risks, the responsibility for managing operational risk has been split as follows:

- the overall governance owned by the Board through MANCOM.
- the approval of operational risk policies and standards for risk identification, measurement, assessment, monitoring and reporting is the responsibility of the Board and the MANCOM;

The Board of Directors and the Management Committee have overall oversight function for operational risk management. It shall be their responsibility to ensure effective management of operational risk and adherence to the approved operational risk policies.

Risk Management Function

The core responsibility of the Operational Risk Management function is the development and implementation of operational risk management across the Group. This entails:

- Drafting operational risk management policies, standards, processes and procedures;
- Developing and driving implementation and maintenance of the operational risk management framework;
- Developing tools, techniques, methodologies, risk frameworks, analysis, reports, communication and training;
- Escalating high-priority issues to senior management and the Board; and

- Liaising with external parties, e.g., regulators and external auditors, etc. on company's operational risk management practices.

The Business Units and support functions

The Business Units and support functions are the first line of defense in our operational risk management process. They own, manage and are accountable for the operational risks and controls in their respective areas. They have the following responsibilities:

- Comply with Group operational risk-related policies, procedures, processes and tools in their areas.
- Assess risks and the effectiveness of controls in line with risk policies.
- Operate and monitor a suitable system of control.
- Manage & review risk as part of day-to-day business activity.
- Identify, review and assess the inherent operational risks in the context of the existing control environment.
- Create awareness of operational risk.
- Maintain the operational risk framework for the division/control and support unit, ensuring that the data and analyses are timely, relevant and complete for reporting.
- Ensure potential operational risks in new businesses, products and services, and processes within their business units are identified and mitigated.

Outlook

UCL is on a journey to embed the operational risk management practices, culture and environment beyond complying with regulatory requirements, but as a value driver that enhances and contributes to stakeholders' value, long-term existence and survival of the institution. To this end, a number of initiatives are going on that will enhance the risk management culture and practices within the organization and by extension, significantly reduce UCL's operational risk exposures and incidences. Some of these key initiatives are as follows:

- embed the culture of self-assessment in all activities and across all levels in the group; and
- capacity building and increase employees' risk awareness level and competence in managing risks.

INFORMATION SECURITY RISK

Overview

UCL, as part of its risk management strategy, aims to continuously implement best practices that would in turn ensure strong risk governance. Business and security environments are constantly evolving and hence new threats and vulnerabilities are emerging. Addressing these threats and ensuring no business disruption occurs becomes

a challenge that organizations have to live with. It is now widely established that the best way to address information security concerns is through a combination of continuous monitoring, well defined risk measurement metrics/indices and an effective awareness program.

GOVERNANCE

The Board as well as the Management Committee and Chief Risk Officer are responsible for safeguarding UCL's information assets. Key responsibilities of the Board with respect to information security are:

- approving UCL overall information security framework and policy; and
- ensuring that UCL information security posture is maintained in line with its risk appetite and commensurate with the risks associated with information assets.
- Ensure UCL implements an effective methodology for managing information security.
- Ensure detailed policies, standards and procedures are created and effectively communicated within the organization.
- Assess the effectiveness of UCL's information security process.
- Provide the resources (human capital, financial, systems, etc.) required to implement security initiatives.
- Ensure risk assessments (procedural and technical) are performed and used to determine the level of protection accorded to information assets.
- Promote the effectiveness of information security within the organization.
- Ensure security initiatives and activities are aligned with business objectives.
- Provide appropriate resources to control information-related risks.
- Escalate information security incidents to the MANCOM where necessary;
- harmonize approaches used to evaluate information risk from a security perspective;
- harmonize checklists used to evaluate security vulnerabilities and threats;
- Help shape the development of the monitoring process to ensure that all key issues are addressed;
- have access to the current situation of UCL as prepared by the IT Department; and
- audit the information security functions to ensure effectiveness.
- Helps shape the development of the monitoring process to ensure all key issues are addressed; and

- monitors the transactions to ensure accuracy, integrity and completeness.

Information Technology Department

IT department is accountable for the secure storage and use of major information assets. Key responsibilities are as follows:

- Ensure that information assets are properly labeled.
- Monitor the security condition of information assets.
- Review staff logical access rights to systems and application.
- Review the department/branch operating procedure.
- Ensure implementation of information security controls.
- Ensure all staffs receive information security awareness training before granting them access to information assets.

All UCL employees are responsible for complying with the principles and policies of the information security policy where relevant to their jobs. They are responsible for maintaining the security of all information entrusted to them. Any employee failing to comply with the policies could be subject to disciplinary action, potentially including termination of employment

COMPLIANCE RISK

Overview

The establishment of an independent compliance function in UCL is in line with best practices. The compliance function operates from head office to ensure compliance with established rules and regulations. Highlights of the scope of coverage of the compliance function include:

- Regulatory compliance;
- Anti-Money Laundering and terrorist financing compliance (including Know Your Customer (KYC), Know Your Customers' Business (KYB) principles); and
- Corporate governance compliance monitoring. The objectives of the compliance function, as a part of an effective risk management, include the followings:
 - assist and support line management to ensure that business is conducted in accordance with applicable statutory, regulatory and supervisory requirements.
 - enable UCL to demonstrate that it is proper to undertake its business.
 - maintain fairness in all UCL dealings.
 - facilitate the management of compliance risks.
 - prevent disciplinary action by regulators.

Roles and responsibilities

Roles and responsibilities for compliance are assigned to various functions as follows:

Authority	Role
Board of Director	Assumes overall accountability for compliance performance.
Managing Director & CEO	Provides demonstrable support to the Compliance officer with the development of a compliance culture.
MANCOM	Assume overall accountability for compliance within their Business Units.
RMF	Designing overall risk management strategy of the Company and responsible for communicating views of the Board and senior management regarding the risk management culture and risk appetite all over the Company.
Subsidiaries and their management teams	Assume overall accountability for compliance within their companies and their respective management is responsible for day-to-day compliance with regulations applicable to their business.
Department Heads and RMs	Responsible for day-to-day compliance with regulations applicable to area business.
Branch Managers	Branch Managers assume overall responsibility for compliance in their branches and are responsible for conducting periodic compliance reviews.
All employees	Responsible for familiarizing themselves with the regulatory requirements applicable to their business and ensuring that all transactions and activities in which they are involved are carried out in accordance with those regulations.
Internal Control	Assists the Compliance function in the conduct of independent monitoring
Internal Audit	Provides quality assurance for the Compliance function
Chief Compliance Officer	Responsible for the development, communication, leadership and implementation of the compliance strategy, policy, structure and process.
External Audit	Reviews the compliance risk management process

Strategy and priority

UCL remains committed to complying fully with applicable laws and regulations and to always act with care and due diligence. The risk of noncompliance with legal and regulatory requirements ranges from potential financial loss arising from regulatory sanctions, loss of business as well as damage to the Group's reputation. In ensuring compliance with laws and regulations, UCL has in place a compliance framework. The compliance function, under the leadership of the Chief Compliance Officer, ensures that statutory and regulatory requirements are adhered to and ensures that breaches are promptly reported.

In this regard, UCL has reviewed its guidelines relating to anti money laundering and terrorist Financing incorporating new guidelines for KYC/KYB.

Governance structure

The management of regulatory risk encompasses ensuring compliance with all the statutory and Regulatory requirements. In line with best practice, the compliance function is responsible for ensuring that UCL continuously manages its regulatory risk.

Regulatory risk is the risk that occurs when financial institutions do not comply with the applicable laws and regulations or supervisory requirements. Responsibility for managing compliance with internal rules created by UCL

itself lies with the Internal Control and Compliance functions. These are monitored as part of their normal duty of ensuring that an effective system of internal controls is maintained in UCL. Certain internal rules are of such importance that the Management Committee (MANCOM) may require the involvement of the compliance function for effective implementation. The compliance function is also, to that extent, responsible for monitoring compliance with internal rules, as determined by MANCOM from time to time. The compliance function operates independently from the Internal Control. However, the department leverages on the Internal Control & Compliance infrastructure by administering compliance checklists on business units and branches through the independent control and normal audit procedures.

Outlook

The regulatory environment has become even more dynamic in recent times. The policy on deposit collections comes with enormous challenges on the part of NBFIs. The challenge is in putting in place appropriate compliance risk management processes and procedures in knowing our customers and leveraging on our technology infrastructure to understand and manage the risk of transactions.

LEGAL RISK

Overview

Legal risk management is an integral part of UCL's Risk Management Framework. UCL recognizes that all aspects of its business activities are fraught with legal risks, the growth of which may not only outstrip its business growth. To this end, there is a dedicated Legal Services Department with responsibility for the effective management of this portion of UCL's overall risk profile.

At UCL, our approach to legal risk management is to:

- identify where and how things can and/or might go wrong from the legal perspective;
- determine the extent of any negative impact in the event of its crystallization;
- identify and grade the risks and impact of the current controls; and
- establish controls to reduce or eliminate the legal risks.

Governance

The Legal Department oversees UCL's legal risk function and reports directly to the Managing Director and Chief Risk Officer. The department handles all the legal issues of UCL's claims against third parties and/or UCL's defense of claims against it. The unit monitors and manages UCL's litigation portfolio, including the evaluation, recommendation with external counsel interface. This department is also responsible for the documentation and perfection of the various securities used to secure credit facilities extended to UCL customers.

Outlook

During the year, we have deepened the skills of our people in the areas of documentation, execution of court decisions and the capacity of our branch offices and give it the needed impetus for its growing roles.

REPUTATIONAL RISK

Overview

It is a threat or danger to the good name or standing of a business or entity; Reputational risk can occur through a number of ways: directly as the result of the actions of the company itself; indirectly due to the actions of an employee or employees; or tangentially through other peripheral parties, such as joint venture partners or suppliers.

Reputational Risk factors

There are different factors affecting the reputation of the company which is given below:

- Penalty imposed by Bangladesh Bank;
- Penalty imposed by BSEC and other regulators;
- Negative media coverage Complainants; and
- Cheque dishonor etc.

Governance

Protecting reputation is clearly a top issue for companies. Being able to measure and monitor that risk is critical, which is another reason traditional approaches often won't work because the tools and analyses are so different. When organization has a reputational risk problem, it usually involves the media and what its customers, employees and other stakeholders are staying in the public domain. So this kind of risk is at an event level these days, not the company level. And traditional risk management doesn't focus on that nor does it offer the tools to address it.

Outlook

Our Risk Management Committee is responsible for:

- Ensure the compliances of regulators;
- Focus more on the role that plays in the strategy compliance;
- Treat the reputational risk as Strategic risk; and
- More emphasis given on media coverage.

MONEY LAUNDERING RISK

Overview

Money Laundering is the process by which proceed from a illegal or criminal activity are disguised to conceal their illicit origins. It has a major impact on a country's economy as a whole. Both money laundering and terrorist financing can weaken individual financial institution, and they are also a threat to the overall financial sectors' reputation. Business of Financial Institutions regulated by the Money Laundering Rules & Regulations must assess the risk which could be used for money laundering including terrorist financing.

Strategy

- Strengthening the legal framework;
- Structural improvement and capacity building in tracing out methods, techniques and channels of money laundering and terrorist financing;
- Enhancing compliance status to the controlling authorities;
- Stemming the illicit outflows and inflows of fund;
- More focus will be given on KYC/KYB;
- Improving transparency in financial reporting on AML/ CFT issues;
- Arranging awareness program for the customers;
- Conducting employees training program;
- Maintain complete and correct information with regard to the identity of the customers during the operation of the customers;

- Preserve previous records of transactions of any customer's account for at least 5(five) years from the date of closure;
- Provide information to Bangladesh Bank from time to time on its demand; and
- Report suspicious transaction or attempt of such transaction to Bangladesh Bank.

Compliance

- Maintain complete and correct information with regard to the identity of the customers during the operation of the customers;
- Preserve previous records of transactions of any customer's account for at least 5(five) years from the date of closure;
- Provide information to Bangladesh Bank from time to time on its demand; and
- Report suspicious transaction or attempt of such transaction to Bangladesh Bank.

ENVIRONMENT RISK

Overview

Environmental risk is an actual or potential threat or adverse effects on living species through effluents, emissions, wastes, resource depletion, pollutions, natural hazards etc. of an organization's activities. Now-a-days, environmental risk is a big factor for labor intensive industries. Presently compliance with environmental regulations is one of the big conditions of buyers. Environmental risk can have serious negative effect on an organization's financial well-being and its ability to achieve its business objectives. Existing and forthcoming legislation and regulations as well as governance and accounting trends of environmental risk and liability can influence an organization's financial performance, reputation and brand, cash flow and shareholders' value.

Strategy

- integration of Environmental Risk Management in the credit policies and procedures;

- building awareness and providing constant training and capacity building of the staff relevant to Environmental Risk Management;
- examine the environmental issues and concerns associated with potential business activities proposed for financing;
- identify, evaluate and manage the environmental risks and the associated financial implications arising from these issues and concerns,
- enhance the credit risk appraisal process; and
- identify high, moderate and low environment risk before sanctioning the finance facilities.

Governance

The Board/Management ensures compliance of environmental risk at the time of sanctioning finance Facility. UCL introduced the environmental risk rating system to ascertain High, Moderate and Low risk. Select industrial manufacturing sector through identifying the environmental risk.

Outlook

The regulatory environment has become even more dynamic in recent times. To make comply with regulatory requirements and also minimize the environmental risk we follow the principles:

- Integration of Environmental Risk Management in the credit policies and procedures;
- Review the completed due-diligence checklist and the EnvRR;
- Building awareness and providing constant training and capacity building to environmental risk management to the relevant officers; and
- Adoption of a value adding approach to Environmental Risk Management with the potential borrower.

MANAGEMENT COMMITTEES

The Authority of Management Team responsible for execution of delegated responsibilities

MANAGEMENT COMMITTEE (MANCOM) MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member
Mr. Muhammad Salah Uddin, Member
Mr. Khandaker Muhammad Forhad Abedin, Member
Mr. Mohammad Balayet Hossain, Member
Mr. Mahbub Alam, Member

MONEY LAUNDERING PREVENTION COMMITTEE MEMBERS

Mr. Fazle Karim Murad, CAMLCO
Mr. Mohammad Balayet Hossain, Member
Mr. Mahbub Alam, DCAMLCO

CREDIT COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member
Mr. Muhammad Salah Uddin, Member
Mr. Emran Hossain Talukder, Member Secretary

ASSET-LIABILITY MANAGEMENT COMMITTEE (ALCO) MEMBERS

Mr. A.N.M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member
Mr. Muhammad Salah Uddin, Member
Mr. Mohammad Balayet Hossain, Member
Mr. Mahbub Alam, Member Secretary

HR & REMUNERATION COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member
Mr. Mohammad Salah Uddin Pallab, Member Secretary

COST CONTROL & COST REDUCTION COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member
Mr. Muhammad Salah Uddin, Member
Mr. Mohammad Balayet Hossain, Member
Mr. Mahbub Alam, Member
Mr. Emran Hossain Talukder, Member Secretary
Mr. Mohammad Tarif Rahmatullah, Member

CORPORATE GOVERNANCE COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Mohammad Balayet Hossain, Member
Mr. Md. Abdul Hannan, Member
Mr. Alamin Akhand, Member

CREDIT RISK MANAGEMENT COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member

Mr. Muhammad Salah Uddin, Member
Mr. Mahbub Alam, Member
Mr. Asif Raihan Chowdhury, Member Secretary

ETHICS & COMPLIANCE COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman & Focal Point
Mr. Fazle Karim Murad, Member
Mr. Mohammad Balayet Hossain, Member
Mr. Md. Zahidul Islam, Member
Mr. Mohammad Salah Uddin Pallab, Deputy Focal Point

RECOVERY COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member
Mr. Muhammad Salah Uddin, Member
Mr. Khandaker Muhammad Forhad Abedin, Member
Mr. Mohammad Balayet Hossain, Member

PROCUREMENT COMMITTEE MEMBERS

Mr. A. N. M. Golam Shabbir, Chairman
Mr. Fazle Karim Murad, Member
Mr. Mohammad Balayet Hossain, Member
Mr. Md. Zahidul Islam, Member
Mr. Mohammad Tarif Rahmatullah, Member Secretary

DISCLOSURE COMMITTEE MEMBERS

Mr. Fazle Karim Murad, Convener
Mr. Muhammad Salah Uddin, Co- Convener
Mr. Khandaker Muhammad Forhad Abedin, Member
Mr. Mohammad Balayet Hossain, Editorial Panel Secretary
Mr. Mahbub Alam, Member
Mr. Mohammad Salah Uddin Pallab, Member
Mr. Md. Abdul Hannan, Member Secretary
Mr. Alamin Akhand, Member

WILLFUL DEFAULTER IDENTIFICATION UNITS MEMBERS

Mr. Fazle Karim Murad, Head of the Unit
Mr. Muhammad Salah Uddin, Member
Mr. Khandaker Muhammad Forhad Abedin, Member
Mr. Mohammad Balayet Hossain, Member
Mr. Asif Raihan Chowdhury, Member Secretary
Mr. Alamin Akhand, Member

ICT SECURITY COMMITTEE MEMBERS

Mr. Fazle Karim Murad, Chairman
Mr. Md. Zahidul Islam, Member
Mr. Alamin Akhand, Member
Mr. Mohammad Atiar Rahman, Member Secretary

ORGANIZATION CHART

Illustrates the management structure of UCL

The Framework around which UCL is organized. It tells how the organization is put together and how it works.



SENIOR MANAGEMENT



Mr. Mohammad Balayet Hossain
SVP & Chief Financial Officer

Mr. Muhammad Salah Uddin
SVP, Head of Credit Administration
& Special Asset Management

Mr. A.N.M. Golam Shabbir
Deputy Managing Director

Engr. Md. Zahidul Islam
AVP & Head of ICT (CC)

Mr. Khandaker Mohammad Forhad Abedin
SVP & Head of Legal

Mr. Mahbub Alam
VP & Head of Treasury

Mr. Selim Khan Hindol
VP & Head of Credit Risk Management

Mr. Alamin Akhand
Assistant Manager & Head of ICC (CC)

Mr. Fazle Karim Murad
EVP & Head of Business (CC)

Mr. Md. Abdul Hannan
Senior Manager & Company Secretary (CC)

Md. Ferdaush Hossain
Administrator, appointed by Bangladesh Bank
(in the capacity of the Managing Director & CEO)



SUSTAINABILITY DEVELOPMENT REPORT

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CORPORATE SOCIAL RESPONSIBILITY

Serving as a responsible corporate citizen

VISION

UCL is committed to doing better for our clients, our investors, our employees and our communities through a focused approach to corporate responsibility. Our goals are to demonstrate integrity in our business practices and provide leadership in the workplace and the marketplace. We are committed to be a strong supporter of the communities in which we do business and to transparency in sustainability reporting practices.

PRIORITIES

Taking all the above components, we crafted the following Corporate Responsibility priorities:

Be customer focused

- Treat customers fairly, and provide support in tough times;
- Be the financial institution of choice.
- Build an extraordinary workplace.
- Build a fair, diverse and inclusive workplace that reflects the communities we serve
- Attract and retain talents and create opportunities for continued development

Be an environmental leader

- Continuously improve our environmental footprint;
- Protect and enrich the natural environment;
- Manage the social and environmental risks of our lending and investment products.

Make an impact

- Contribute to the economic and social development of the community we serve;
- Be transparent about the way we conduct our business.

UCL AND ITS CUSTOMERS

Taking responsibility – to be customer-driven approach

We want to deliver legendary experiences that will inspire our customers to trust us with more of their business and recommend us to their friends and family. Every part of our business, and every employee, are measured on the contribution they make to our customers' experience with us. Our approach is to treat customers fairly, support them when they go through difficult times and consistently deliver on our goal to be a leading financial institution.

2025 Challenge

- Continuing economic uncertainty created financial difficulties for many customers.
- Maintaining our standard of customer service as we diversify our business.
- Balancing needs-based financing with targets for revenue growth.

Our Code of Conduct and ethics

The Code provides a framework for how we interact with one another, our shareholders, customers and community. The Code addresses issues such as how to handle potential conflicts of interest and ensure confidentiality of information. Employees understand clearly that any irregular business conduct, including bribery, corruption or insider trading, will not be tolerated. Any breach is considered a serious offence, and employees must report any possible violations they witness. As a responsible financial institution and corporate citizen, UCL, together with its subsidiaries, is committed to conducting its affairs to the highest standards of ethics, integrity, honesty, fairness and professionalism – in every respect, without exception, and at all times. While reaching our business goals is critical to our success, equally important is the way we achieve them.

Anti-money laundering and terrorist financing

UCL is strongly committed to preventing the use of our financial services for money laundering and terrorist financing purposes. Our Anti-Money Laundering Compliance develops and maintains policies, guidelines, training and risk assessment tools and other controls to help our employees protect UCL and our clients and to ensure we are managing ever-evolving money laundering and terrorist financing risks. Our controls in this area incorporated know your Customers rules as required by Bangladesh Bank to ensure we properly identify our customers and protect against the illegal use of our products and services.

Information security and fraud protection

UCL has a dedicated team of security and fraud management professionals who oversee security standards to protect our systems and our customer information against unauthorized access and use. They continually assess our security programs to ensure our customers can place complete confidence in our facilities. UCL has a sound technology risk-management and information security program in place to help keep confidential and private information secure and protected. This program helps protect UCL's internal systems from unauthorized access.

Helping small businesses contribute to our economy

In our economy, small businesses are the lifeblood for sustainable economic development and that's why UCL consistently stands beside these vital enterprises. Our support for small business includes access to financing, specialized services and advice and education. Small business credit products are available at all UCL branches. to better assist small business customers who have complex

credit needs, UCL seeks to understand the unique needs of each business, offers proactive and innovative solutions, Provide expert advice and helps customers obtain the right products and services.

UCL AND ITS EMPLOYEES

Taking responsibility – to build an extraordinary workplace Approach

We want our employees to feel engaged in what they do, empowered to make a difference, excited by opportunities to develop and grow to their full potential, and recognized for their unique contributions. The UCL culture has many elements: our drive to deliver exceptional customer service; our passion for the environment and for giving back to the communities we serve; and our determination to create a unique, diverse, respectful and safe workplace for our employees to grow and develop.

2025 Challenges

- We face a continuing challenge in recruiting people with requisite skill and knowledge.
- Managers are looking for tools, training and increased cultural awareness to prepare them for the challenges of managing adverse workforce.

Employee Feedback

We track employee engagement through internal survey and are open to every employee. Entry and exit surveys are used to better understand how employees rate their experience of joining UCL or choosing to leave. Newly hired employees are asked to rate UCL on the hiring and recruiting process and if they felt supported during the first few months on the job. Questions that are in the list given below:

• I feel comfortable bringing work-related concerns to my manager.	Yes	No
• My manager provides ongoing feedback that helps me to improve my performance.	Yes	No
• In the last 12 months, I have had opportunities to develop my skills and abilities.	Yes	No
• I am able to achieve the balance I need between my personal life and my work life at UCL.	Yes	No
• UCL is genuinely committed to the well-being of its employees.	Yes	No
• UCL treats employees fairly regardless of their age, family/marital status, gender or religion.	Yes	No
• UCL takes a genuine interest in the well-being of community in which it does business	Yes	No

Recruitment

Our recruitment activities are designed to make sure we're well positioned to meet our future business needs. Welcome to UCL is an orientation course for new employees. It introduces them to UCL culture through interviews with employees and executives about who we are, what we stand for and what makes UCL an extraordinary place to

work. We believe in open access to all internal career opportunities. Although UCL has a strong commitment to developing leaders from within, due to rapid growth and the increasing complexity of our business, we have hired external executive candidates with the specific skills we need.

Retention

UCL has a unique culture of working environment that would be reflected from the following table:

Employee Turnover (%)	Voluntary			Retirement		
	2024	2023	2022	2024	2023	2022
Sr. Management	0	0	2.67	0	0	0
Mid. Management	4.69	0	8.00	0	0	0
Jr. Management	9.38	5.56	9.33	0	0	0
Support Staff	1.56	1.39	2.67	0	1.39	0
Total	15.63	6.94	22.67	0	1.39	0

Transitions

As part of our commitment to be a best run company, we look for ways to streamline our operations and simplify our processes so that we can improve the value and service we provide our customers. Sometimes these changes result in the consolidation or reassignment of work to minimize the impact of these decisions on our employees, our practices are to:

- keep employees informed;
- offer employees the opportunity to apply for other internal positions;
- make every effort to minimize the overall impact through natural attrition; and
- Provide appropriate support, including employee training.

Compensation and benefits

The objective of our compensation strategy is to attract, retain and motivate high-performing employees to produce long-term profitable growth. To achieve this, UCL's compensation includes base salary and performance incentives that are aligned with the company's strategy and business objectives and are competitive within our industry. We work to ensure a consistent approach to compensation across UCL that fosters a pay-for-performance culture. Compensation is designed to be fair and without discrimination and we ensure that it is competitive in the markets in which we compete.

Performance and development

At the core of employee development at UCL is our Personal Performance & Development process. We encourage employees to take ownership of their careers and personal development and help managers prepare for personal development and career planning discussions. All managers and employees participate in year-end reviews.

Investment in training and development

(In million Taka)

Particulars	2024	2023	2022	2021
UCL's investment in training	0.008	0.01	--	--
Average number of days of training	13.17	11.43	11.33	10.35
Average hours of training per executive	7.62	6.30	6.34	1.66

Leadership development

Building talent at UCL for today and tomorrow is critical to our future growth and is a key accountability for UCL executives and leaders at all levels. Business leaders complete an annual review to identify future leaders who are capable of taking on executive responsibilities. Our CEO, the Senior Executive team and other leaders participate in and help facilitate UCL's leadership development programs.

Recognition

To acknowledge and celebrate individual and team success we have a number of programs that include informal recognition and celebration events. We are going to launch this year to formally celebrate Employee Appreciation Week to acknowledge the outstanding contributions UCL employees make every day through events and activities.

Employment equity policy

Our Employment Equity Policy states: UCL Group is committed to maintaining a workplace where the terms and conditions of employment are fair and nondiscriminatory. It is the right of every employee to be treated with dignity and respect, within a work environment conducive to productivity, self-development and career advancement, regardless of race, color, religion, age, sex, marital status etc.

Inclusive workplace

We are committed to fostering an inclusive, accessible environment where all employees and customers feel valued, respected and supported. This means building a workforce that reflects the many different human facets of the communities we live in and serve, including cultures, languages, genders, ages, abilities and disabilities. We strive to create an environment where every employee has the opportunity to reach his or her potential.

Whistleblower program

UCL has implemented a whistleblower program for employees. Employees can anonymously report any concerns regarding the integrity of UCL accounting, internal accounting controls or auditing matters, as well as any concerns relating to ethical or legal matters or any allegations of retaliation.

UCL AND ITS COMMUNITY

We strive to make a positive impact where we do business and where our customers and employees live and work. For us, that means contributing to the social and economic development of our communities in meaningful, long lasting and innovative ways.

2025 Challenges

- Responding to local needs while maintaining a focus on our giving priorities.
- Multiple demands involving issues: in the area of education, for instance, UCL receives funding requests to support scholarships, contribution for helping distressed people, assistance for education of underprivileged and disabled children.

Our strategy:

- Create opportunities for young people so they can fulfill their potential;
- Work with communities in need, to build a more prosperous and inclusive future;
- Protect and enhance the environment; and
- Engage our employees, customers and partners to make a difference together in our communities

Our community giving priorities are:

- Education;
- Creating opportunities for young people;
- Responding to Disasters;
- Volunteerism; and
- Civic Contributions.

We invest in community programs that support and promote each of these areas. In addition, we look for opportunities to invest in initiatives that support diversity across our giving priorities (e.g., financial assistance for disabled and underprivileged children).

Education

Education is important to UCL. To make an impact in these areas, we work in partnership with community organizations to raise literacy levels with a focus on underserved community people.

Creating opportunities for young people

UCL strives to create opportunities for youth so they can develop educationally, socially and artistically in order to fulfill their potential. These are difficult economic times for many young people in our society, as well as the organizations that run or support youth services. We believe that makes it even more imperative for companies like UCL to play a role by creating opportunities for graduates through internships and employment.

Responding to disasters

In the wake of devastating natural disasters in the past, UCL provided corporate funding and our employees raised money to support recovery efforts as well as provided support and comfort for those forced out of their homes. We pulled together to make a difference life for:

- flood affected people;
- victim of natural disasters like SIDOR, AILA etc.
- those affected by cold waves/havoc.

Volunteerism

UCL employees care and want to make a difference, so we look for programs in which our employees can also engage. We connect community organizations – which often consider human support as valuable an asset as financial support – with interested UCL employees. By volunteering, UCL employees are taking responsibility to help enrich the well-being of local communities. Volunteering also gives employees opportunities to build their skills, network and learn more about their communities.

Civic Contributions

UCL is a member of different associations that track and advocate on issues of interest to their membership, including the Dhaka Chamber of Commerce and Industry, Bangladesh Association of Publicly Listed Companies, the Institute of Bankers, Bangladesh.

UCL is also a member of Bangladesh Leasing and Finance Companies Association (BLFCA), an apex body of financial institutions that serves common interest of member companies.

UCL & Its Environment

Taking responsibility – to be an environmental leader our approach

We equate a healthy environment with a healthy economy. The combined pressures of population growth and urbanization place growing demands on basic resources – such as energy, water, and land. These resources are becoming increasingly constrained, and costs are rising. Just like our customers, employees, and community we are concerned about reducing our environmental impacts. How to manage the growth of a business, while reducing demands on scarce resources, is at the heart of responsible development. Whether through our financing activities, our products and services, or how we operate our facilities, this is top of mind for UCL.

2025 Challenges

- Achieving targets on paper reduction
- Increasing environmental awareness and building employee engagement.
- Continuing to manage the environmental and social risks associated with financing activities.

Environmental pillars

Our goal is to be an environmental sensitive. We have been building an environmental strategy that will be embedded within UCL's vision and mission. Our environmental strategy will reach across all aspects of our business and will be managed through:

- Reducing the environmental footprint of our business operations;

- Responsible financing;
- Engaging our environmental stakeholders in dialogue to promote understanding and solutions. While there are many environmental issues that need attention, we concentrate our efforts on issues where we can be most effective. In response to feedback from customers, employees and other environmental stakeholders, we selected two areas to focus on: energy and paper.

Reducing UCL's operational footprint

We're committed to continuous improvement to lower UCL's operational footprint through:

- reducing energy use across UCL's business operations and fleet;
- reducing non-paper waste and e-waste; and
- reducing paper usage;

Responsible financing

Our financing activities include loans, lease, project financing etc. Our goal is to make balanced, informed and transparent decisions. We work with our clients and stakeholders to proactively mitigate environmental and related social risks in our financing activities. UCL Group is an investment bank and a nominal percentage of total investment involves clients operating in environmentally and socially sensitive industries such as power generation, automotive and chemicals. UCL has developed the following policies that support responsible financing:

Protecting Biodiversity:

UCL does not lend money for transactions that would result in the degradation of protected critical natural habitats.

Illegal and restricted business:

We do not lend money for transactions that are directly related to the trade in or manufacturing of material for chemical or biological weapons or cluster bombs, tobacco etc.

Anti-Corruption

UCL applies anti-corruption and anti-fraud controls to activities that are known to be susceptible to criminal activity or have been designated as being at high risk for money laundering or terrorist financing.

Renewable Financing

UCL promotes energy diversity as a means of meeting the growing energy demand and supply gap. Financing of renewable projects is in the priority list of our investment.

ENVIRONMENT INITIATIVE

Reducing our environmental footprint for better Bangladesh

UCL's approach to the environment is based on four pillars that embed the environment across our business:

- Reducing the environmental footprint of our business operations;
- Responsible financing that includes proactive engagement of environmental and related social risks;
- Developing green products and service options for our customers; and
- Engaging employees and communities to raise environmental awareness and make an impact.

Bangladesh Bank has taken rigorous steps to encourage green banking in Bangladesh through the issuance of Guidelines on Green Banking and Environmental Risk Management (ERM). It is encouraging banks and financial institutions in minimizing paper transactions and installing solar power system, opening up refinance line for solar energy, bio-gas and effluent treatment plant (ETP) at reduced interest rates. The central bank introduced refinancing line for financing solar energy, biogas and effluent treatment plant (ETP) at only 5 percent interest rate.

ACTIVITIES UNDERTAKEN

There is growing interest from UCL in environmentally responsible investment, and this has led to the development of some progressive environmental investment initiatives as under:

Sustainable Operations

From minimizing paper transactions to energy conservation in our offices, we are working to reduce our operational footprints on the environment.

Sustainable Lending

We take environmental protection into account when making lending decisions. In corporate financing this means incorporating environmental due diligence into the lending process, which may include site visits, verification of client's environmental papers.

Green Products and Services

We will explore developing new products and services that respond to customers demand for sustainable choices like paperless statements.

CORPORATE CULTURE

Putting partnership in action

Corporate culture has an immense impact on UCL's human resources, through knowledge acquisition, job development, training, communication and leading to job satisfaction. In this environment important is placed on effective management, a clear definition of responsibility, straightforward work processes with minimum bureaucracy. In this way UCL is able to serve its customer at its best helping them to achieve their goals.

Business Principles

In order to ensure that our customers are getting the best possible service, we have organized the tenets of its culture into following business principles and these principles are undertaken by all UCL's operations.

Teamwork

The best results are achieved only when the employees of UCL and its customers work together as a team. Effective cooperation and proper communication ensure quick and professional service and provides the basis for efficient teamwork.

Efficient Decisions

Effective service to the customers is based on effective and efficient decision-making. This is achieved through the devolution of power and open communication. This also makes for an exciting and highly motivating work environment that attracts talents and qualified candidates.

Welcoming Change

The business environment is constantly undergoing changes, bringing the company up against new challenges. In order to

assist clients in gaining a competitive advantage, we need to keep ourselves abreast of changing business practices and seeks to implement changes ahead of the competition.

Identifying Opportunities

Both UCL and its customers face intense competition in a rapidly changing business environment. However, we view competition as a powerful motivator, as a spur to keep our business ahead of the times and providing its customers with the best possible service in the industry.

Embracing competition

UCL uses its expertise to advise its clients on the risks they face and enable them to make informed decisions. Up to date information and qualified personnel ensure intelligent risk assessment and decision-making.

Intelligent risk taking

UCL uses its expertise to advise its clients on the risks they face and enable them to make informed decisions. Up to date information and qualified personnel ensure intelligent risk assessment and decision-making.

Rewarding talent

To ensure that our clients receive superior services, we reward those employees who perform most successfully. Our greatest resource is our employees and it places great emphasis on retaining good employees, that is, those who provide the greatest benefits to our customers.

CONTRIBUTION TO NATIONAL ECONOMY

UCL is one of the major employer, taxpayer and financial services provider amongst the non-banking financial institutions in Bangladesh. Our role in the economy is extensive in terms of employment generation, tax payment, contribution to the underprivileged people, protection of environment and serving the society. Our everyday business activities touch the lives of millions of people and businesses.

We recognize that Union Capital Limited has the corporate responsibilities to the development of the community and the country as a whole. We aspire to be known as an institution that builds enduring relationship with and delivers value for our customers, shareholders, employees, government and the community where we do businesses.

OUR PRIORITIES

- Providing strong returns to shareholders
- Paying fair share of taxes
- Supporting small businesses and community economic development
- Fostering innovation and entrepreneurship
- Empowering Small and Medium Entrepreneurs
- Empowering Women Entrepreneurs
- Financing to untapped people
- Purchasing goods and services responsibly
- Creating employment
- Protecting the environment
- Enhancing the market share
- Helping build nation

Companies both large and small can help shape the economies of a community and country in which they do business, simply through their day-to-day business decisions and actions. Our ongoing objective is to make sure that UCL businesses are taking on only risks they understand and that are manageable within an acceptable level. Our most direct contribution comes through maintaining a strong business with solid earnings and profits. This allows us to pay to our employees and lenders and depositors, contribute taxes and revenues to government and provide dividends to our shareholders.

Our contribution to national economy is thus:

Providing financial products and services: As a financial services provider, UCL contributes to the economic prosperity by providing financial products and services to the industrial undertakings including SMEs which have become keys to economic growth of the country and without opening up of the financial sector to semi urban and rural areas, the projected growth of the economy will not be achievable. UCL has given strong focus in

green financing in order to ensure its commitment to be a part of the sustainable development of the economy. Based on the financials as on 31 December 2024, UCL has a total credit exposure with around 286 customers of Tk.11,840.92 million. Such credit facilities were extended mostly for capacity building of the borrowers, importation of capital machineries, business expansion and working capital. Through its subsidiary companies, UCL group also manages IPOs of different companies to raise capital from the capital market. This is how UCL contributes to the industrialization and capital market development of Bangladesh and thus helping employment generation. Also the Company has mobilized term deposits of Tk.7,982.28 million from 804 numbers of depositors helping them build up savings for investment in national economy.

DIRECT ECONOMIC VALUE GENERATED IN 2024

(In Million Taka)

UCL's total revenue	Distributed value	Economic value retained
Tk. 353.35	Operating cost : Tk. 1,434.68	Tk. (2,070.01)
	Salaries and benefits : Tk. 164.98	
	Taxes : Tk. 22.27	
	Dividends : Tk. 00	
	Community giving : Tk 00	

* Operating costs include interest expenses, provision and management expenses excluding salaries and benefits

Paying fair share of taxes to Government:

UCL contributes to the national economy by paying out fair share of taxes to Government exchequer in collection of revenues. The Company deducts withholding taxes, VAT and excise duty at source from payment of interest on term deposits, cash security, products and services, salary & allowances to employees and deposits the same to the government exchequer within prescribed time. Besides this the Company pays tax on its various earnings i.e. income tax on its income as well as VAT on its fee based income. During the year 2024 the Company collected, withheld and deposited tax, VAT and excise duty at source and paid advance tax to government exchequer in the following manner:

(In Million Taka)

Particulars	Amount
Advance tax	2.29
Withholding taxes	14.14
Withholding VAT	2.22
VAT collected and paid	0.15
Excise duty collected and paid	2.38
Total	21.18

Creating employment

We make an economic impact by creating employment and a well-trained human resources. UCL and its subsidiary companies employed as many as 142 employees as on 31 December 2024. We believe that the human resources act as the catalyst behind the development, success and future sustainability. The Human resources of the Company is guided by a robust HR Policy, attractive work place, competitive pay band and rewarding career opportunities transforming human resources in to human capital. During the year 2024, UCL paid a total amount of Tk. 164.98 million as salaries and allowances to its employees (2023: Tk. 170.23 million).

Maximizing shareholders' value

We recognize our fiduciary duty to our shareholders and seek to establish constructive relationships. We are focused on maximizing long-term shareholders' value through building solid foundation of earning drives, strong financial performance and returns, disciplined and profitable investments. Over the past many years, UCL has been paying a satisfactory dividend to its shareholders placing it among the top ranking non-banking financial institutions in the country except 2019 to 2024.

Taking environmental initiatives

Sustainable development, economic growth and a healthy environment is inter-linked to the long-term performance of the Company. In this backdrop, we play a contributory role in terms of providing financial services by restricting and discouraging those projects that cause pollution for environment and health hazard. In this regard, we have adopted Green Banking Policy and formed a Committee for its implementation in all of our operational activities. Moreover, we have been performing 'Environment Risk Management (ERM)' in all loan/lease proposals where ERM is to be performed particularly finance proposal to such businesses houses where environmental issue is very critical such as leather, textile, chemical, manufacturing sectors, etc.

Supporting Community

We are always agree in building prosperity by supporting a broad range of causes through donation and sponsorship. We encourage our employees to participate in social and charitable programs. As a part of its social responsibility, the Company contributes to various funds in the form of cash, warm cloth distribution, gives support to flood affected people, underprivileged people and to the people who were affected by the natural calamities.

UCL invests in sustainable economic development, and we are committed to contributing to the success of people and businesses in the community in which we operate. We support to stimulate economic growth by investing in programs that enable economic development with a social purpose.

For instance, we support:

Society For Assistance to Hearing Impaired Children (SAHIC)

SAHIC is a Non-Governmental Voluntary organization serving the unfortunate victims of hearing impaired children in Bangladesh. They provide pre-school education facility to the hearing impaired children of low income group. Union Capital Limited extends its financial support for this education program on regular basis. Union Capital Limited, under its CSR activities, has become the "Foster-partnership" to sponsor the annual education expenses of hearing impaired children of the "Rosi Flower Integrated Pre-School for Hearing Impaired Children".

Pre-School Education Program

Retired Police Officers' Welfare Association of Bangladesh has undertaken different social activities among which they set up a school and conduct education program for the poor, underprivileged children working at the Mess/ Barrack of Rajarbagh Police Lines. Union Capital Limited widens its financial assistance for the purchase of class books, school bags, uniforms etc. for the students under this education program.

Blanket distribution

Because of the cold spell and dense fog, the normal life of poor people had been disrupted throughout the country every year. As a part of the Corporate Social Responsibility, UCL extended its hand to protect a little of them from the cold havoc by distributing blankets.

Promoting growth of Small Business

Small business is an important engine driving the economic growth of the country. Financing is essential for many small businesses to start, operate or grow, and UCL offers a host of credit solutions tailored to meet the needs of diverse businesses at various stages, particularly promising but unexplored segments and women entrepreneurs. We also strive to provide the best possible products, financial services, advice and expertise to help this sector prosper to its fullest possibility.

Inclusive growth

We believe we create best value for our shareholders by also bringing value to the community wherein we operate. Because our business is not isolated from society but embedded within it, the success of UCL is inextricably linked to the wellbeing of the wider community. So along with creating jobs and paying taxes, we seek to stimulate local enterprise, to support economic development, to collaborate with governments and others on shared challenges and to help tackle the possible effects of our investment activities - all essential underpinnings of our ongoing success aimed at increasing productivity and income of the poor in several low income occupations which will continue as important sources of employment. This way we, UCL group, grow with our shareholders, customers, lenders, employees, other stakeholders and the society as a whole around the globe.

REPORT ON HUMAN RESOURCE

The strength for sustainable future

We are accountable to our clients and it is essential that the employee we employ recognize the importance of this. Employee that are motivated, reliable, well trained and committed deliver superior service levels and we look for these characteristics during the recruitment process. Our employee engagement levels are the highest we have ever experienced.

Our Priorities

- Foster a culture of employee engagement
- Provide competitive compensation and total rewards
- Enable growth through training and development opportunities
- Respect diversity and promote inclusion

A Culture of employee Engagement

As our business and workforce grow and become more diverse, it's important that we continue fostering a strong sense of how we succeed together. We do this by making it easy for employees to understand the roles they play in fulfilling UCL's strategies, helping employees grow personally and professionally, and being committed to employee engagement. We recognize that well-informed employees are more likely to align their actions with company goals. Employees have many opportunities to learn and ask questions about company goals, strategies and progress through meetings with senior management, regular formal communications and our extensive intranet. We have a long history of listening and responding to our employees, and we regularly seek feedback and comments. We gather employee input on our progress in key areas including career development, performance enablement, employee engagement and workplace culture. By understanding employees' views, UCL can take action to address their needs and the company's priorities. This results in high levels of employee engagement and a strong commitment to clients.

Competitive Compensation and total rewards

At the heart of an engaged workforce is a flexible, competitive and meaningful rewards program. Our program is based on an understanding of what employee's value. It recognizes that flexibility and choice are the best response to meet our employees' diverse needs. Our comprehensive approach rewards employees for their skills and contributions by offering employees competitive compensation, benefits and a positive work environment.

Growth through training and development

We aim to create a learning culture and provide opportunities for our employees to fully apply their knowledge and skills in the service of the company. We will help our employees to continue their development in the interests of the company and its objectives. Employees expect ongoing career and learning opportunities to be a part of their total rewards program and our commitment to continuous employee growth and development helps ensure we meet the current and future needs of both our people and our clients. Employees also have access to the training resources they need to learn and grow through our in house learning opportunities.

Recruitment

A great part of success in the financial services industry depends, more than anything else, on the know-how, experience, talent, and commitment of human capital. For UCL to continue to

succeed, the company must be able to attract, develop and retain qualified people. UCL's employees should be able to benefit from its strong business principles, its fast moving and entrepreneurial spirit, and the broad opportunity for individual and team success.

Careers and development

The people of UCL are part of a culture of integrity and leadership, which they have an active role in creating. They form a community in which people's potential and talents are cultivated with the aim of establishing lifelong careers. High quality employees are trained and fostered, with the goal of developing tomorrow's leaders. As a forward-looking enterprise, UCL strives to continually

Stimulate its employees to uphold the state of the art in their respective fields. In order to inspire trust and create added customer value, great emphasis is placed on maintaining employees' knowledge and skills through training, development and informative feedback. As in previous years, UCL placed great emphasis on training its managers and developing their leadership qualities. Moreover, the monthly meeting with employees, play a central role in making sure that the strategy and objectives for each year are clearly communicated and executed. It is vitally important that those who drive company's success are fully informed of its vision, strategy, and focus for the year and know what kind of contribution is expected of them as individuals in order to achieve these. We aim to retain our employees through constantly nurturing them and develop their skills by acknowledging their strengths & weaknesses. We maintain an effective management through ongoing, two-way discussion between a manager and employee about performance, priorities and challenges. At UCL, employee self-evaluation process is a preliminary step for employee development. It is a vital activity that can be essential in assessing their need for development through training, counseling etc.

At UCL, rather than simply being the "recipient" of feedback from their reporting supervisors, the employee is given a voice, and can inform or shape their own career paths. This active participation helps them to be more engaged with both their performance and the assessment process overall. Even for managers who work closely with their employees, it's not always possible to see the full picture and understand all the factors that affect employee performance. Having the employee complete a self-assessment allows the manager to spot their employee's strengths and weaknesses from the employee's perspective, as well as training needs/desires. A development program that includes employee self-appraisals, formalizes a two-way dialogue, avoiding top down assessment that often serve to discourage or disengage employees. It can also help to entrench this vital two-way dialogue in the organization's management culture. At UCL we greatly value employee point of view and do our best to shape up their career. Such a practice of employee development through self-evaluation process is shown below:

Job satisfaction and retention

A good workplace environment leads to greater job satisfaction, which works to everyone's benefit. General job satisfaction and commitment proved to be high compared to other companies.

Morale at UCL is high and new employees feel they are well received. Furthermore, employees feel their opinions count at work and are encouraged to express new ideas for improvements. Moreover, information flow is effective and company's objectives and visions are considered clear.

Salaries and benefits

In addition to a monthly salary, bonuses are paid to those key employees and management who directly affect company's performance. Bonus payments are subject to the individual's performance as well as company's profits.

Communication

UCL places great emphasis on keeping employees informed about UCL's vision, strategy and focus. Moreover, the company provides regular communication to its employees with information regarding current news, events and achievements. The open flow of information at UCL is important in order to maintain efficient operations. Employee engagement is facilitated through corporate intranet. Furthermore, the CEO and senior executives visits different offices of UCL which opens face-to-face dialogue between employees and senior management. Through these channels UCL supports a flat organizational structure and encourages collaboration throughout UCL.

HUMAN RESOURCE STRATEGY

- 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;
- 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;
- 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 salaries;
- Align the interests of employees with the interests of the organization.

UCL continues to maintain a very satisfactory position in terms of people productivity. This is confirmed by the following indicators:

Particulars	2024	2023	2022	2021
Total Employee	64	72	75	83
Net income per employee (BDT in million)	(203.96)	(38.73)	(25.82)	(17.30)
Operating revenue per employee (BDT in million)	3.89	4.82	5.53	7.72
Assets per employee (BDT in million)	240.53	220.32	213.81	180.39

Staff Strength	2024	2023	2022	2021
Senior Management	12	11	09	10
Mid Level Management	24	25	23	29
Junior Level Management	17	24	29	29
Support Staff	11	12	14	15
Total	64	72	75	83

Age analysis of the employees as at 31 December 2024

Age Group Year	Sr. Mgt	Mid Level Mgt.	Jr. Level Mgt.	Support Staff	2024 Total	2023 Total
51-60	2	2	0	1	5	5
41-50	7	9	3	5	24	23
31-40	3	12	12	2	29	39
21-30	0	1	2	3	6	5
Total					64	72

Average age of the employees as at 31 December 2024 was 39.97 (2023: 39.15), (2022: 38.27), (2021: 37.71), (2020: 31.19)

Service analysis of the employees as at 31 December, 2024

Service Group Year	Sr. Mgt	Mid Level Mgt.	Jr. Level Mgt.	Support Staff	2024 Total	2023 Total
Above 10	6	10	1	3	20	15
7-10	4	8	5	3	20	22
5-7	1	3	3	3	10	15
2-5	0	3	5	1	9	9
Below 2	1	0	3	1	5	11
Total	12	24	17	11	64	72

Average service life of the employees as at 31 December 2024 was 8.55 years (2023: 7.64), (2022: 7.00), (2021: 6.26), (2020: 4.39)

HUMAN RESOURCE ACCOUNTING

Quantitative information about the value of human resource

Human dimension is the key to organization's success. Several initiatives for development of human resources to meet new challenges in the competitive business environment have gained momentum. UCL acknowledges the value of its human assets who are committed to achieve excellence in all spheres. The Human resource profile given below in table shows that UCL has a mix of energetic youth and experienced seniors who harmonize the efforts to achieve the company's goals.

Age	21-30	31-40	41-50	>50	Total
No. of Employees	6	29	24	5	64
Management Cadre	1	15	16	4	36
Non Management Cadre	2	12	3	0	17
Support Staff	3	2	5	1	11
Average age	39.97				

Human resource, as it is a key to success, is considered as asset in many organizations and thus related expenditure is treated as investment. The cost of human resource comprises of both capital (asset) and revenue (expenses). this cost is classified into four main categories namely

- Acquisition cost - incurred to acquire the right employee for the job.
- Development (training) cost - incurred to enrich employees' skills help them to increase productivity.
- Welfare cost - incurred to improve the quality of life i.e. to create a conducive working environment.
- Other cost - for instance employee's safety, exgratia, and incentives. the acquisition cost includes the recruitment cost, selection cost and placement cost. training cost comprises of
 - formal training cost
 - on job training cost
 - special training cost
 - development programs

Welfare cost comprises of medical expenditure, general and special allowance and other welfare expenditure.

Accounting standard for human resource

International Accounting Standards (IAS) 38 defined intangible asset as "an intangible asset is an identifiable non-monetary asset without physical substance held for use in production or supply of goods or services, for rental or others or administrative purposes". IAS 38 requires that for an asset to be recognized as intangible asset it should be identifiable in a way that it is possible to distinguish it from goodwill. In addition, the enterprise should have sufficient control of the asset in order

to meet the definition of intangible asset. Based on this definition, human resource is identifiable and possible to separate it from goodwill thus can be recognized as intangible asset. According to IAS 38, an asset is considered separable if a firm could sell, rent, distribute or exchange the specific future benefit attributed to the asset without disposing of future economic benefits that flow from other asset in the same revenue activity. though it is not possible to sell, rent, exchange or distribute human asset, when an employee is relied his duty it does not require disposing of future economic benefit that flow from other asset thus has some qualities of intangible assets. Furthermore IAS 38 states that for an intangible asset to be recorded at cost the following criteria must be met: It is probable that future economic benefit attributed to the asset will flow to the firm. Investment in human resource can be measured reliably based on cost incurred for recruitment, selection training and development. though the employees can leave the organization at his own will unlike other asset it is probable that future economic benefit will be derived from the employees during the duration of his employment. All this definition in IAS 38 indicates that it is possible to treat investment in human resource as asset by capitalizing cost related to human asset and recording it in the balance sheet.

Significance of HR Accounting

All the companies that furnish information about human resource value included such report as a separate report from the main financial statement i.e. the income statement and the balance sheet. This means that human resource accounting is not still considered as part of financial statement but additional materials for use by users of annual report. thus human resource accounting is in need of further development in order for human resource data to receive equal weight like other items in the balance sheet and income statement. In order for human resource accounting to have significance and to be part of financial statement the value of human resource as computed by various company should be incorporated in the balance sheet.

Human resource accounting practice in Bangladesh

Bangladesh like many other countries has not given much consideration to issues related to human resource accounting. In Bangladesh this concept is struggling for acceptance and has not been introduced so far as a requirement. Neither the Companies Act nor the Regulators do require the listed companies to prepare HR Accounting to be attached in their annual report.

VALUE ADDED STATEMENT

A part of social responsibility accounting

Value added is a measure of the economic strength of a company and indicates how much additional value (wealth) has been created by the company during the reporting period through utilization of its capacity, capital, manpower and other resources and how it has been distributed among the contributors of the value i.e. the stakeholders (employees, lenders, shareholders, government etc.). Therefore, a value added statement (VAS) is regarded as a part of social responsibility accounting. It shows the wealth or value created and attributed to all stakeholders rather than just the shareholders. While the income statements reports on the income of shareholders, the value added statement reports on the income earned by a large group of stakeholders, all the providers of capital plus employees and the Government.

VALUE ADDED STATEMENT

Figures in BDT Million

VALUE ADDED	2024				2023			
	UCL	%	Group	%	UCL	%	Group	%
Net interest income	(637.36)	34.42	(634.52)	34.25	(457.48)	7.73	(435.08)	7.45
Fees earned including VAT	0.27	(0.01)	68.59	(3.70)	0.31	-0.01	79.77	(1.37)
Investment income	1.42	(0.08)	10.80	(0.58)	1.37	-0.02	36.49	(0.63)
Other income	15.98	(0.86)	18.05	(0.97)	25.59	-0.43	28.04	(0.48)
Management expenses	(23.84)	1.29	(52.91)	2.86	(23.78)	0.40	(50.80)	0.87
Provision for doubtful losses	(1,208.05)	65.24	(1,262.45)	68.15	(5,464.56)	92.33	(5,494.96)	94.15
TOTAL VALUE ADDED	(1,851.57)	100.00	(1,852.44)	100.00	(5,918.55)	100.00	(5,836.53)	100.00
DISTRIBUTION OF VALUE ADDED								
In payment to Employees								
As salaries and allowances	82.42	(4.45)	164.98	(8.91)	84.45	(1.43)	170.23	(9.65)
In payment to Capital Providers								
Dividend to shareholders	-	-	-	-	-	-	-	-
In payment to Government								
Corporate tax	9.45	(0.51)	22.27	(1.20)	9.47	(0.16)	29.10	(1.95)
Expansion and business growth								
Retained income	(1,959.16)	105.81	(2,070.01)	111.75	(6,028.30)	101.85	(6,069.70)	113.56
Depreciation	15.72	(0.85)	30.32	(1.64)	15.83	(0.27)	33.84	(1.96)
TOTAL DISTRIBUTION	(1,851.57)	100.00	(1,852.44)	100.00	(5,918.55)	100.00	(5,836.53)	100.00

MARKET VALUE ADDED STATEMENT

External performance indicator of value creation

While Economic Value Added (EVA) measures internal performance, Market Value Added (MVA) is a measure of external performance that indicates how the market has evaluated the Company's performance in terms of market value of share compared to book value of shares. MVA is the difference between the market value of equity of a company and the book value of equity invested in the company. Market Value Added is one of the market indicators of value creation. MVA, and particularly any change in MVA, constitutes a more relevant measure of value than just developments in share price. A positive/(negative) MVA indicates that the company could add/(subtract) value to shareholders' wealth. The following statement indicates the MVA as at 31 December 2024 compared to the MVA of prior year:

MARKET VALUE ADDED STATEMENT

Figures in BDT Million

VALUE ADDED	2024		2023	
	UCL	Group	UCL	Group
Market value of shares outstanding	1,069.96	1,069.96	1,535.91	1,535.91
Book value of the share outstanding	(10,646.28)	(10,876.08)	(8,687.12)	(8,806.07)
MARKET VALUE ADDED	11,716.24	11,946.04	10,223.03	10,341.98

ECONOMIC VALUE ADDED STATEMENT

Measures the wealth generation potential

Economic Value Added (EVA) is an overarching measure used to measure the wealth generation potential of the company. EVA is an internal management performance measure that compares net operating profit to total cost of capital. Economic value added is also referred to as economic profit. The EVA is defined as:

EVA = Net operating profit minus tax minus cost of capital

Economic value added is important because it is used as an indicator of how profitable company projects are and it therefore serves as a reflection of management performance.

The idea behind EVA is that businesses are only truly profitable when they create wealth for their shareholders, and the measure of this goes beyond calculating net income. Economic value added asserts that businesses should create returns at a rate above their cost of capital.

It succinctly summarises how much and from where a company created wealth. It includes the balance sheet in the calculation and encourages managers to think about assets as well as expenses in their decisions.

It forces that economy to shift away from managing its profits to managing its wealth by permitting the company to monitor and measure wealth generation. The following table indicates the negative EVA for the year 2024 and also for the year 2023.

ECONOMIC VALUE ADDED STATEMENT

Figures in BDT Million

VALUE ADDED	2024		2023	
	UCL	Group	UCL	Group
Economic Value Added (EVA)	(976.74)	(1,033.20)	(789.38)	(800.38)
Net operating profit	(741.66)	(785.29)	(554.27)	(545.64)
Provision for taxes	(9.45)	(22.27)	(9.47)	(29.10)
Net Operating Profit After Tax (NOPAT)	(751.11)	(807.57)	(563.75)	(574.74)
Shareholders' equity as on 31 December	(10,646.28)	(10,876.08)	(8,687.12)	(8,806.07)
Average shareholders' equity	(9,666.70)	(9,841.08)	(5,672.97)	(5,771.22)
Paid up capital	1,725.74	1,725.74	1,725.74	1,725.74
Cost of equity (%)*	13.07%	13.07%	13.07%	13.07%
Cost of equity **	225.63	225.63	225.63	225.63
* Based on weighted average rate of Sanchay Patra issued by the Bangladesh Government plus 1 % risk premium. ** Since the average shareholder equity is negative, the Paid up capital is consider to calculate the cost of equity.				
Key ratios				
EVA/Operating revenue (%)	(392.75)	(292.40)	(227.35)	(155.82)
EVA/Average shareholders' equity (%)	(10.10)	(10.50)	(13.91)	(13.87)
Net profit after tax/Operating revenue (%)	(787.77)	(585.83)	(1,736.25)	(1,181.64)



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Syful Shamsul Alam & Co. (SSAC)

Chartered Accountants

Independent Auditor's Report to the shareholders of Union Capital Limited Report on the audit of the consolidated and separate Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Union Capital Limited and its subsidiaries (the "Group") as well as the separate financial statements of Union Capital Limited (the "Company"), which comprise the consolidated and separate balance sheet as of 31 December 2024, and the consolidated and separate profit and loss account, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated and separate financial statements give a true and fair view, the consolidated and separate financial position of the Group & the Company as at 31 December 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws, except as reported otherwise, as explained in Note 2.

Basis for Qualified Opinion

1. As disclosed in Note 12 to the financial statements, the Company reported term deposits amounting to BDT 7,936.22 million as at 31 December 2024. Due to financial constraints, a significant portion of these obligations remained unsettled upon maturity. The Company has either not or has been accruing interest expense on these deposits using a simple interest method—i.e., applying interest to the outstanding principal only—rather than following the effective interest method as required under IFRS 9 – Financial Instruments. This has resulted in an understatement of interest expense, estimated at approximately BDT 193 million for the year ended 31 December 2024, without confirming the cumulative impact. In addition, while external confirmations were sought for deposit balances, some responses were either not received or reflected differences when compared with the Company's records. As a result, our ability to obtain complete and conclusive audit evidence over the term deposit balances and related interest liabilities was constrained.

2. The Company's subsidiary, Unicap Investment Limited, has not recognized interest expense amounting to BDT 296.41 million payable to its parent, Union Capital Limited, in its separate financial statements. This represents a departure from the accrual basis of accounting as required under IAS 1 – Presentation of Financial Statements, which mandates that expenses be recognized when incurred, and from IFRS 9 – Financial Instruments, which outlines requirements for the recognition of financial liabilities and related interest costs. As a result, the separate financial statements of Unicap Investment Limited have been qualified by us, as the auditor of that company.

While this omission does not impact the Group's consolidated financial performance or position—since the intercompany expense is eliminated on consolidation—it nevertheless indicates a weakness in intercompany reconciliation controls and constitutes a departure from the recognition and measurement requirements under the International Financial Reporting Standards at the component level. In the absence of sufficient justification or audit evidence supporting the subsidiary's non-recognition of this liability, we were unable to obtain reasonable assurance as to the reliability and compliance of Unicap Investment Limited's separate financial reporting process.

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

Emphasis of Matters

We draw attention to Note 2.10 and Note 15 to the financial statements, which describe the Company's capital shortfall and material uncertainties regarding its ability to continue as a going concern, along with its rationale for preparing the financial statements on a going concern basis. As at 31 December 2024, the Company's separate retained earnings reflect

an accumulated loss of BDT 12,823.92 million, arising from consecutive years of net losses. This has resulted in a capital deficit of BDT 11,962.79 million (capital adequacy ratio: -76.50%; consolidated: -85.32%), which falls significantly below the minimum capital requirements prescribed by Bangladesh Bank under the Guidelines on Capital Adequacy and Market Discipline for Financial Institutions and the DFIM Circular No. 5, dated July 2011, in line with the Basel II framework. Furthermore, the understatement of expenses described in the Basis for Qualified Opinion (Point 1) would further erode the Company's capital position. In addition, uncertainties relating to potential regulatory actions, including media reports regarding possible suspension of the Company's license, raise significant doubt about its ability to continue as a going concern without external financial and regulatory support.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the financial year 2024. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and informing auditors' opinion thereon, and we do not provide a separate opinion on these matters. For each matter described below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

Description of key audit matters	Our response to key audit matters
Measurement of provisions for leases, loans, and advances	
<p>The process for calculating the provision for investments associated with credit risk is significant and complex. The Company calculates provisions for investments by considering various factors such as the rate of provision, loan category, expiry date, outstanding balance, interest suspense amount, and the value of eligible collateral as per DFIM Circular No. 04 dated 26 July 2021, and its subsequent amendments.</p> <p>In Bangladesh, non-performing loans have been steadily increasing, leading to the deteriorating performance of Financial Institutions (FIs). FIs are required to maintain provisions for additional non-performing loans in accordance with the guidelines of the Bangladesh Bank. The Company identifies impaired loan accounts and manually calculates the required provisions.</p> <p>Furthermore, there is an inherent risk of management bias, as there is an incentive to maintain lower provisions for investments to overstate profit. Given these factors, we consider the measurement of provisions for general investments to be a significant risk and a Key Audit Matter.</p> <p>At the year-end of 2024, the company reported total gross loans, advances, and leases, etc., of BDT 11,668.77 million (in 2023: BDT 12,354.24 million), and the total provisions for loans, advances, and leases, presented in the financial statements for the year 2024, BDT 7,361.52 million, including special provision, (in 2023: BDT 7,114.49 million).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following areas:</p> <p>Credit appraisal, General Investment disbursement procedures, monitoring and provisioning processes.</p> <p>Identification of loss events, including early warning and default warning indicators.</p> <p>Review of quarterly Classification of Loans.</p> <p>Our substantive procedures in relation to the provision for loans, advances, and leases portfolio included the following:</p> <p>Reviewed the adequacy of the general and specific provisions and loan classification disclosures in the financial statements in line with related Bangladesh Bank guidelines.</p> <p>Tested the inputs in the computation of provisions to ensure the accuracy of underlying information.</p> <p>Assessed the methodologies on which the provision amounts are based (value of eligible securities, interest suspense) and recalculated the provisions for Investment.</p> <p>Checked the adequacy of the Company's general and specific provisions.</p> <p>Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p> <p>Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
See Notes 7 & 14 to the financial statements	

Description of key audit matters	Our response to key audit matters
Measurement of Deferred Tax Liabilities (DTL)	
<p>As at 31 December 2024, the company reported deferred tax liabilities BDT 49.23 million (2023: BDT 42.78 million). The company has not recognized deferred tax liabilities for unabsorbed tax losses.</p> <p>The recognition of deferred tax assets/liabilities involves significant judgement and inherent uncertainty. This stems from the need to forecast future taxable profits, which determine the extent to which deferred tax assets can be recognized. The complexity and long-term nature of these forecasts present a risk that actual future profits may not match projections.</p> <p>Recoverability of deferred tax assets depends on the company's ability to generate sufficient taxable income in the future. This requires consideration of market conditions, business performance, and strategic initiatives. The process involves complex and subjective judgements, making it a critical focus area for our audit.</p> <p>Significant judgement is required to determine the recoverability of deferred tax assets, as their recognition depends on forecasts of future profitability over several years. This makes the evaluation of deferred tax assets a key audit matter.</p>	<p>Our procedures in relation to the key audit matters described included, among others:</p> <p>Evaluated the design and tested operational effectiveness of the company's key controls over the recognition and measurement of deferred tax assets/liabilities and the assumptions used in estimating the company's future taxable income.</p> <p>Assessed the completeness and accuracy of the data used to estimate future taxable income.</p> <p>Evaluated the reasonableness of key assumptions, timing of reversal of temporary differences, expiration of tax loss carry forwards, and the recognition and measurement of deferred tax assets.</p> <p>Assessed the adequacy of the company's disclosures setting out the basis of deferred tax asset/liability balances and the level of estimation involved.</p> <p>Evaluated the tax implications and the reasonableness of estimates and calculations determined by management.</p>
See Notes 9.1.b & 14 to the financial statements	

Legal and regulatory matters	
<p>We focused on this area because the Company operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties, and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows concerning the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the company's best estimate for existing legal matters that have a probable and estimable impact on the company's financial position.</p>	<p>Our procedures in relation to the key audit matters described included, among others:</p> <p>Obtained an understanding, evaluated the design, and tested the operational effectiveness of the Company's key controls over the legal provision and contingencies process.</p> <p>Enquired to those charged with governance to obtain their views on the status of all significant litigation and regulatory matters.</p> <p>Enquired of the Company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>Assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>Assessed the Company's provisions and contingent liabilities disclosure.</p>

Description of key audit matters	Our response to key audit matters
IT Systems and Controls	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment; the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are the keys to ensuring that, IT dependent and application-based controls are operating effectively.</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We considered the control environment relating to various interfaces, configurations and other application layer controls identified as key to our audit.</p> <p>We performed the Tests of IT General Controls to evaluate the Application Development and Database, Hosting Platforms and segregation of incompatible duties relevant to application and database change management.</p>

Other Matter

The consolidated and separate financial statements of Union Capital Limited Group for the year ended 31 December 2023, which comprise Union Capital Limited and its subsidiaries Unicap Investment Limited and Unicap Securities Limited, were audited by Hussain Farhad & Co., Chartered Accountants, who expressed an unmodified opinion thereon in their report dated 30 June 2024. We were appointed as the auditors of the Group for the year ended 31 December 2024. As part of our audit, we audited the financial statements of the subsidiaries. We issued a modified opinion on the financial statements of Unicap Investment Limited for the year then ended.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements of the company in accordance with IFRSs as explained in Note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Finance Company Act, 2023, and the rules and regulations issued by Bangladesh Bank and other applicable laws, we also report that, except as otherwise stated in our audit report on the financial statements and in our separate communications to management, the Board, or relevant regulators:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit, and we made due verification thereof.
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Finance Company Act, 2023 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investments, and other assets which are, in our opinion, doubtful of recovery, and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations, which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected to be and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e., 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 1,600 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the section 33 of the Finance Company Act, 2023 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka, Bangladesh
 Date: 29 June 2025
 DVC: 2506302080AS411144

Syful Shamsul Alam & Co.
 Chartered Accountants
 Firm Registration Number: 1/1/ICAB-2003(1)



Md. Jafor Ullah, ACA, MBA (NUBS, UK)
 Partner
 Enrolment No: 2080

Union Capital Limited

Consolidated Balance Sheet
As at 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)		74,362	83,026
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		96,256,625	83,451,285
	4.a	96,330,987	83,534,311
Balance with other banks and financial institutions			
In Bangladesh		1,567,603,406	1,380,366,230
Outside Bangladesh		-	-
	5.a	1,567,603,406	1,380,366,230
Money at call and short notice			
		-	-
Investments			
Government		-	-
Others		542,346,376	531,987,488
	6.a	542,346,376	531,987,488
Loans, advances and leases			
Loans, advances and leases		11,668,772,216	12,354,242,267
Bills purchased and discounted		-	-
	7.a	11,668,772,216	12,354,242,267
Fixed assets including land, building, furniture and fixtures	8.a	388,706,605	412,705,252
Other assets	9.a	757,897,768	772,211,127
Non-banking assets	10	435,539,159	435,539,159
TOTAL ASSETS		15,457,196,518	15,970,585,834
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11.a	2,604,398,708	2,915,681,769
Deposits and other accounts			
Term deposits	12.a	7,936,219,353	8,136,764,424
Other deposits	13	46,056,853	19,737,010
		7,982,276,206	8,156,501,434
Other liabilities	14.a	15,746,606,389	13,704,473,659
Total liabilities		26,333,281,303	24,776,656,862
Shareholders' equity			
Paid up capital	15	1,725,738,430	1,725,738,430
Statutory reserve	16	451,897,399	451,897,399
Retained earnings/(loss)	17.a	(13,053,720,284)	(10,983,706,549)
Total equity attributable to equity holders of the Company		(10,876,084,455)	(8,806,070,720)
Non-controlling interest		(330)	(308)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,457,196,518	15,970,585,834

Union Capital Limited

Consolidated Balance Sheet
As at 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Other contingent liabilities		-	-
		-	-
Other commitments			
Undisbursed contracted loans, advances and leases		-	-
TOTAL OFF BALANCE SHEET ITEMS			
Net assets value per share (NAV)	40.a	(63.02)	(51.03)

These financial statements should be read in conjunction with annexed notes
For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh
Date: 29 June 2025
DVC: 2506302080AS411144

For, Syful Shamsul Alam & Co.
Chartered Accountants
Firm Registration Number: 1/1/ICAB-2003(1)



Md. Jafor Ullah, ACA, MBA (NUBS, UK)
Partner
Enrolment No: 2080

Union Capital Limited

Consolidated Profit and Loss Account
For the year ended 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Interest income	19.a	255,908,965	369,359,942
Interest paid on deposits and borrowings etc.	20.a	(890,428,027)	(804,442,962)
Net interest income		(634,519,062)	(435,083,020)
Investment income	21.a	10,797,832	36,493,213
Fees, commissions, exchange and brokerage	22.a	68,590,253	79,771,314
Other operating income	23.a	18,049,842	28,043,873
		97,437,926	144,308,400
Total operating income		(537,081,136)	(290,774,620)
Salaries and other employee benefits	24.a	159,216,850	164,769,593
Rent, taxes, insurance, electricity etc.	25.a	6,653,708	5,288,476
Legal expenses	26.a	3,869,641	2,366,627
Postage, stamp, telecommunication etc.	27.a	4,167,122	4,647,612
Stationery, printing, advertisements etc.	28.a	2,397,884	3,220,543
Managing Director's salary and fees	29	5,759,254	5,459,000
Directors' fees	30.a	1,372,200	775,100
Auditors' fees	31.a	534,750	465,750
Depreciation and repair of assets	32.a	32,111,646	35,495,199
Other expenses	33.a	32,130,609	32,381,484
Total operating expenses		248,213,663	254,869,383
Profit /(loss) before provision		(785,294,800)	(545,644,003)
Provision for loans, advances, leases and investments			
General and special provision for loans, advances		(132,128,465)	19,468,078
Specific provision		413,991,267	4,811,013,819
Provision for diminution in value of investments		14,123,173	30,379,403
Other provision		966,462,443	634,095,666
Total provision		1,262,448,419	5,494,956,966
Total profit/(loss) before tax		(2,047,743,218)	(6,040,600,969)
Provision for taxation			
Current tax		17,575,597	21,931,192
Deferred tax		4,694,941	7,169,031
		22,270,539	29,100,223
Net profit/(loss) after tax		(2,070,013,757)	(6,069,701,192)
Retained surplus/(loss)		(2,070,013,757)	(6,069,701,192)
Attributable to			
Shareholders of the Company		(2,070,013,735)	(6,069,701,095)
Non-controlling interest		(22.1)	(97.5)
Weighted average no. of outstanding share		172,573,843	172,573,843
Earnings per share	36.a	(11.99)	(35.17)

These financial statements should be read in conjunction with annexed notes
For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh
Date: 29 June 2025
DVC: 2506302080AS411144

For, Syful Shamsul Alam & Co.
Chartered Accountants
Firm Registration Number: 1/1/ICAB-2003(1)

Md. Jafor Ullah, ACA, MBA (NUBS, UK)
Partner
Enrolment No: 2080

Union Capital Limited
Consolidated Statement of Changes in Shareholders' Equity
For the year ended 31 December 2024

Figures in BDT

Particulars	Paid-up capital	Statutory reserve	Retained earnings/(loss)	Non-controlling interest	Total
Balance as at 1 January 2024	1,725,738,430	451,897,399	(10,983,706,549)	(308)	(8,806,071,027)
Net profit/(loss) for the year 2024	-	(2,070,013,735)	(22)	(2,070,013,757)	
Balance as at 31 December 2024	1,725,738,430	451,897,399	(13,053,720,284)	(330)	(10,876,084,785)

For the year ended 31 December 2023

Figures in BDT

Particulars	Paid-up capital	Statutory reserve	Retained earnings/(loss)	Non-controlling interest	Total
Balance as at 1 January 2023	1,725,738,430	451,897,399	(4,914,005,454)	(210)	(2,736,369,835)
Net profit/(loss) for the year 2023	-	-	(6,069,701,095)	(97)	(6,069,701,192)
Balance as at 31 December 2023	1,725,738,430	451,897,399	(10,983,706,549)	(308)	(8,806,071,027)

For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh
Date: 29 June 2025

Union Capital Limited

Consolidated Cash Flow Statement
For the year ended 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Cash flows from operating activities			
Interest receipts		256,059,227	371,386,093
Interest payments		(355,797,912)	(371,626,473)
Fee and commission receipts		68,514,338	79,716,745
Recoveries of loans previously written off		12,817,421	24,973,302
Dividend receipts		21,016,886	17,242,402
Cash payments to employees		(164,105,662)	(177,018,764)
Cash payments to suppliers and management expenses		(24,574,764)	(16,501,193)
Income taxes paid		(20,663,599)	(20,725,881)
Receipts from other operating activities		2,286,018	1,608,533
Payments for other operating activities		(32,130,609)	(32,381,484)
Cash generated before changes in operating assets and liabilities		(236,578,657)	(123,326,720)
Increase/decrease in operating assets and liabilities			
Loans, advances and leases to customers		676,969,952	992,328,855
Other assets		23,518,912	(210,563)
Deposits from banks and other financial institutions		2,750,467	(4,723,686)
Deposits from customers		(176,975,695)	(317,370,301)
Net draw down/(payment) of short term loan		(200,000)	(7,650,000)
Other liabilities		234,101,006	(160,911,373)
Cash generated from operating assets and liabilities		760,164,642	501,462,932
Net cash generated from/(used in) operating activities		523,585,985	378,136,212
Cash flows from investing activities			
Proceeds from sale of securities		94,188,651	121,515,561
Payments for purchases of securities		(103,984,920)	(85,414,350)
Purchase of property, plant and equipment		(5,836,244)	(7,338,226)
Proceeds from sale of property, plant and equipment		3,163,441	1,465,821
Net cash generated from/(used in) investing activities		(12,469,072)	30,228,806
Cash flows from financing activities			
Receipts of long term loan		55,000,000	57,600,000
Repayment of long term loan		(366,083,061)	(344,856,638)
Net cash generated from/(used in) financing activities		(311,083,061)	(287,256,638)
Net (decrease)/increase in cash and cash equivalents		200,033,852	121,108,380
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		1,463,900,541	1,342,792,161
Cash and cash equivalents at end of the year		1,663,934,393	1,463,900,541
Cash and cash equivalents at end of the year represents			
Cash in hand		74,362	83,026
Balance with Bangladesh Bank and its agent bank		96,256,625	83,451,285
Balance with other banks and financial institutions		1,567,603,406	1,380,366,230
		1,663,934,393	1,463,900,541
Net operating cash flows per share	39.a	3.03	2.19

For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh

Date: 29 June 2025

Union Capital Limited

Balance Sheet

As at 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
PROPERTY AND ASSETS			
Cash			
In hand (including foreign currencies)		34,000	34,000
Balance with Bangladesh Bank and its agent bank (including foreign currencies)		96,256,625	83,451,285
	4	96,290,625	83,485,285
Balance with other banks and financial institutions			
In Bangladesh		1,365,795,943	1,179,997,820
Outside Bangladesh		-	-
	5	1,365,795,943	1,179,997,820
Money at call and short notice			
		-	-
Investments			
Government		-	-
Others		38,123,732	38,884,385
	6	38,123,732	38,884,385
Loans, advances and leases			
Loans, advances and leases		11,840,916,120	12,500,573,206
Bills purchased and discounted		-	-
	7	11,840,916,120	12,500,573,206
Fixed assets including land, building, furniture and fixtures	8	374,440,073	390,134,588
Other assets	9	1,242,908,409	1,234,421,951
Non-banking assets	10	435,539,159	435,539,159
TOTAL ASSETS		15,394,014,061	15,863,036,394
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	11	2,497,128,201	2,776,812,520
Deposits and other accounts			
Term deposits	12	7,936,219,353	8,136,764,424
Other deposits	13	46,056,853	19,737,010
		7,982,276,206	8,156,501,434
Other liabilities	14	15,560,890,511	13,616,843,249
Total liabilities		26,040,294,918	24,550,157,203
Shareholders' equity			
Paid up capital	15	1,725,738,430	1,725,738,430
Statutory reserve	16	451,897,399	451,897,399
Retained earnings/(loss)	17	(12,823,916,686)	(10,864,756,638)
Total shareholders' equity		(10,646,280,857)	(8,687,120,809)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,394,014,061	15,863,036,394

Union Capital Limited

Balance Sheet

As at 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Letters of guarantee		-	-
Irrevocable letters of credit		-	-
Other contingent liabilities		-	-
		-	-
Other commitments			
Undisbursed contracted loans, advances and leases		-	-
TOTAL OFF BALANCE SHEET ITEMS			
		-	-
Net assets value per share (NAV)	40	(61.69)	(50.34)

These financial statements should be read in conjunction with annexed notes
For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh

Date: 29 June 2025

DVC: 2506302080AS411144

For, Syful Shamsul Alam & Co.

Chartered Accountants

Firm Registration Number: 1/1/ICAB-2003(1)



Md. Jafor Ullah, ACA, MBA (NUBS, UK)

Partner

Enrolment No: 2080

Union Capital Limited

Profit and Loss Account
For the year ended 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Interest income	19	231,027,814	319,929,229
Interest paid on deposits and borrowings etc.	20	(868,384,161)	(777,412,600)
Net interest income		(637,356,347)	(457,483,371)
Investment income	21	1,420,836	1,371,434
Fees, commissions, exchange and brokerage	22	266,921	313,253
Other operating income	23	15,980,789	25,587,809
		17,668,546	27,272,496
Total operating income		(619,687,801)	(430,210,875)
Salaries and other employee benefits	24	76,658,516	78,988,846
Rent, taxes, insurance, electricity etc.	25	3,565,912	2,750,625
Legal expenses	26	859,158	1,969,203
Postage, stamp, telecommunication etc.	27	1,630,765	1,587,399
Stationery, printing, advertisements etc.	28	1,483,246	1,993,240
Managing Director's salary and fees	29	5,759,254	5,459,000
Directors' fees	30	832,200	500,000
Auditors' fees	31	230,000	230,000
Depreciation and repair of assets	32	15,791,668	15,917,906
Other expenses	33	15,164,488	14,664,036
Total operating expenses		121,975,207	124,060,255
Profit /(loss) before provision		(741,663,008)	(554,271,130)
Provision for loans, advances, leases and investments			
General and special provision for loans, advances		(174,426,870)	19,468,078
Specific provision		413,991,267	4,811,013,819
Provision for diminution in value of investments		2,024,752	(20,597)
Other provision		966,462,443	634,095,666
Total provision		1,208,051,592	5,464,556,966
Total profit/(loss) before tax		(1,949,714,600)	(6,018,828,096)
Provision for taxation			
Current tax		3,000,000	2,000,000
Deferred tax		6,445,448	7,474,017
		9,445,448	9,474,017
Net profit/(loss) after tax		(1,959,160,048)	(6,028,302,113)
Retained surplus/(loss)		(1,959,160,048)	(6,028,302,113)
Weighted average no. of outstanding share		172,573,843	172,573,843
Earnings per share	36	(11.35)	(34.93)

These financial statements should be read in conjunction with annexed notes
For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh
Date: 29 June 2025
DVC: 2506302080AS411144

For, Syful Shamsul Alam & Co.
Chartered Accountants
Firm Registration Number: 1/1/ICAB-2003(1)

Md. Jafor Ullah, ACA, MBA (NUBS, UK)
Partner
Enrolment No: 2080

Union Capital Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2024

Figures in BDT

Particulars	Paid-up capital	Statutory reserve	Retained earnings/(loss)	Total
Balance as at 1 January 2024	1,725,738,430	451,897,399	(10,864,756,638)	(8,687,120,809)
Net profit/(loss) for the year 2024	-	-	(1,959,160,048)	(1,959,160,048)
Balance as at 31 December 2024	1,725,738,430	451,897,399	(12,823,916,686)	(10,646,280,857)

For the year ended 31 December 2023


Figures in BDT


Particulars	Paid-up capital	Statutory reserve	Retained earnings/(loss)	Total
Balance as at 1 January 2023	1,725,738,430	451,897,399	(4,836,454,525)	(2,658,818,696)
Net profit/(loss) for the year 2023	-	-	(6,028,302,113)	(6,028,302,113)
Balance as at 31 December 2023	1,725,738,430	451,897,399	(10,864,756,638)	(8,687,120,809)

For and on behalf of Board of Directors of Union Capital Limited


Chairman


Director


Managing Director & CEO (CC)


Company Secretary (CC)

Place: Dhaka, Bangladesh
Date: 29 June 2025

Union Capital Limited

Cash Flow Statement

For the year ended 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Cash flows from operating activities			
Interest receipts		239,527,913	313,421,419
Interest payments		(346,633,531)	(340,656,245)
Fee and commission receipts		191,006	258,684
Recoveries of loans previously written off		12,817,421	24,973,302
Dividend receipts		962,640	1,331,284
Cash payments to employees		(86,079,164)	(98,407,328)
Cash payments to suppliers and management expenses		(12,468,922)	(8,066,868)
Income taxes paid		(2,342,818)	(2,238,565)
Receipts from other operating activities		216,965	54,569
Payments for other operating activities		(15,164,488)	(14,664,036)
Cash generated before changes in operating assets and liabilities		(208,972,978)	(123,993,784)
Increase/decrease in operating assets and liabilities			
Loans, advances and leases to customers		651,156,987	666,990,319
Other assets		(8,232,948)	10,005,724
Deposits from banks and other financial institutions		2,750,467	(4,723,686)
Deposits from customers		(176,975,695)	(317,370,301)
Net draw down/(payment) of short term loan		(200,000)	(7,650,000)
Other liabilities		216,595,175	247,696,350
Cash generated from operating assets and liabilities		685,093,986	594,948,406
Net cash generated from/(used in) operating activities		476,121,008	470,954,622
Cash flows from investing activities			
Proceeds from sale of securities		1,350,756	4,423,636
Payments for purchases of securities		(526,467)	(6,806,854)
Purchase of property, plant and equipment		(2,020,956)	(5,583,907)
Proceeds from sale of property, plant and equipment		3,163,441	563,723
Net cash used in investing activities		1,966,774	(7,403,403)
Cash flows from financing activities			
Receipts of long term loan		55,000,000	-
Repayment of long term loan		(334,484,319)	(303,881,503)
Net cash generated from/(used in) financing activities		(279,484,319)	(303,881,503)
Net (decrease)/increase in cash and cash equivalents		198,603,463	159,669,716
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		1,263,483,105	1,103,813,389
Cash and cash equivalents at end of the year		1,462,086,568	1,263,483,105
Cash and cash equivalents at end of the year represents			
Cash in hand		34,000	34,000
Balance with Bangladesh Bank and its agent bank		96,256,625	83,451,285
Balance with other banks and financial institutions		1,365,795,943	1,179,997,820
		1,462,086,568	1,263,483,105
Net operating cash flows per share	39	2.76	2.73

For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh

Date: 29 June 2025

Union Capital Limited

STATEMENT OF LIQUIDITY ANALYSIS (MATURITY OF ASSETS AND LIABILITIES)

As at 31 December 2024

Figures in BDT

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	above 5 years	Total
Assets						
Cash in hand	34,000	-	-	-	-	34,000
Balance with Bangladesh Bank and its agent bank(s)	-	-	96,256,625	-	-	96,256,625
Balance with banks and other financial institutions	615,542,350	742,753,593	7,500,000	-	-	1,365,795,943
Money at call and short notice	-	-	-	-	-	-
Investments	14,438,023	23,685,710	-	-	-	38,123,732
Loans, advances and leases	60,300,632	125,184,759	559,708,986	11,095,721,743	-	11,840,916,120
Fixed assets including premises, furniture and fixtures	-	-	-	-	374,440,073	374,440,073
Other assets	22,440,000	53,900,000	116,880,000	503,198,284	546,490,125	1,242,908,409
Non-banking assets	-	-	-	-	435,539,159	435,539,159
Total assets	712,755,005	945,524,062	780,345,611	11,598,920,027	1,356,469,357	15,394,014,061
Liabilities						
Borrowings from banks and financial institutions	722,700,000	98,767,803	510,418,553	1,113,599,130	51,642,715	2,497,128,201
Deposits	7,620,098,040	67,821,897	156,312,177	60,297,634	31,689,605	7,936,219,353
Other deposits	234,548	486,923	2,177,064	43,158,318	-	46,056,853
Provision and other liabilities	1,333,217,891	270,340,967	829,334,767	8,971,844,025	4,156,152,860	15,560,890,511
Total liabilities	9,676,250,479	437,417,590	1,498,242,561	10,188,899,107	4,239,485,180	26,040,294,918
Net liquidity gap	(8,963,495,475)	508,106,471	(717,896,950)	1,410,020,920	(2,883,015,822)	(10,646,280,857)

For and on behalf of Board of Directors of Union Capital Limited



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh
Date: 29 June 2025

Notes to the Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

1.1 Domicile, legal form and country of incorporation

Union Capital Limited ("the Company") was set up for the purpose of purchasing investment banking business of Bangladesh Branch Office of Peregrine Capital Limited, Hong Kong, along with all its specified assets and share capital of SES Company Limited, its related concern. This transaction was effected on 04 February 1998. From that date, the Company started to operate as "Union Capital Limited - proposed".

Union Capital Limited was registered as a public limited company under the Companies Act, 1994 with the Registrar of Joint Stock Companies of Bangladesh on 09 August 1998. On 12 August 1998, the Company obtained permission from Bangladesh Bank to operate as a non-banking financial institution under the Financial Institutions Act, 1993. The Company also registered as a full-fledged Merchant Banker with the Bangladesh Securities and Exchange Commission on 10 April 2002. The Company went for Initial Public Offering in May 2007 and listed its shares with both Dhaka Stock Exchange and Chittagong Stock Exchange in July 2007.

The registered office of the Company is located at bti Landmark, Level- 8, Plot- 16, Gulshan Avenue, Gulshan-1, Dhaka 1212, Bangladesh. The operations of the Company are being carried out through its 4 (four) offices located in Dhaka, Chattogram, Sylhet and Bogura.

1.2 Principal activities

The activities of the Company encompass a wide range of services, broadly classified as fund based and fee based activities and brokerage services. The Company also offers different deposit schemes.

Fund based services

Fund based services include lease finance, term finance, real estate finance, SME finance, hire purchase, bridge finance, bill discounting, factoring etc.

Fee based activities

Fee based activities include corporate financial services.

Deposit schemes

The Company offers various deposit schemes to mobilise the deposits from the valued customers. Deposit schemes include term deposit, monthly income deposit, double money deposit, triple money deposit, monthly saving scheme, millionaire plus, profit first deposit.

1.3 Information regarding subsidiary companies

As at 31 December 2024 Union Capital has two subsidiaries to include for preparation of consolidated financial statements as per International Financial Reporting Standard (IFRS) 10: Consolidated Financial Statements. A brief description of the subsidiaries is given below:

1.3.1 UniCap Securities Limited

UniCap Securities Limited (formerly, SES Company Limited) is a private limited company registered under the Companies Act, 1994. The Company was incorporated in Bangladesh on 09 October 1995. The Company has changed its name to UniCap Securities Limited on 21 October 2013 and the registered office of the Company is situated at Richmond Concord (6th Floor), 68 Gulshan Avenue, Gulshan 1, Dhaka 1212. It is a member of Dhaka and Chittagong Stock Exchange and a depository participant of Central Depository of Bangladesh Limited (CDBL). Principal activities of the Company are to carry out all kinds of investment business in shares and stock, brokerage and dealing of securities. It also extends margin loan to its customers against their margin for investment in the listed securities. The required margin level is monitored daily and pursuant to established guidelines, customers are required to deposit additional margin to reduce the position, where necessary. As Union Capital owns 99.99% of the shares of UniCap Securities Limited and has the control over it, thus it is considered as a subsidiary of Union Capital Limited. The Board of UniCap Securities Limited consists of 9 (nine) Directors and 8 (eight) Directors are nominated by Union Capital Limited to represent the Company.

Notes to the Financial Statements

1.3.2 UniCap Investments Limited

UniCap Investments Limited was incorporated in Bangladesh with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C-93014/11 dated 24 May 2011 as a public limited company under the Companies Act, 1994. The address of the Company's registered office is A-A Bhaban (9th Floor), 23 Motijheel C/A, Dhaka-1000. Principal activities of the Company is to deliver a whole range of investment banking services including merchant banking activities such as issue management, underwriting, portfolio management and corporate advisory. Union Capital holds 99.99% shares of Unicap Investments Limited. Out of 7 (seven) Directors, 4 (four) Directors have been nominated from Union Capital Limited to represent the Company.

2 BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis. The financial statements have been prepared and the disclosures of information have been made in accordance with the DFIM circular no. 11 dated 23 December 2009 and requirement of the Finance Companies Act 2023, the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987, the Listing Rules of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited, Guidelines from Bangladesh Bank, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

In the year 2009, Bangladesh Bank issued DFIM circular no.11 dated 23 December 2009 suggesting uniform presentation and disclosure requirements within the industry. As a result, the Company followed that circular for the presentation of financial statements.

There are some areas where application of IAS and IFRS differs from those as suggested by Bangladesh Bank through different circulars. As Bangladesh Bank is the primary regulator, the Company is required to follow the guidelines of Bangladesh Bank. At the same time the Company also required to follow the guidelines issued by Bangladesh Securities and Exchange Commission (BSEC). For mitigating presentation and disclosure conflict the financial statements have been prepared following Bangladesh Bank's circulars and present separate disclosure where deviations exist.

2.1 Reporting period

The financial statements of the company covered a period from 1 January 2024 to 31 December 2024.

2.2 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these consolidated and separate financial statements.

2.3 Accounting estimates

Preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual result could differ from estimates

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

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets and provisions for loans/leases. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected the result in material adjustment to the carrying amounts of assets and liabilities in the next year.

2.4 Disclosure of deviations from few requirements of IAS/IFRS due to mandatory compliance with Bangladesh Bank's requirements

Bangladesh Bank (the local Central Bank) is the prime regulatory body for Financial Institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of financial instruments and general provision standards of IAS and IFRS. As such the company has departed from those contradictory requirements of IFRS in order to comply with the rules and regulations of Bangladesh Bank, which are disclosed below along with financial impact where applicable:

Notes to the Financial Statements

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
01	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	<p>An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired.</p> <p>If any such evidence exists, expected credit losses are required to be measured through a loss allowance at an amount equal to:</p> <p>a) the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or</p> <p>b) full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).</p>	<p>As per DFIM circular No. 04, dated 26 July 2021, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans and Special Mentioned Accounts (SMA) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances.</p> <p>Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.</p>	<p>In separate Financial Statements, an amount of BDT 239.56 million has been charged as incremental provision for leases, loans and advances, which includes released BDT 174.43 million as general provision on good loan for the year 2024. Also, as at 31 December 2024, accumulated provision for leases, loans and advances stand at BDT 7,361.52 million.</p> <p>In consolidated Financial Statements, incremental provision for leases, loans and advances amount is BDT 281.86 million which includes released general provision of BDT 132.13 million. Also, as at 31 December 2024, accumulated provision for leases, loans and advances stand at BDT 8,428.20 million.</p>
02	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	Investment in shares falls either under at "fair value through profit/ loss (FVTPL)" or "fair value through other comprehensive income (FVTOCI)" where any change in the fair value in case of FVTPL at the year-end is taken to profit or loss, and any change in fair value in case of FVTOCI is taken to other comprehensive income.	As per FID circular No. 08, dated 3 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	<p>During this year, total market value of all shares of Union Capital Limited & its subsidiaries is less than the cost price.</p> <p>As on December 31, 2024 there was BDT 265.58 million gross loss on consolidated investment in marketable listed securities.</p>
03	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.	As per DFIM circular No. 04, dated 26 July 2021, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)", interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: interest suspense account.	At the year end, in separate Financial Statements interest suspense account has BDT 2,826.69 million from BDT 2,801.27 million resulting increase of BDT 25.42 million of interest suspense. This amount has been shown in other liabilities in note 14.6

Notes to the Financial Statements

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
04	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	<p>Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period.</p> <p>In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.</p>	<p>Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by all banks and NBFIs.</p> <p>The templates of financial statements provided detail presentation for statement of cash flows.</p>	Financial Statements for 2024 and corresponding year 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.
05	Measurement of deferred tax asset	IAS 12 "Income Tax"	A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.	As per DFIM circular No. 7, dated 31 July 2011, no deferred tax asset can be recognized for any deductible temporary difference against the provision for lease, loans and advances.	During this year there is no impact in the financial statements due to this departure as the Company did not consider any deductible temporary difference against the provision for leases, loans and advances.
06	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments: Disclosure"	<p>Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.</p> <p>IAS 1 requires separate line item for intangible assets on the face of statement of financial position.</p> <p>IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.</p>	<p>Bangladesh Bank has issued templates for financial statements vide DFIM Circular No. 11, dated 23 December 2009 which will strictly be followed by and NBFIs.</p> <p>The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement.</p> <p>Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets.</p>	Financial Statements for 2024 and corresponding year 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

Notes to the Financial Statements

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
07	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.	As per DFIM Circular No. 11, dated 23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.	Financial Statements for 2024 and corresponding year 2023 have been prepared as per guideline (DFIM Circular No. 11 dated 23 December 2009) of Bangladesh Bank.
08	Current/ Non-current distinction	IAS 1 "Presentation of Financial Statement"	As per Para 60 of IAS 1 "Presentation of Financial statement": An entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.	As per DFIM Circular No. 11, dated 23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities.	Financial Statements for 2024 and corresponding year 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. Moreover, the liquidity statement shows the aging profile of all financial assets and liabilities from where current/non-current portion of assets and liabilities can be obtained.
09	Off-balance sheet items	IAS 1 "Presentation of Financial Statements"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular No. 11, dated 23 December 2009, off-balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Financial Statements for 2024 and corresponding year 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure but there is a disclosure in the financial statements.
10	Impairment of Investment in Subsidiaries	IAS 36 "Impairment of Assets"	An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. An impairment loss shall be recognised immediately in profit and loss as an expenses.	As per letter no: FIID (I-30/01/2021)/2024-1911 dated 12/11/2024 issued by Bangladesh Bank. Union Capital Limited shall have to maintained at least 100% provision on investment in UniCap Investments and 50% provision on investment in UniCap Securities.	Union Capital Limited has two wholly owned subsidiaries namely UniCap Securities Limited and UniCap Investments Limited. The investment in subsidiaries has been recorded at cost and as on 31 December 2024 the total investment of these subsidiaries is BDT 997.49 million (Note:9.1). Following Bangladesh Bank instructions, we have maintained total provision of BDT. 748.75 million as on 31 December 2024.

Notes to the Financial Statements

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
11	Impairment of Margin Loan (Loans and receivables)	IFRS 9 "Financial Instruments"	Measurement after initial recognition at amortized cost and recording of changes through profit and loss.	As per Bangladesh Securities and Exchange Commission (BSEC) Circular No. BSEC/SMMID/NE/2023/1690 dated 24 March 2024, provisions against unrealized loss on margin loan has been extended up to 31 January 2025	As on 31 December 2024, UCL has maintained Tk. 1,070.70 million as provision against unrealized loss on margin loan.
12	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" complete set of financial statements are: i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular No. 11, dated 23 December 2009, complete set of financial statements are: i) balance sheet, ii) profit and loss account, iii) statement of changes in equity, iv) statement of cash flows, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Financial Statements for 2024 and corresponding year 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.
13	Intangible asset	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" para 54: the statement of financial position shall include separate line item for intangible assets.	As per DFIM Circular No. 11, dated 23 December 2009, there is no option for separate line item for intangible asset in the balance sheet. We present intangible asset in the balance sheet as part of fixed assets and provide details in annexure-A as separate line item.	Financial Statements for 2024 and corresponding year 2023 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank. There is no financial impact for this departure in the financial statements.

Notes to the Financial Statements

SL	Nature of Departure	Title of IAS/IFRS	Treatment of IAS/IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
14	Other comprehensive income	IAS 1 "Presentation of Financial Statements"	As per IAS 1: "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single OCI statement.	Bangladesh Bank has issued templates for financial statements which will strictly be followed by financial institutions. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of OCI allowed to be included in a single OCI statement. As such the financial institution does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.	Financial Statements for 2024 and corresponding year 2023 have been prepared as per the guideline and templates issued by Bangladesh Bank. There is no financial impact for this departure in the financial statements.
15	Disclosure of presentation of profit	N/A	There is no requirement to show appropriation of profit in the face of statement of comprehensive income.	As per DFIM circular no 11, dated 23 December 2009, an appropriation of profit should be disclosed in the face of profit and loss account	Financial Statements for 2024 and corresponding year 2024 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.

2.5 Risk and uncertainty for use of estimates

The preparation of financial statements in conformity with International Accounting Standards/ International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities, and disclosure requirements for contingent assets and liabilities during and the date of the financial statements. These financial statements contained information about the assumptions it made about the future and other major sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amount of assets, liabilities, income and expenses within the next financial year.

In accordance with the guidelines as prescribed by IAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognised in the following situations:

Provisions

Provisions are liabilities that are uncertain in timing or amount. Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are normally made for restructuring costs and legal claims.

Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to occur.

Contingent asset

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are never recognised, rather they are disclosed in the financial statements when they arise.

Notes to the Financial Statements

2.6 Statement of compliance

The financial statements of Union Capital Limited include the Balance Sheet, Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity, Liquidity Statement and Notes to the Financial Statements. These financial statements are required to be prepared and presented within a framework of rules and guidelines - some mandatory and some recommendatory. The Companies Act, 1994 requires the production of the following as a part of the annual report:

- Board of Directors' report
- Auditors' report
- Balance sheet and
- Profit and Loss account

In addition to the above, the Bangladesh Securities and Exchange Rules, 1987 (as amended in 1997) requires the production of a Cash Flow Statement and Statement of Changes in Equity as a part of the Annual Report. The Companies Act, 1994 provides basic requirements for accounting and reporting applicable to all companies incorporated in Bangladesh. The Bangladesh Securities and Exchange Commission (BSEC) regulates financial reporting practices of listed companies. Listed companies are required to comply with BSEC's accounting and disclosure requirements. The Bangladesh Securities and Exchange Rules, 1987 (as amended in 1997) requires listed companies to follow International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

These financial statements have been prepared and presented in accordance with the approved accounting and reporting standards as applicable in Bangladesh. Approved accounting standards comprise International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh. As of 31 December 2024 status and applicability of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in the case of Union Capital Limited are as under:

IAS/IFRS No.	IAS/IFRS	Applicability	Remarks
IAS 1	Presentation of Financial Statements	*	
IAS 2	Inventories	N/A	
IAS 7	Statement of Cash Flows	Applied	
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Applied	
IAS 10	Events After the Reporting Period	Applied	
IAS 12	Income Taxes	Applied	
IAS 16	Property, Plant and Equipment	Applied	
IAS 17	Leases	Applied	
IAS 19	Employee Benefits	Applied	
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	N/A	
IAS 21	The Effects of Changes in Foreign Exchange Rates	Applied	
IAS 23	Borrowing Costs	Applied	
IAS 24	Related Party Disclosures	Applied	
IAS 26	Accounting and Reporting by Retirement Benefit Plans	N/A	
IAS 27	Separate Financial Statements	Applied	
IAS 28	Investments in Associates and Joint Ventures	N/A	
IAS 29	Financial Reporting in Hyperinflationary Economics	N/A	
IAS 32	Financial Instruments: Presentation	*	
IAS 33	Earnings Per Share	Applied	
IAS 34	Interim Financial Reporting	Applied	
IAS 36	Impairment of Assets	Applied	
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Applied	
IAS 38	Intangible Assets	Applied	
IAS 39	Financial Instruments: Recognition and Measurement	*	
IAS 40	Investment Property	N/A	
IAS 41	Agriculture	N/A	

Notes to the Financial Statements

IAS/IFRS No.	IAS/IFRS	Applicability	Remarks
IFRS 1	First-time adoption of Bangladesh Financial Reporting Standards	N/A	
IFRS 2	Share-based Payment	N/A	
IFRS 3	Business Combinations	N/A	
IFRS 4	Insurance Contracts	N/A	
IFRS 5	Non-current Assets Held for Sale and Discontinued Operation	N/A	
IFRS 6	Exploration for and Evaluation of Mineral Resources	N/A	
IFRS 7	Financial Instruments: Disclosures	*	
IFRS 8	Operating Segments	Applied	
IFRS 9	Financial Instruments	*	
IFRS 10	Consolidated Financial Statements	Applied	
IFRS 11	Joint Arrangements	N/A	
IFRS 12	Disclosure of Interests in Other Entities	N/A	
IFRS 13	Fair Value Measurement	*	
IFRS 14	Regulatory Deferral Accounts	N/A	
IFRS 15	Revenue from Contracts with Customers	Applied	
IFRS 16	Leases	Applied	
IFRS 17	Insurance Contracts	N/A	

* As the regulatory requirements differ with the standards, relevant disclosures are made in accordance with Bangladesh Bank's requirements (please see note 2.4).

N/A = Not Applicable

2.7 Consistency

In accordance with the IFRS framework for the presentation of financial statements together with IAS 1 and IAS 8, Union Capital Limited applies the accounting disclosure principles consistently from one period to the next. Where selecting and applying new accounting policies, changes in accounting policies applied, correction of errors, the amounts involved are accounted for and disclosed retrospectively in accordance with the requirement of IAS 8. We, however, have applied the same accounting and valuation principles in 2024 as in financial statements for 2023.

2.8 Operating segments

A segment is a distinguishable component of the Company that engaged in providing different types of products and services including revenues and expenses that relate to transactions with the Company's other components whose performances are regularly reviewed by the management. In this context the Company has identified three operating segments of the Group which comprise core financing business, UniCap Investments Limited, full fledged marchant bank and UniCap Securities Limited, brokerage house. Operating results of the reportable segments are disclosed in note no. 37 in compliance with International Financial Reporting Standard (IFRS) 8: Operating Segments.

2.9 Basis of consolidation of operations of subsidiaries

The financial statements of the Company and its subsidiaries have been consolidated in accordance with International Financial Reporting Standard (IFRS) 10: Consolidated Financial Statements. The consolidation of the financial statements has been made after eliminating all material intra group balances, income and expenses arising from intra-group transactions.

The total profits of the Company and its subsidiaries are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to minority shareholders being deducted as 'Non-controlling Interest'. All assets and liabilities of the Company and of its subsidiaries are shown in the consolidated balance sheet. The interest of minority shareholders of the subsidiaries are shown separately in the consolidated balance sheet under the heading 'Non-controlling Interest'.

Notes to the Financial Statements

2.10 Going concern

Going concern is one of the fundamental assumptions in the preparation of financial statements. Under the going concern assumption, an entity is normally viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

The financial statements of the Union Capital Limited have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

In this connection, it is to be stated that, Union Capital Limited has been doing business since 1998. During its 25 years of journey, UCL has been recognized and awarded by Bangladesh Bank, SAFA, ICAB and ICSB on different occasions for its notable achievements in different services and reporting categories. But in 2019, UCL experienced financial loss for first time in its history due to declining confidence of depositors on NBFI sector resulting from the news of liquidation of one NBFI's and financial scams of few other NBFI's, significant negative impact on economy for COVID-19, increasing of NPL due to non-payment of large corporate borrower, continuously fall of capital market that makes unable to repay the loan installments of our subsidiary company.

As on 31 December 2024 our classification of Loan, Lease, and Advances ratio has been increased to 95.91% from 86.94% of previous year. As per Bangladesh Bank guidelines, income earned on SMA and classified investment has been transferred to interest suspense's account instead taking into profit and loss account. Besides, we have to keep adequate provision against Loan, Lease and Advances following Bangladesh Bank circular. But, we need to record all expenses (finance and other) on accrual basis which significantly impacted on our profitability. For the current year, the Company has incurred losses of BDT 1,909.16 million which shows negative value of Earnings Per Share (EPS) 11.06 (2023: BDT 6,028.30 million & negative EPS 34.93) and as of 31 December 2024, the Company has an accumulated loss of Tk. 12,773.92 million, also the Net Assets Value (NAV) per share for the current year is BDT (61.40), compared to BDT (50.34) in 2023.

Despite all these difficulties, UCL is trying its best to overcome from this situation. To reach desired goals, we have planned to procure more new fresh deposit, providing loan to different clients in the form of new disbursement, give emphasis on recovery from NPL as well as written off account, strengthening collection by expediting legal action. In this relation, it is to be noted that, in the year 2024, we have collected Tk. 911.78 million as recovery from Loan, Lease, and Advances out of which Tk. 667.76 million was from classified loan. We have also collected Tk. 12.82 million from written off loan in current year and as on date the cumulative collection from written off loan account was Tk. 433.08 million. It is to be mentioned that we have already strengthen up our recovery team to recover the utmost and targeted to recovery Tk. 1,000.00 million from NPL during the year 2025. To reach the target we are closely working on few large loan a/c file that may be settled within 2025 which will significantly impact to our profitability by releasing provision on this loan account and transfer of interest suspense to income. Moreover, we are also in the process of selling mortgaged properties of some classified borrowers. Upon selling these properties, NPL will come down to some extent as well as it will improve our profitability. We want to add that from 1st January 2025 to 03 June 2025, we have collected Tk. 425.75 million as recovery from Loan, Lease, and Advances where Tk. 371.54 million from NPL account. In addition to these, we are giving all-out effort for recovery of Classified Loan, Lease, and Advances and also taking extensive Legal action against the same. Although, we are facing financial difficulties, we always try to pay our liabilities. In the year 2023, we paid Tk. 340.66 million as interest on deposits and borrowings and repay principal amount Tk. 322.09 million to depositors and Tk. 303.88 million for bank borrowings. We are also maintaining CRR and SLR as required by Bangladesh Bank from time to time. Moreover, the Board of Directors together with efficient management has been working relentlessly towards sustainability of the company despite of unpredictable situations in money market as well as in capital market.

In this connection, we would like to add that in reply to letter issued from Bangladesh Bank, we have submitted a recovery action plan for reducing of NPL and also submitted Time Bound Plan for improvement the quality of CAMELS Rating and Capital Adequacy Ratio. Besides, Bangladesh Bank has given primary consent for merger and we are discussing and exploring different avenue in this regard. UCL always focused on good governance with a view to bringing the best for its stakeholders and the economy as a whole.

Finally, we would like to point out that Bangladesh Bank is closely monitoring the going concern financial institutions to re-build their financial strength. There continuous support and guideline help us to move forward. As there are a few uncertainties related to the entity's ability to continue as a going Concern we therefore prepared our financial statements on going concern basis.

Notes to the Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Lease operations

As per IFRS-16: Leases, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The specific measurement requirements apply to all leases, unless a lessee makes use of optional exemptions for short-term leases (those having a term of 12 months or less, including the effect of extension options) and leases for which the underlying asset is of low value. The election for short term leases is by class of asset, and for low value leases can be made on a lease-by-lease basis. A lessor shall classify each of its leases as either an operating lease or a finance lease.

Union Capital Limited as a lessor

Under finance leases, Union Capital Limited recognises the leased assets in the balance sheet as investment in lease assets at an amount equal to the net investment in the lease. The lease payments are broken down into the finance charge and the redemption payment. The redemption payment reduces the amount of the outstanding liability (net investment); the finance charge is treated as interest income. Interest and similar income is recognised on the basis of a constant, periodic rate of return relating to the net investment outstanding.

In contrast, assets held under operating leases are recognised and valued using the same principles as property, plant and equipment. Union Capital Limited does not hold any property under operating lease.

Union Capital Limited as a lessee

UCL recognizes a right of use asset and a lease liability from the beginning of 2020. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is depreciated using straight line methods from the commencement date (from the beginning of 2020) to the earlier of the end of useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date (from the beginning of 2020), discounted using this interest rate implicit in the lease or, if that rate cannot be readily determined, UCL's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in UCL estimate of the amount expected to be payable under a lease with a variable lease payment, or if UCL change its assessment of whether it will exercise purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

3.2 Term finance and other finance

Such investments are stated at un-amortised amount. The recovery of principal amount is amortised and the carrying amount is adjusted with the principal recovery and stated at un-amortised principal amount.

Investments are classified as non-accrual when there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Whenever a payment is 3 months past due, investments are classified as non-accrual even if they are fully secured and collection efforts are reasonably expected to result in repayment within 6 months.

When loans/leases are identified as non-accrual, the amount of accrued interest is credited to interest suspense account. Interest received on non-accrual investments are credited to profit and loss account on cash basis. Non-accrual investments are returned to performing status when required amounts including interest need to classify as regular has been collected.

3.3 Investments in subsidiary

A subsidiary is an entity in which the Company has control as per as shareholding (more than 50 percent) or voting right is concerned. As on the reporting date Union Capital has two subsidiary companies namely, 'UniCap Investments Limited and UniCap Securities Limited. Consolidated Financial Statements have been prepared for subsidiary investment as per International Financial Reporting Standards 10: Consolidated Financial Statements. Interest of the minority shown as minority interest as separate line item of the shareholders equity which includes share capital of minority portion as well as profit earned that goes to the non-controlling interest.

3.4 Investment in securities

Investment in securities is classified broadly in two categories and accounted for as under:

Notes to the Financial Statements

Investment in listed securities:

Investment in listed securities is carried at cost. Adequate provision has been made considering each individual investment (where cost is less than market price) as guided by Bangladesh Bank.

Investment in unlisted securities:

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

3.5 Receivables

Accounts receivables

The main item included rentals/installments due from the clients but not received. No such receivables are accounted for if the loans are classified as bad and loss. Receivables carry interest for the periods for which the delay continues in payments of the amounts due from the clients continues. Such interest is not recognised as income until it is received in cash. Receivables from clients are stated at their nominal value.

Other receivables

Other receivables include mainly receivable from brokerage houses against sale of securities, accrued IDCP (interest during construction period) and interest receivable. These receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balance with Bangladesh Bank and its agent bank, and balance with other banks and financial institutions.

3.7 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following bases:

- a) Balance with other banks and financial institutions, money at call and on short notice, etc. are on the basis of their maturity term.
- b) Investments are on the basis of their respective maturity.
- c) Leases, loans and advances are on the basis of their repayment schedule.
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their realisation/amortisation.
- f) Borrowings from other banks, financial institutions and agents are as per their maturity/repayment terms.
- g) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors.
- h) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

3.8 Fixed assets including premises, furniture and fixtures

Freehold assets

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment are stated at cost less accumulated depreciation in compliance with the International Accounting Standards (IAS) 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes if any.

Pre-operating expenses and borrowing costs

In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing cost considering the requirement of IAS 23: Borrowing Costs.

Subsequent expenditure

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable, that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in

Notes to the Financial Statements

the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalised as an additional cost of the assets. All other costs are recognised to the profit and loss account as expenses. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

Disposal of fixed assets including land, building, furniture and fixtures

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the profit and loss account, which is determined with reference to the net book value of the assets' and net sales proceeds.

Depreciation on fixed assets including land, building, furniture and fixtures

Depreciation of an asset begins when the asset is available for use. Depreciation is provided for the period in use of the assets. Full month's depreciation has been charged on additions irrespective of date when the related assets are put into use and no depreciation is charged for the month of disposal. Depreciation is provided at the following rates on straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets:

Particular	Rate
Office space	2.5%
Furniture and fixtures	20%
Office decoration	33%
Electrical equipment	20%
Owned vehicles	20%
Software	20%
Mobile phone	20%
Staff appliance	20%
Right-of-use asset	lease term

3.9 Intangible asset

Components

The main item included in intangible asset is software.

Basis of recognition

An intangible asset shall only be recognised if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably in accordance with IAS 38: Intangible Assets. Accordingly, these assets are stated in the Balance Sheet at cost less accumulated amortisation.

Subsequent expenditure

Subsequent expenditure on intangible asset is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation

Intangible asset is valued at amortised cost and written down within 5 to 10 years.

3.10 Bank loans

Interest bearing bank loans are recorded at the proceeds received. Interest on bank loans is accounted for on an accrued basis to profit and loss account under the head of financial expense at the implicit rate of interest. The accrued expenses are not added to carrying amounts of the loans.

3.11 Borrowing costs

All borrowing costs are recognised in the profit or loss statement in the period in which they are incurred.

3.12 Accrued expenses and other payables

Liabilities are recognised for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

3.13 Provision for doubtful losses

The provision for doubtful losses is maintained at a level that management considers adequate to absorb identified credit related losses in the portfolio as well as losses that have been incurred but are not yet identifiable.

Notes to the Financial Statements

The provision is increased by the provision for doubtful losses, which is charged to profit and loss account, and decreased by the amount of write-offs, net of reversals.

The provision is determined based on management's identification and evaluation of problem accounts, estimated probable losses that exist on the remaining portfolio and on other factors including the composition and quality of the portfolio and changes in economic condition.

The provision is estimated based on two principles: 1. International Accounting Standard (IAS) 37: Provisions, contingent liabilities and contingent assets, and 2. Bangladesh Bank guidelines. Methodology for measuring the appropriate level of the provision relies on several key elements, which include both quantitative and qualitative factors as set forth in the Bangladesh Bank guidelines. FID circular 08 dated 03 August 2002 as amended subsequently by Bangladesh Bank in this regard is the basis for calculating the provision for doubtful losses.

3.14 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years or are never taxable or deductible. Company's liability for current tax is calculated using tax rates that have been enacted the balance sheet date.

b. Deferred tax

As per International Accounting Standard (IAS) 12: Income Taxes, deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which such differences can be utilised.

Deferred tax is calculated at the tax rates, which are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit and loss account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on a net basis.

3.15 Employees benefit plans

The Company offers a number of benefit plans which amongst others include contributory provident fund and gratuity scheme.

a. Contributory provident fund

The Company operates a contributory provident fund for its permanent employees (which is a defined contributory fund as specified in IAS 19: Employee benefits, para 10). The fund is approved by the National Board of Revenue (NBR), administered separately by a Board of Trustees and is funded by equal contribution from the Company and the employees. This fund is invested separately from the Company's assets.

b. Gratuity scheme

The Company operates an unfunded gratuity scheme (which is a defined benefit scheme as specified in IAS 19: Employee benefits). Employees are entitled to gratuity benefit after completion of minimum five years of service with the Company. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service up to ten years of service, one and half months basic pay for every completed year of service up to fifteen years of service and two months basic pay for more than fifteen years of service. Full provision for gratuity has been made in the accounts for the existing employees based on their years of service with the Company. Gratuity amount is subject to a maximum ceiling of 50 (fifty) basic only.

c. Employee home loan scheme

To secure long-term commitment of deserving employees the Company introduced home loan scheme. An employee who is in service for a continuous period of at least five years (in 3 years service with the Company) is entitled to avail home loan to purchase residential apartment, purchase land and construction of house thereon, etc. Interest rate of the loan is 6 percent per annum.

Notes to the Financial Statements

d. Employee personal loan scheme

The Company provides personal loan facility to the employee as per loan scheme.

e. Employee car scheme

The Company provides car loan facility to the employees as per loan scheme. The Company provides full time car facility to the employees from the position of Executive Vice President.

3.16 Branch accounting

The Company has 4 (four) branches with no overseas branch as on 31 December 2024. Accounts of the branches are maintained at the head office from which these accounts are drawn up.

3.17 Workers profit participation and welfare fund (WPPF)

Workers Profit Participation and Welfare Fund (WPPF) Establishment of Workers' Profit Participation and Welfare Fund (WPPF) is a matter of Banking and Financial Institutions Sector as a whole. Ministry of Finance through its letters no. 53.00.0000.311.22.002.17-130 dated February 14, 2017 and no. 53.00.0000.311.22.002.17-140 dated February 25, 2018 expressed its opinion that Chapter 15 on "Participation in Company Profits by Workers" in the Bangladesh Labor Act 2006 and amendments made therein on July 22, 2013 should not be applicable for Banks and Financial Institutions and requested to the Ministry of Labor and Employment to take necessary steps in this regard as well as not to apply the said chapter of Labor Act 2006 for Banks and Financial Institutions. Therefore, like other Banks and Financial Institutions, UCL did not recognize the WPPF.

3.18 Write-off

Write-off describes a reduction in recognised value. It refers to recognition of the reduced or zero value of an asset. Generally, it refers to an investment for which a return on the investment is now impossible or unlikely. The item's potential return is thus canceled and removed ("written off") from the Company's balance sheet.

Recovery against debts written off/provided for is credited to revenue. Income is recognised where amounts are either recovered and /or adjusted against securities/properties of advances there against or are considered recoverable.

3.19 Interest suspense account

Accrued interest on lease finance, term finance, real estate finance, hire purchase agreement classified as Special Mentioned Account (SMA), Sub-Standard (SS), Doubtful (DF) and Bad & Loss (BL) are not recognised as income rather transferred to interest suspense account in compliance with Bangladesh Bank guidelines. Recovery of overdue credited to interest suspense account is recognised as income on cash basis.

3.20 Revenue recognition

Revenue is recognised in accordance with International Financial Reporting Standards (IFRS) 15: Revenue from contracts with customers unless otherwise mentioned or otherwise guided by the separate IAS/IFRS.

a. Lease income

The excess of gross lease rentals over the cost of the leased assets constitutes the total unearned income at the commencement of the execution of lease. This income is allocated over the period of lease that reflects a constant periodic return on the net investment. The pattern of the periodic return is, however, differs in case of structured lease finance depending on the structure of the particular lease contract. Income is recognised when it is earned, i.e. income on due installments on unclassified leases irrespective of whether received or not. Income is not taken into profit and loss account when a lease is classified as SMA and above and kept in interest suspense account. Interest on classified lease is recognised on cash basis.

b. Income from term finance

Interest income on term finance is recognised on accrual basis. Installment comprises both interest and principal. Interest part of the installments that become receivable is recognised as income in the financial statements. Interest on term finance ceases to be taken into income when such term finance are classified as SMA and above and kept in interest suspense account. Interest on classified term finances is recognised as income on cash basis.

c. Income from real estate finance

Interest income from real estate finance is recognised on accrual basis. Interest portion of the installments that becomes receivable is recognised as income in the financial statements. Interest on such finance ceases to be taken into income when such finance is classified as SMA and above and kept in interest suspense account. Interest on classified finance is recognised as income on cash basis.

Notes to the Financial Statements

d. Income from secured term finance

Income from secured term finance is recognised on accrual basis.

e. Dividend income

Dividend on ordinary shares

Dividend income from ordinary shares is recognised when the shareholders' legal rights to receive payments have been established i.e. during the period in which dividend is declared in the Annual General Meeting. Dividend declared but not received is recognised as deemed dividend.

Dividend on preference shares

Dividend from preference shares is recognised on cash basis.

f. Fee based income

Fee based income is recognised on accrual basis.

g. Gain on sale of securities

Capital gain on disposal of securities listed in the stock exchanges is recorded on cash basis i.e. only when the securities are sold in the market.

3.21 Event after the reporting period

Proposed dividend

The proposed dividend is not recognised as a liability in the balance sheet in accordance with International Accounting Standard (IAS) 10: Events After the Reporting Period. Dividend payable to the Company's shareholders are recognised as a liability and deducted from shareholders equity in the period in which the shareholders right to receive payment is established.

International Accounting Standard (IAS) 1: Presentation of Financial Statements also requires the dividend proposed after the balance sheet date but before the financial statements are authorised for issue, be disclosed in the notes to the financial statements. Accordingly, the Company has disclosed the same in the notes to the financial statements.

All material events occurring after the balance sheet date has been considered and where necessary, adjusted for or disclosed in note 57.

3.22 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

Any impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses, if any, are recognised in the profit and loss account.

3.23 Related party transactions

As per International Accounting Standard (IAS) 24: Related Party Disclosures, parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. All transactions involving related parties arising in normal course of business are conducted at arm's length basis at normal commercial rates on the same terms and conditions as third party transactions using valuation models.

3.24 Statutory reserve

Financial Institutions Regulations 1994 requires Non-bank Financial Institutions to transfer 20 percent of its current year's profit to reserve fund until such reserve equals to its paid up share capital. In conformity with the above requirement, the Company transferred 20 percent of its net profit to statutory reserve before declaration of dividend.

3.25 Guarantee, commitments and contingencies

Corporate guarantee represents irrevocable assurance that the Company will make payments in the event that a client cannot meet its obligation to third parties. The term of this guarantee is for one year and renewable at the expiry of the term.

Notes to the Financial Statements

In the normal course of operations, the Company provides indemnifications, which are often standard contractual terms to counter parties in transactions such as purchase agreements, service agreements, contract with employees and leasing transactions. This indemnification clause may require us to compensate the counter parties for cost incurred as a result of charges in laws and regulations or litigation claims that may be suffered by the counter party as a consequence of the transaction. The terms of these indemnifications clause vary based upon the contract.

3.26 Litigation

The Company is not a party to any lawsuits except those arising in the normal course of business, which were filed against the default clients for non-performance in loans/leases repayment and against various levels of tax authority regarding some disputed tax issues. The Company, however, provides adequate provisions as per guidelines of Bangladesh Bank and IAS 37.

3.27 Earnings per share

The Company calculates Earnings Per Share (EPS) in accordance with IAS 33: Earnings Per Share which has been shown on the face of profit and loss account, and the computation of EPS is stated in the notes to the financial statements.

a. Basic earnings per share

This represents earnings for the year attributable to ordinary shareholders, which is calculated after deducting dividend on preference shares from net profit after tax for the year.

b. Diluted earnings per share

Diluted earnings per share reflects the potential dilution that could occur if additional ordinary shares are assumed to be issued under securities or contracts that entitle their holders to obtain ordinary shares in future, to the extent such entitlement is not subject to unresolved contingencies.

Effect of dilution to weighted average number of ordinary shares is given for potential ordinary shares. At 31 December 2024, there was no scope for dilution and hence no diluted EPS is required to be calculated.

c. Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the numbers of days the specific shares were outstanding as a proportion of the total number of days in the year.

3.28 Uniform accounting policies

The financial statements of Union Capital Limited, UniCap Securities Limited and UniCap Investments Limited have been prepared in accordance with the uniform principles of accounting.

3.29 Financial risk management

The risk of the Company is defined as the possibility of losses, financial or otherwise. The risk management of the Company covers core risk areas of financing namely, credit risk, liquidity risk, market risk that includes interest rate risk and equity risk, operational risk and reputation risk arising from money laundering incidences. The Company's objective of the risk management is that it takes well calculative business risks while safeguarding its capital, financial resources and profitability from various risks. In this context, the Company took steps to implement Bangladesh Bank's guidelines and some of the best practices as under:

3.29.1 Credit risk

It arises mainly from lending, trade finance, leasing and treasury businesses. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Company. The failure may result from unwillingness of the counter party or decline in his/her financial condition. Therefore, the Company's credit risk management activities have been designed to address all these issues.

The Company has segregated duties of the officers/executives involved in credit related activities. A separate Corporate Division has been formed at Head Office which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities, etc. Moreover, credit approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the credit division. These are (a) Credit Risk Management Unit, (b) Credit Administration Unit and (c) Credit Monitoring and Recovery Unit. Credit Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy/strategy for lending operation, etc.

Notes to the Financial Statements

A thorough assessment is done before sanction of any credit facility at Credit Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility etc. The assessment process starts at Corporate Division by the Relationship Manager/Officer and ends at Credit Risk Management Unit when it is approved/declined by the competent authority. Credit approval authority has been delegated to the Credit Committee. Proposal beyond the approval authority of the Credit Committee are approved/declined by the Executive Committee and/or the Board, as applicable.

3.29.2 Liquidity risk

The object of liquidity risk management is to ensure that all foreseeable funding commitments and deposit withdrawals can be met when due. To this end, the Company is maintaining a diversified and stable funding base comprising of core retail and corporate deposits and institutional balance. Management of liquidity and funding is carried out by Treasury Department under an approved policy guidelines. Treasury front office is supported by a very structured back office. The liquidity management is monitored by Asset Liability Committee (ALCO) on regular basis. A written contingency plan is in place to manage extreme situation.

3.29.3 Market risk

The exposure of market risk of the Company is restricted to interest rate risk and equity risk.

3.29.4 Interest rate risk

Interest rate risk may arise either from trading portfolio and non-trading portfolio. The short-term movement in interest rate is negligible or nil. Interest rate risk of non-trading business arises from mismatches between the future yield of an asset and third funding cost. ALCO monitors the interest rate movement on regular basis.

3.29.5 Equity risk

Arise from movement in market value of equities. The risks are monitored by Merchant Banking Wing under a well designed policy framework. The market value of equities was higher than the cost prices.

3.29.6 Operational risk

Appropriate internal control measures are in place at Union Capital Limited to address operational risks. The Company has also established an Internal Control & Compliance Department (ICCD) to address operational risk and to frame and implement policies to encounter such risks. This department assesses operational risk across the Company as a whole and ensures that an appropriate framework exists to identify, assess and manage operational risk. The function of ICCD is to constant vigilance against leakage of Shareholders value by identifying, assessing, measuring, managing and transferring operational risk resulting from inadequate or failed internal control processes, people and system or from external events.

3.29.7 Information technology risk

The Company has appropriate policy, procedures in place to mitigate the risk of failing to develop, implement or operate UCL's technology platforms and solutions to meet stakeholders requirements. Also the Company has built resilience into its network platform through the installation of a back-up link, disaster recovery plan, executing service level agreement with the vendor.

3.29.8 Environmental risk

Environmental risk is the risk of loss to financial, operational or reputational value resulting from the impact of environmental issues. It arises from our business activities and our operations e.g. the environmental issues associated with our clients' purchase and sale of contaminated property or development of large-scale projects may give rise to credit and reputation risk. The Company has a robust risk assessment procedure at appraisal stage in case of any credit facility to any borrower involving any activities that is detrimental to the environment. The Company has also adopted Environmental Risk Management (ERM) policy and implemented the same in all of its business activities.

3.30 Basel II and its implementation

Basel II accords are the international standards for creating regulations about how much capital is needed to put aside to guard against the various types of financial and operational risks that the Financial Institutions face.

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Capital Adequacy and Market Discipline (CAMD) have been introduced by Bangladesh Bank from 01 January 2012 regarding Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR), and Disclosure requirement as stated in the guidelines to be followed by all financial institutions for the purpose of statutory compliance. In line with the requirement of the guidelines, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord. Calculation of CAR and MCR are detailed out in note no. 15.

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
4 CASH			
In hand			
Local currency		34,000	34,000
Foreign currencies		-	-
		34,000	34,000
Balance with Bangladesh Bank			
Local currency		96,256,625	83,451,285
Foreign currencies		-	-
		96,256,625	83,451,285
Balance as at 31 December		96,290,625	83,485,285
4.a CASH (Consolidated)			
In hand			
Union Capital Ltd.		34,000	34,000
UniCap Securities Ltd.		40,000	40,000
UniCap Investments Ltd.		362	9,026
		74,362	83,026
Balance with Bangladesh Bank			
Union Capital Ltd.		96,256,625	83,451,285
UniCap Securities Ltd.		-	-
UniCap Investments Ltd.		-	-
		96,256,625	83,451,285
Balance as at 31 December		96,330,987	83,534,311
4.1 Cash reserve requirement (CRR) and statutory liquidity reserve (SLR)			
Cash reserve requirement and statutory liquidity reserve have been calculated and maintained in accordance with FID circular no. 06 dated 6 November 2003 and FID circular no. 02 dated 10 November 2004 and subsequent DFIM circular no. 03 dated 21 June 2020.			
4.1.1 Cash reserve requirement (CRR)			
1.5% of total customer deposits			
Required reserve		78,003,928	81,737,002
Actual reserve held		83,799,928	84,730,929
Surplus(deficit)		5,796,000	2,993,927
4.1.2 Statutory liquidity reserve (SLR)			
5% of total liabilities			
Required reserve		330,928,403	333,066,235
Actual reserve held		1,033,743,335	884,465,984
Surplus/(deficit)		702,814,932	551,399,749
4.1.3 Held for cash reserve requirement (CRR)			
Balance with Bangladesh Bank and its agent bank(s)		96,256,625	83,451,285
4.1.4 Held for statutory liquidity reserve (SLR)			
Cash in hand		34,000	34,000
Balance with Bangladesh Bank and its agent bank(s) as per statement		96,256,625	83,451,285
Balance with other banks and financial institutions (note-5)		1,365,795,943	1,179,997,820
		1,462,086,568	1,263,483,105

Notes to the Financial Statements

Figures in BDT

31-Dec-24

31-Dec-23

4.1.5 Cash in hand

Cash in hand represents the amount under imprest system of petty cash to meet petty expenses both for head office and branch offices. Under this system the Company maintains imprest of Tk. 34,000 (2023: Tk. 34,000). As per Bangladesh Bank guidelines, the Company cannot make any cash transaction except petty cash.

4.1.6 Balance with Bangladesh Bank & its agent bank

Deposit with Bangladesh Bank is non-interest bearing and maintained to meet the cash reserve requirement (CRR). As required by Bangladesh Bank, CRR @ 1.5% is required to maintain with Bangladesh Bank current account on all deposits taken from depositors other than Banks and Financial Institutions. On 31 December 2024 there is no shortage in CRR.

5 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

This represents balance with various banks and financial institutions in Bangladesh.

Fixed deposit account (A)

Bangladesh Industrial Finance Company Limited	299,071,259	255,065,928
International Leasing and Financial Services Ltd.	1,047,246,856	901,924,387
IFIC Bank Limited, Gulshan Branch	-	13,460,818
United Commercial Bank Limited, New Eskaton Branch	7,500,000	-
Meghna Bank Limited, Gulshan Branch	2,758,794	-
	1,356,576,909	1,170,451,133

UCL, as a part of recovery process has been in continuous touch with Bangladesh Industrial Finance Company Limited and International Leasing and Financial Services Limited and has taken all types of recovery measures to recover the due amount from them. As a result, UCL is being approaching some proposals (i.e. converting the deposit into the loan product, converting the deposit into part of equity, specific payment schedules etc.) by both the companies. We are in the process of selecting the appropriate way out plan considering the fruitfulness and effectiveness of the same. We strongly believe that a favorable result will come around as Government and Bangladesh Bank are taking different measures to revive the both the companies and our dues against the deposits is expecting to be recovered.

It is pertinent to mention here that the opening principal amount of fixed deposit laying with Bangladesh Industrial Finance Company Limited (BIFC) and International Leasing and Financial Services Limited (ILFSL) was Tk.10 crore and Tk.45 crore respectively, therefore the remaining balance has been added as interest income earned on the fixed deposit amount. Due to non-payment, the interest earned on this deposit balance has been transferred to interest suspense's account under other liabilities instead of taken into profit and loss account. Besides, as per instruction of Bangladesh Bank and considering the risk and probability of recovery, UCL has maintained full provision against the principal balance of these FDRs which has shown in note no:14 as other provision.

Current account (B)

Agrani Bank Limited, Panthpath Branch	212,765	213,605
Bank Asia Limited, Corporate Branch	-	1,100
Dhaka Bank Limited, Kakrail Branch	273,581	96,607
Midland Bank Ltd, Gulshan Branch	4,948	51,227
Modhumoti Bank Limited, Dhanmondi Branch	75,352	77,129
NRB Bank Limited, Corporate Branch	24,303	24,993
Shahjalal Islami Bank Limited, Elephant Road Branch	-	202
Shahjalal Islami Bank Limited, Gulshan Branch	-	685
Social Islami Bank Limited, Eskaton Branch	60,817	71,929
United Commercial Bank Limited, New Eskaton Branch	1,685,709	1,665,999
WooriBank-Dhaka Branch	6,477	7,208
	2,343,952	2,210,684

	Figures in BDT	
	31-Dec-24	31-Dec-23
Short term deposit (C)		
Community Bank BD Limited, Gulshan Branch	15	1,379
Bank Asia Limited, Corporate Branch	-	11,307
Bank Asia Limited, Corporate Branch	687,075	56,840
Bank Asia Limited, Gulshan Branch	-	75,755
Dhaka Bank Limited, Local Office	441,979	2,031,398
Dhaka Bank Limited, Kakrail Branch	890,813	30,945
Dutch Bangla Bank Limited, Karwan Bazar Branch	25,934	26,856
Dutch Bangla Bank Limited, Karwan Bazar Branch	554,111	2,298,176
Dutch Bangla Bank Limited, Gulshan Avenue Branch	3,256,039	-
IFIC Bank Limited, Gulshan Branch	757,612	2,653,037
Jamuna Bank Limited, Sonargaon Road Branch	-	3,954
Modhumoti Bank Limited, Banglamotor-Branch	47,643	48,223
Mutual Trust Bank Limited, Principal Branch	12,067	-
Southeast Bank Limited, Islamic Banking Branch	235	1,373
Southeast Bank Limited, R K Mission Road Branch	201,559	96,760
	6,875,082	7,336,003
Balance as at 31 December (A+B+C)	1,365,795,943	1,179,997,820
Fixed deposits are maintained with commercial banks and non-bank financial institutions for maintaining statutory liquidity reserve as required by Bangladesh Bank. Bangladesh Bank regulations require to maintain statutory liquidity reserve (SLR) @ 5% including the CRR of 1.5% on total liabilities, excluding deposits and borrowings from banks and financial institutions. Union Capital Limited maintains this reserve mostly in the form of fixed deposits.		
Maturity wise grouping		
On demand	2,343,952	2,210,684
Up to 1 month	613,198,398	521,736,087
Over 1 month but not more than 3 months	742,753,593	642,590,231
Over 3 months but not more than 1 year	7,500,000	13,460,818
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	1,365,795,943	1,179,997,820
5.a BALANE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (consolidated)		
Union Capital Ltd.	1,365,795,943	1,179,997,820
UniCap Securities Ltd.	81,326,291	105,124,845
UniCap Investments Ltd.	120,481,173	95,243,565
	1,567,603,406	1,380,366,230
Less: Inter-company transactions	-	-
Balance as at 31 December	1,567,603,406	1,380,366,230
6 INVESTMENTS		
The investment is made up as under:		
Government securities	-	-
Other investments	38,123,732	38,884,385
Balance as at 31 December	38,123,732	38,884,385
This represents investment made by the Company in listed securities and unlisted securities.		

Notes to the Financial Statements

Figures in BDT

31-Dec-24

31-Dec-23

6.1 Other investments

Ordinary share	No. of Company	Market Value	Cost	
			2024	2023
Investment in marketable securities	13	33,023,855	38,123,732	38,884,385
Total	13	33,023,855	38,123,732	38,884,385

Listed securities:

Investments have been recorded at cost and adequate provision for diminution in value of investment as per Bangladesh Bank guidelines has been made. Market value of securities has been determined on the basis of the value of listed securities at the last trading date of the year (Last trading date for 2024 was 30 December).

Sector wise investment in listed and unlisted securities at cost

Banking companies	263,921	-
Non Banking Financial Institutions	-	-
Insurance companies	1,989,939	2,145,481
Investment companies	5,000,000	5,000,000
Fuel & power	13,114,162	13,114,162
Manufacturing companies and others	17,755,710	18,624,742
	38,123,732	38,884,385

Maturity wise grouping

Up to 1 month	14,438,023	14,388,200
Over 1 month but not more than 3 months	23,685,710	13,252,450
Over 3 months but not more than 1 year	-	11,243,735
Over 1 year but not more than 5 years	-	-
Over 5 years	-	-
	38,123,732	38,884,385

6.a INVESTMENTS (consolidated)

Union Capital Ltd.	38,123,732	38,884,385
UniCap Securities Ltd.	211,641,978	211,678,918
UniCap Investments Ltd.	292,580,666	281,424,185
Balance as at 31 December	542,346,376	531,987,488

7 LOANS, ADVANCES AND LEASES

This represents loans, advances and leases financed fully in Bangladesh.

Lease finance (note 7.1)	1,231,917,076	1,280,920,499
Term finance (note 7.2)	5,061,374,296	5,265,763,300
Home loan	117,736,267	272,736,267
Loan to subsidiaries (note 7.3)	5,428,491,905	5,655,626,868
Loan against deposits (note 7.4)	237,779	23,701,391
Staff loan (note 7.5)	1,158,798	1,824,882
Balance as at 31 December	11,840,916,120	12,500,573,206

7.1 Lease finance

Principal outstanding (note 7.1.1)	687,618,749	771,977,821
Accounts receivable	544,298,327	508,942,678
Total	1,231,917,076	1,280,920,499

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
7. 1.1 Principal outstanding			
Gross rental receivables		875,836,502	987,571,825
Unearned lease income		(188,217,753)	(215,594,004)
Net investment		687,618,749	771,977,821
7. 2 Term finance			
Principal outstanding (note 7.2.1)		2,615,595,370	2,923,535,457
Accounts receivable		2,445,778,926	2,342,227,843
Total		5,061,374,296	5,265,763,300
Term finance includes finance already executed and advance to be executed on later date as per terms of agreement. Such advances carry interest at an agreed rate until the advances are executed.			
7. 2.1 Movement of term finance (Principal outstanding) is made up as under:			
Balance at 1 January		2,923,535,457	3,056,412,257
Less: Recovery during the year		(307,940,087)	(132,876,800)
Balance as at 31 December		2,615,595,370	2,923,535,457
7. 3 Loan to subsidiaries			
UniCap Investments Limited		5,307,663,307	5,520,121,400
UniCap Securities Limited		120,828,598	135,505,468
Balance as at 31 December		5,428,491,905	5,655,626,868
7. 4 Loan against deposits			
This represents outstanding loans given to depositors against term deposits. As per Company's policy, Union Capital Limited finances to depositors up to 95 percent of TDR value. Interest is charged on such loan @ 2 percent above the interest offered on TDR.			
Movement of loan against term deposit is as under:			
Balance at 1 January		23,701,391	22,086,819
Less: Recovery during the year		(23,463,612)	1,614,572
Balance as at 31 December		237,779	23,701,391
7. 5 Staff loan			
Staff loan includes loan provided to the eligible employees as per Company's approved policy			
Employees home loan		517,467	1,183,551
Employees car loan		641,331	641,331
Balance as at 31 December		1,158,798	1,824,882
7. 5.1 Movement of staff loan is made up as under:			
Balance at 1 January		1,824,882	2,975,179
Less: Recovery during the year		(666,084)	(1,150,297)
Balance as at 31 December		1,158,798	1,824,882
7.6 Residual maturity grouping of loans, advances and leases			
Repayable on demand		-	-
Upto 1 month		60,300,632	76,115,779
Over 1 month but not more than 3 months		125,184,759	160,075,013
Over 3 months but not more than 1 year		559,708,986	683,737,105
Over 1 year but not more than 5 years		11,095,721,743	10,813,569,398
Over 5 years		-	767,075,912
Total		11,840,916,120	12,500,573,206

Notes to the Financial Statements

Figures in BDT	
31-Dec-24	31-Dec-23
5,428,491,905	5,655,626,868
1,158,798	1,824,882
6,411,265,417	6,843,121,456
11,840,916,120	12,500,573,206

7.7 Loans, advances and leases on the basis of significant concentration

- a) Directors and their concerns
- b) Chief executive and other senior executives
- c) Customer groups

d) Details of large loans, advances and leases

As per Section 25 of the Finance Companies Act, 2023, a financial institution can not sanction any loans, advances and leases exceeding 30 percent of its paid up capital and reserve. During the year 2024 Union Capital Limited has not sanction loans, advances and leases extended to external customers.

e) Sector wise loans, advances and leases

As per Bangladesh Bank circular, sector wise loans and advances are as follows:

Sector

Trade and Commerce	921,623,434	937,383,530
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Industry:

Garments & Knitwear	588,021,170	674,710,737
Textiles	1,492,134,872	1,494,999,953
Food Production, Processing & Rice Mills	125,406,709	131,733,744
Jute & Jute-Products	12,218,718	12,218,718
Plastic & Rubber Industry	37,155,218	37,328,035
Leather & Leather Goods	413,741	413,741
Iron, Steel & Engineering	365,984,498	366,046,045
Pharmaceuticals & Chemicals	427,652,844	477,751,904
Cement & Allied Industry	4,696,118	4,696,118
Paper, Packaging, Printing, Publishing & Allied Industry	174,789,350	201,839,986
Wood, Furniture & Fixture	854,661	854,661
Glass, Glassware & Ceramic Industry	139,627,992	139,627,992
Ship Manufacturing & Breaking	759,912,107	762,330,297
Electronics & Electrical Products	219,358,693	219,742,629
Power, Gas, Petroleum, Water & Sanitary	-	-
Transport & Aviation	173,084,491	191,058,879
Others	-	-
Agriculture		
Crops	-	-
Froestry	-	-
Poultry & Livestock	241,332,379	238,844,831
Fisheries	-	-
Others (Cold Storage, Biofuel, Seed, Feed, Agri-related Other Institutions & Services)	154,227,350	175,637,553

Notes to the Financial Statements

	Figures in BDT	
	31-Dec-24	31-Dec-23
Mining & Quarrying		
Housing		
Individual/Retail Housing	375,407	375,407
Project/Commercial Housing	258,597,878	413,597,878
Financial Corporation		
Insurance Company	2,314,408	2,314,408
Merchant Banking	-	-
i. Loans to Own Subsidiaries	5,428,491,905	5,655,626,868
ii. Loans to Other FI/Bank Subsidiaries	-	-
iii. Loans to Brokerage House	-	-
Other Financial Auxiliaries	-	78,592
Service		
Tourism, Hospitality & Logistics	1,279,821	4,543,778
Health Sector	280,016,481	285,851,968
Tailoring & Laundry	9,499,367	11,902,629
Others	19,219,858	32,248,286
Consumer Finance		
Personal Loan	-	8,228
Auto Loan	1,230,076	1,230,076
Employee/Staff Loan	1,158,798	1,874,344
Loan Against Deposit	237,779	23,701,391
Grand total	11,840,916,120	12,500,573,206
7.8 Geographical location wise loans, advances and leases		
Dhaka Division	10,144,240,224	10,795,342,618
Chittagong Division	1,558,320,117	1,561,336,155
Rajshahi Division	98,303,312	102,119,620
Khulna Division	4,696,118	4,696,118
Rangpur Division	25,412,792	25,412,792
Barisal Division	-	-
Sylhet Division	9,943,557	11,665,904
Total	11,840,916,120	12,500,573,206

7.9 Details of large loan/investments

Loan sanctioned to any individual or enterprise or any organisation of a group amounting to 15% or more of the Company's total capital and classified amount therein and measures taken for recovery of such loan have been furnished as under (as per the instruction of DFIM, Bangladesh Bank, UCL has reported large loan amounting to 15% or more based on paid up capital and statutory reserves). Total capital of the Company as at 31 December 2024 was Taka (10,646.28) million against that of Taka (8,687.12) million as at 31 December 2023.

Number of client to whom loans and advances sanctioned with more than

15% of the Company's total capital each	8	8
Amount of outstanding loans and advances [to the client as mentioned above]	8,565,751,000	8,837,924,454
Amount of classified loans and advances [out of the amount as mentioned above]	8,444,922,000	8,711,146,004
Measures taken for recovery [for the amount as mentioned above]	-	-

Notes to the Financial Statements

Figures in BDT

31-Dec-24

31-Dec-23

7. 10 Particulars of loans, advances and leases

SL	Particulars		
I.	Financing considered good in respect of which the Company is fully secured	237,779	109,029,612
II.	Financing considered good in respect of which the Company is partially secured	130,864,440	227,769,834
III.	Financing considered good against which the Company holds no security other than the debtors' personal guarantee	293,274,587	321,339,877
IV.	Financing considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	-	-
V.	Financing adversely classified, provision not maintained there against	-	-
		424,376,806	658,139,323
VI.	Financing due by directors or officers of the Company or any of them either separately or jointly with any other persons	1,158,798	1,824,882
VII.	Financing due from companies or firms in which the Directors of the Company have interest as Directors, Partners or Managing Agents or in case of private companies as Members	5,428,491,905	5,655,626,868
VIII.	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Company or any of them either separately or jointly with any other person	-	-
IX.	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the Company have interest as directors, partners or managing agents or in case of private companies as members	-	-
X.	Due from banking companies and other financial institutions	-	-
XI.	Classified loans, advances and leases on which interest has not been charged	10,049,682,431	2,521,003,671
a)	Amount of written off loans, advances and leases	693,187,152	703,807,674
b)	Amount realized against the debts previously written off	12,817,421	24,973,302
c)	Provision kept against loans and advances classified as bad/loss	7,215,267,963	6,732,191,682
d)	Amount of interest creditable to the interest suspense account	113,647,010	496,720,325
XII.	Cumulative amount of the written off loans/leases:		
	Opening balance	703,807,674	717,487,846
	Add: Amount written off during the year	-	-
	Less: Amount recovered during the year	10,620,522	13,680,172
	Cumulative to date	693,187,152	703,807,674
	The amount of written off loans for which law suit filed	837,751,777	837,751,777
	Written off amount recovered during the year	12,817,421	24,973,302
	Excess collection over written off book value during the year	2,196,899	11,293,130
	Cumulative amount recovered from written off loans/leases:	433,082,425	420,357,360
a)	Cumulative amount recovered against written off book value	303,115,306	292,494,784
b)	Cumulative amount recovered over written off book value	129,967,119	127,770,220

Notes to the Financial Statements

7.11 Classification wise loans, advances and leases

Figures in BDT		
	31-Dec-24	31-Dec-23
Standard	424,376,806	784,917,773
Special mention account (SMA)	59,577,580	847,564,676
Unclassified	483,954,385	1,632,482,449
Sub-standard (SS)	37,660,471	74,932,710
Doubtful (DF)	59,109,100	276,811,628
Bad/loss (BL)	11,260,192,164	10,516,346,419
Classified	11,356,961,735	10,868,090,757
Total	11,840,916,120	12,500,573,206
Rate of classified loans, leases and advances	95.91%	86.94%

7.12 Particulars of required provision for loans, advances and leases

Required provision has been made for loans, leases and advances as per Bangladesh Bank guidelines. As per guidelines, provisions at the following rate have been made in the accounts depending on the classification status.

Particulars	Classification status	Provision (%)
Loans, advances and leases up to 5 years term		
Up to 2 months	Standard	1
3 to 5 months	SMA	5
6 to 11 months	SS	20
12 to 17 months	DF	50
18 months and above	BL	100
Loans, advances and leases exceeding 5 years term		
Up to 5 months	Standard	1
6 to 11 months	SMA	5
12 to 17 months	SS	20
18 to 23 months	DF	50
24 months and above	BL	100

However, as per DFIM Circular letter number -37 dated 04 December 2024, provision at the rate of 0.25 percent has been made against 'Small and Medium Enterprises (SME)' loan/lease falling under the classification status of standard and SMA, 5% for SS and 20% for DF.

Required provision according to classification status is mentioned below:

Particulars	Base for provision	Rate	Provision	Provision
Unclassified - General provision				
Standard (Excluding SME loan/leases)	300,734,118	1%	3,007,341	6,447,567
Standard (Financing to owned Subsidiaries)	120,828,598	2%	2,416,572	2,535,569
Standard (SME loan/leases)	2,814,090	0.25%	7,035	33,457
Special mention account (SME loan/leases)	2,770,121	0.25%	6,925	-
Special mention account	49,659,329	5%	2,482,966	37,065,327
	476,806,255		7,920,840	46,081,920
Classified - Specific provision				
Sub-standard (SME loan/leases)	32,271	5%	1,614	-
Sub-standard	28,850,971	20%	5,770,194	6,798,533
Doubtful (SME loan/leases)	505,555	20%	101,111	-
Doubtful	44,907,877	50%	22,453,938	90,613,338
Bad/loss	7,215,267,963	100%	7,215,267,963	6,732,191,682
	7,289,564,638		7,243,594,820	6,829,603,553
Required provision for loans, advances and leases			7,251,515,660	6,875,685,473
Provision maintained for reschedule loans, advances and leases			55,975,979	238,805,731
Total provision maintained for loans, advances and leases			7,307,491,639	7,114,491,204
Excess provision for loans, advances and leases			-	-

Notes to the Financial Statements

Figures in BDT	
31-Dec-24	31-Dec-23

7.13 Rate of net classified loans, advances and leases

Gross classified loans, advances and leases	11,356,961,735	10,868,090,757
Less: Interest suspense against classified loans, advances and leases	2,806,631,480	2,671,490,687
Less: Provision against classified loans, advances and leases	7,243,594,820	6,829,603,553
Net classified loans, advances and leases	1,306,735,435	1,366,996,517
Total loans, advances and leases	11,840,916,120	12,500,573,206
Rate of net classified loans, advances and leases	11.04%	10.94%

7.14 As per DFIM Circular no-08 dated 17 August 2021 and FRC letter (Ref. no-178/FRC/APR/2021/28(17)) dated 21 December 2021, UCL is required to obtain and preserve audited financial statements for loans and advances sanctioned/renewed to public interest entity. UCL has not been doing new business in the form of new disbursement since June 2019 due to liquidity crunch. UCL has been renewed loan of 1 (one) client of public interest entity from 1 January 2024 to 31 December 2024.

7.a LOANS, ADVANCES AND LEASES (consolidated)

Union Capital Ltd.	11,840,916,120	12,500,573,206
UniCap Securities Ltd.	485,759,740	499,598,495
UniCap Investments Ltd.	4,770,588,261	5,009,697,433
	17,097,264,121	18,009,869,135
Less: Inter-company transactions	5,428,491,905	5,655,626,868
Balance as at 31 December	11,668,772,216	12,354,242,267

8 FIXED ASSETS INCLUDING LAND, BUILDING, FURNITURE AND FIXTURES

Furniture and fixtures	6,017,003	8,160,576
Floor Space	415,891,104	415,891,104
Office decoration	10,767,459	16,829,015
Electric equipment	28,828,565	36,664,258
Owned vehicles	10,825,597	10,825,597
Leased vehicles	2,230,000	2,230,000
Right-of-use assets	8,329,838	11,931,531
Intangible assets (software)	2,722,128	2,810,528
Mobile phones	452,600	452,600
Total cost	486,064,294	505,795,209
Less: Accumulated depreciation and amortization	111,624,221	115,660,621
Written down value as at 31 December	374,440,073	390,134,588

Details are shown in **Annexure - A**

8.a FIXED ASSETS INCLUDING LAND, BUILDING, FURNITURE AND FIXTURES (consolidated)

Union Capital Ltd.	374,440,073	390,134,588
UniCap Securities Ltd.	10,747,389	15,683,838
UniCap Investments Ltd.	3,519,143	6,886,826
Balance as at 31 December	388,706,605	412,705,252

Notes to the Financial Statements

9 OTHER ASSETS

Investment in subsidiary (note 9.1)

Accrued interest

Others

Income generating other assets

Advance office rent

Advance to employees

Deposits with T & T, water etc.

Receivable from brokerage house against sale of shares

Transfer price receivable

Process Sharing receivable

Others

Non income generating other assets

Balance as at 31 December

Figures in BDT		
	31-Dec-24	31-Dec-23
Investment in subsidiary (note 9.1)	997,498,641	997,498,641
Accrued interest	7,292,966	6,289,141
Others	50,653,152	43,300,213
Income generating other assets	1,055,444,759	1,047,087,995
Advance office rent	2,214,854	2,214,854
Advance to employees	665,907	665,907
Deposits with T & T, water etc.	134,000	134,000
Receivable from brokerage house against sale of shares	1,344,498	105,409
Transfer price receivable	1,287,376	1,287,376
Process Sharing receivable	178,631,941	178,631,941
Others	3,185,074	4,294,469
Non income generating other assets	187,463,650	187,333,956
Balance as at 31 December	1,242,908,409	1,234,421,951

9.1 Investment in subsidiary

9.1.1 Investment in UniCap Securities limited

UniCap Securities Limited, a private limited company incorporated in Bangladesh, is a wholly owned subsidiary of Union Capital Limited, the entire issued shares of which were acquired by the Company at a nominal value of BDT one (1) in 1998. During the year 2003, an amount of Taka 2,498,900 was invested in UniCap Securities Limited against 24,989 ordinary shares of BDT 100 each. Further, in 2005, 2009, 2010, 2017 and 2018 BDT 10,000,000, BDT 35,000,000, BDT 50,000,000, BDT 75,000,000 and BDT 325,000,000 respectively were also invested in UniCap Securities Limited against allotment of 100,000, 350,000, 500,000, 750,000 and 3,250,000 ordinary shares of BDT 100 each.

9.1.2 Investment in UniCap investments limited

UniCap Investments Limited, a public limited company incorporated in Bangladesh, is a wholly owned subsidiary of Union Capital Limited of which Union Capital Limited holds 99.99 percent share of the said company. An aggregate amount of Taka 499,999,740 was invested in UniCap Investments Limited which includes Taka 99,999,935, Taka 99,999,935, Taka 50,000,000 and Taka 249,999,870 for the year 2011, 2012, 2013 and 2018 respectively.

9.1.a Deferred tax asset (consolidated)

Union Capital Limited

UniCap Securities Limited

UniCap Investments Limited

Balance as at 31 December

	-	-
Union Capital Limited	10,823,023	9,015,528
UniCap Securities Limited	357,723	414,712
Balance as at 31 December	11,180,746	9,430,240

9.1.b Deferred tax asset/(liabilities) (consolidated)

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

Deferred tax asset is arrived at as follows:

Particular			Union Capital Ltd.	UniCap Securities Ltd.	UniCap Investments Ltd.
Assets	Fixed assets net of depreciation	Carrying amount	369,316,938	1,810,557	233,277
		Tax base	237,986,836	12,374,087	400,698
	ROU	Carrying amount	5,123,135	8,936,831	3,285,865
Liabilities	Employee gratuity fund	Carrying amount	-	27,035,685	-
		Tax base	-	-	-
	Lease obligation	Carrying amount	5,170,605	10,694,064	4,072,371
			(131,282,632)	39,356,449	953,927
Applicable tax rate			37.50%	27.50%	37.50%
Deferred tax assets/(Liabilities) as on December 31, 2024			(49,230,987)	10,823,023	357,723
Deferred tax assets/(Liabilities) as on December 31, 2023			(42,785,539)	9,015,528	414,712
Deferred tax expense/(income) during the period			6,445,448	(1,807,496)	56,989

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
9.a OTHER ASSETS (consolidated)			
Union Capital Ltd.		1,242,908,409	1,234,421,951
UniCap Securities Ltd.		505,311,190	535,344,414
UniCap Investments Ltd.		203,158,815	182,802,021
		1,951,378,414	1,952,568,386
Less: Inter-company transactions		1,193,480,645	1,180,357,258
Balance as at 31 December		757,897,768	772,211,127
10 NON-BANKING ASSETS			
Non-banking assets		435,539,159	435,539,159
Total		435,539,159	435,539,159
This represents assets owned under the 'Certificate of Ownership' given by the competent court under section 33(7) of Artha Rin Adalat Ain 2003.			
10.1 Aging of non-banking assets			
Over 1 year but not more than 3 years		-	-
Over 3 years		435,539,159	435,539,159
Total		435,539,159	435,539,159
11 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS			
Borrowings from other banks			
In Bangladesh			
Bank loan (note 11.1)		1,677,970,025	1,993,402,460
Preference share (note 11.2)		2,600,000	7,900,000
		1,680,570,025	2,001,302,460
Bangladesh Bank (Small Enterprise refinancing scheme-JICA) (Note 11.3)		-	2,199,550
Bangladesh Bank (Women entrepreneur refinance scheme (Note 11.4)		-	450,000
Bangladesh Bank (Renewable energy and environment friendly sector) (Note 11.6)		38,858,176	49,960,510
Short term borrowing and call loan (Note 11.7)		722,700,000	722,900,000
		761,558,176	775,510,060
		2,442,128,201	2,776,812,520
Outside Bangladesh		-	-
Borrowings from banks		2,442,128,201	2,776,812,520
Borrowings from financial institutions		-	-
Borrowings from Directors/ Sponsors		-	-
Borrowings from Directors/ Sponsors		55,000,000	-
Balance as at 31 December		2,497,128,201	2,776,812,520
11.1 Bank loan			
This represents long term loan taken from different commercial banks, and is made up as under:			
Balance at 1 January		1,993,402,460	2,258,139,466
Received/ interest capitalised during the year		122,047,436	159,599,221
Repayment during the year		(437,479,871)	(424,336,227)
Balance as at 31 December		1,677,970,025	1,993,402,460

Loans are secured by way of first charge on all fixed and floating assets of the Company, ranking pari passu among all the lenders.

Notes to the Financial Statements

	Figures in BDT	
	31-Dec-24	31-Dec-23
11.1.1 Break up of bank loans		
BASIC Bank Limited	215,554,101	232,515,673
Dutch Bangla Bank Limited	-	12,873,715
Eastern Bank Limited	159,280,509	250,100,441
Jamuna Bank Limited	32,971,683	36,726,702
Midland Bank Limited	177,291,399	199,496,319
Modhumoti Bank Limited	342,806,729	380,186,413
Mutual Trust Bank Limited	402,006,943	474,537,664
National Credit & Commerce Bank Ltd.	-	-
Shahjalal Islami Bank Limited	21,236,536	30,888,655
Social Islami Bank Limited	82,425,804	92,115,538
Southeast Bank Limited	178,785,065	194,848,406
Woori Bank Bangladesh	65,611,256	89,112,934
Total secured long term loans	1,677,970,025	1,993,402,460

11.2 Preference share capital

0.79 cumulative non-convertible preference share of Tk. 10,000,000 each (fully paid up)	2,600,000	7,900,000
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11.2.1 Details of preference share capital

In order to increase Capital Adequacy Ratio, improving capital base and to accelerate investment growth UCL has issued 50 cumulative non-convertible redeemable preference shares of Tk. 10,000,000 each to the tune of Tk. 500,000,000 in March 2015. Since then, UCL has repaid its preference share capital and dividend thereon as per agreement. But from the mid of 2019 UCL has facing tremendous business challenge and liquidity crisis therefore it was very difficult to repay its liability as per schedule. Although there have significant business challenges as on 31 December 2024 we are able to reduce the preference share liability to 0.26 crore from 0.79 crore of previous year.

Rate of dividend payable on the preference shares is 12.50 percent per annum. Particulars of the subscribers are as follows:

Name of subscriber	No. of shares	Amount subscribed	Outstanding	Outstanding
Bangladesh Fund	-	100,000,000	-	5,300,000
NRB Global Bank Ltd.	-	100,000,000	-	-
National Housing Finance Co. Ltd.	-	50,000,000	-	-
DBH Corporation Ltd.	-	50,000,000	-	-
Uttara Finance & Investment Co. Ltd.	0.13	50,000,000	1,300,000	1,300,000
Brac Bank Ltd.	-	50,000,000	-	-
Midland Bank Ltd.	0.13	50,000,000	1,300,000	1,300,000
NRB Bank Ltd.	-	50,000,000	-	-
Total	0.26	500,000,000	2,600,000	7,900,000

11.3 Bangladesh Bank (Small Enterprise refinancing program-JICA)

Fund received from Japan International Cooperation Agency (JICA) through Bangladesh Bank. Details are as under:

Balance at 1 January	2,199,550	10,491,713
Received during the year	-	-
Repayment during the year	(2,199,550)	(8,292,163)
Balance as at 31 December	-	2,199,550

Fund is disbursed on reimbursement basis against submission of the projects with requisite papers and documents.

11.4 Bangladesh Bank (Women entrepreneur refinance scheme)

This fund was reimbursed from Bangladesh Bank under refinancing scheme against financing to women entrepreneur. The period of loan ranges from one to five years, matching the terms of respective projects. Details are as under:

Balance at 1 January	450,000	1,350,000
Received during the year	-	-
Repayment during the year	(450,000)	(900,000)
Balance as at 31 December	-	450,000

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11.5 Bangladesh Bank (Small Enterprise refinance scheme-DP2)

This fund was reimbursed from Bangladesh Bank under refinancing scheme against financing to outside Dhaka and Chattogram city corporation areas entrepreneur. The period of loan ranges from two to five years, matching the terms of respective projects. Details are as under:

Balance at 1 January	-	250,000
Received during the year	-	-
Repayment during the year	-	(250,000)
Balance as at 31 December	-	-

11.6 Bangladesh Bank (Renewable energy and environment friendly sector)

This fund was reimbursed from Bangladesh Bank under refinancing scheme for renewable energy and environment friendly sector. The period of loan will be repaid within 8 years, matching the terms of respective projects. Details are as under:

Balance at 1 January	49,960,510	61,062,844
Received during the year	-	-
Repayment during the year	(11,102,334)	(11,102,334)
Balance as at 31 December	38,858,176	49,960,510

11.7 Short term borrowing and call loan

Short term borrowing (Note 11.7.1)	594,700,000	594,900,000
Call loan (Note 11.7.2)	128,000,000	128,000,000
Balance as at 31 December	722,700,000	722,900,000

This represents bank overdraft and call loans availed from different banks to meet short-term fund requirements.

11.7.1 Short term loans

Bangladesh Development Bank Ltd.	88,800,000	88,800,000
Mutual Trust Bank Limited	59,100,000	59,200,000
Modhumoti Bank Limited	430,000,000	430,000,000
NRB Commercial Bank Limited	3,900,000	3,900,000
South Bangla Agriculture and Commerce Bank Limited	12,900,000	13,000,000
	594,700,000	594,900,000

11.7.2 Call loans

Modhumoti Bank Limited	-	-
Sonali Bank Limited	128,000,000	128,000,000
	128,000,000	128,000,000

11.8 Security against borrowings from other banks and financial institutions

Secured	1,565,916,661	1,863,855,775
Unsecured	876,211,540	912,956,745
	2,442,128,201	2,776,812,520

11.9 Maturity wise grouping

Repayable on demand	128,000,000	128,000,000
Upto 1 month	594,700,000	637,846,049
Over 1 month but not more than 3 months	98,767,803	92,808,875
Over 3 months but not more than 1 year	510,418,553	511,139,537
Over 1 year but not more than 5 years	1,113,599,130	1,318,872,756
Over 5 years	51,642,715	88,145,303
Total	2,497,128,201	2,776,812,520

11.a Borrowings from other banks, financial institutions and agents (consolidated)

Union Capital Limited	2,497,128,201	2,776,812,520
UniCap Securities Limited	202,646,630	228,801,652
UniCap Investments Limited	2,759,240,361	2,983,469,207
	5,459,015,192	5,989,083,379
Less: Inter-company transactions	2,854,616,484	3,073,401,610
Balance as at 31 December	2,604,398,708	2,915,681,769

Notes to the Financial Statements

14 OTHER LIABILITIES

	Figures in BDT	
	31-Dec-24	31-Dec-23
Provision for loans, advances and leases (note 14.1)	7,307,491,639	7,114,491,204
Provision for diminution in value of investments (note 14.2)	5,099,878	3,075,126
Provision for other assets and accrued interest (note 14.3)	212,212,507	205,538,414
Special provision (note 14.4)	54,028,368	7,464,405
Provision for investments in subsidiary (note 14.5)	748,749,191	224,500,000
Provision for non banking assets	435,539,159	-
Other provision	548,953,166	548,953,166
Interest suspense (note 14.6)	2,826,694,030	2,801,270,847
Interest suspense others	798,564,555	608,037,148
Provision for tax (note 14.7)	91,881,081	91,223,899
Deferred tax liabilities (note 9.1.b)	49,230,987	42,785,539
Financial expenses payable (note 14.8)	2,408,748,186	1,877,366,141
Lease liability	5,170,605	6,281,260
Deferred liability-employee gratuity (note 14.9)	93,039	3,959,751
Dividend on preference shares	9,058,180	18,689,595
Excise duty	192,000	662,650
Withholding tax payable	2,247,486	798,500
VAT payable	219,356	957,220
Accrued expenses and other payable (note 14.10)	56,717,098	60,788,384
Balance as at 31 December	15,560,890,511	13,616,843,249

14.1 Provision for loans, advances, and leases

Management, on the basis of analysis of quality of loan/lease and guidelines issued by Bangladesh Bank has determined provisions for doubtful losses. The provision is considered adequate to cover the possible future losses.

General provision on unclassified loans, advances and leases	63,896,819	284,887,651
Specific provision on classified loans, advances and leases	7,243,594,820	6,829,603,553
Balance as at 31 December	7,307,491,639	7,114,491,204

Movement in general provision on unclassified loans/leases:

Provision as on 1 January	284,887,651	171,963,568
Add : Provision made/(released) during the year	(9,236,440)	103,460,602
Less: Provision no longer required	(3,989,183)	(889,700)
Add/Less : Transferred from/(to)	(207,765,209)	10,353,181
Add : Net charge to profit and loss account	(220,990,832)	112,924,082
Balance as at 31 December	63,896,819	284,887,651

14.1.a General provision made during the year for loans, advances and leases (consolidated)

Union Capital Limited	(174,426,869)	104,610,577
UniCap Securities Limited	42,298,405	-
UniCap Investments Limited	-	-
Balance as at 31 December	(132,128,463)	104,610,577

14.1.b Movement in specific provision on classified loans/leases:

Provision as on 1 January	6,829,603,554	2,018,589,735
Less: Fully provided debts written off during the year	-	-
Add : Recoveries of amounts previously written off	-	-
Add/Less: Transferred from/(to) general provision	207,765,209	(10,353,181)
Add : Specific provision made during the year for other accounts	345,927,230	4,845,822,529
Less: Provision no longer required	(139,701,172)	(24,455,529)
Add : Net charge to profit and loss account	413,991,267	4,811,013,819
Balance as at 31 December	7,243,594,821	6,829,603,554
Total	7,307,491,639	7,114,491,204

Notes to the Financial Statements

	Figures in BDT	
	31-Dec-24	31-Dec-23
14.1.c Provision for loans, advances and leases (consolidated)		
Union Capital Limited	7,307,491,639	7,114,491,204
UniCap Securities Limited	88,282,786	45,984,381
UniCap Investments Limited	982,421,656	982,421,656
Balance as at 31 December	8,378,196,081	8,142,897,240
14.1.d Provision made during the year for loans, advance and leases		
General provision for loans, advance and leases	(220,990,833)	112,924,082
General provision for other assets and accrued interest	-	(93,456,005)
Specific provision	413,991,267	4,811,013,819
Special provision	46,563,963	634,095,666
Balance as at 31 December	239,564,397	5,464,577,562
14.1.e Provision made during the year for loans, advance and other assets (consolidated)		
Union Capital Limited	239,564,397	4,830,481,897
UniCap Securities Limited	42,298,405	-
UniCap Investments Limited	-	-
Balance as at 31 December	281,862,802	4,830,481,897
14.2 Provision for diminution in value of investments		
Provision as on 1 January	3,075,126	3,095,723
Add: Provision made/(released) during the year (note 14.2.1)	2,024,752	(20,597)
Balance as at 31 December	5,099,878	3,075,126
14.2.1 Allocation of provision made for diminution in value of investments		
Marketable securities	2,024,752	(20,597)
Unlisted securities	-	-
Total	2,024,752	(20,597)
14.2.a Provision made during the year for diminution in value of investments (consolidated)		
Union Capital Limited	2,024,752	(20,597)
UniCap Securities Limited	12,098,421	-
UniCap Investments Limited	-	30,400,000
Balance as at 31 December	14,123,173	30,379,403
14.2.b Provision for diminution in value of investments (consolidated)		
Union Capital Limited	5,099,878	3,075,126
UniCap Securities Limited	24,887,233	12,788,812
UniCap Investments Limited	58,674,833	58,674,833
Balance as at 31 December	88,661,944	74,538,771
14.3 Provision for other assets and accrued interest		
Provision as on 1 January	205,538,414	120,395,914
Add : Provision made/(released) during the year	6,674,093	-
Add : Net charge to P/L for accrued interest (note 14.3.1)	-	(31,194,476)
Add : Net charge to profit and loss account for other assets	-	116,336,976
Balance as at 31 December	212,212,507	205,538,414

In 2020, Union Capital Limited (UCL) applied to DFIM, Bangladesh Bank for extending time to keep provision against loan/lease and other assets of Tk. 432.14 million which was the part of Tk. 540.18 million deferred provision arisen in 2019. Accordingly, DFIM, Bangladesh Bank vide letter no. DFIM(C)/1054/26/2020-2176 dated 09 December 2020 permitted 9 (Nine) years to build up the same provision. In 2020, UCL built up full provision against loan/leases. To minimize the forthcoming risk UCL build up full provision against other assets and charged Tk. 116.33 million as provision in 2023. So, there will be no shortfall against other assets.

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14.3.1 Provision for accrued interest of Unicap Investments Limited

Provision as on 1 January	-	31,194,476
Less: Interest realised during the year	-	(31,194,476)
Net charge to profit and loss account	-	(31,194,476)
Balance as at 31 December	-	-

DFIM, Bangladesh Bank, vide letter no. DFIM(C)/1054/26/2020-2176 dated 09 December 2020 permit 8 (eight) years to build up provision against accrued interest of Tk.106 crore of UniCap Investments Limited (UIL) upon application by Union Capital Limited. As on 31 December 2023 the total outstanding balance of this accrued interest was Tk. 693.30 million which is included in the loan to subsidiary "UniCAP investment Limited" (note: 7.3). As Bangladesh Bank has classified this loan account in 2023 and UCL maintained all required provision which is shown in note no: 7.12 thus, we need not to kept provision separately on this accrued interest.

14.4 Special provision for loans, advances and leases

Provision as on 1 January	7,464,405	100,920,410
Add : Provision made/(released) during the year	46,563,963	(93,456,005)
Net charge to profit and loss account	46,563,963	(93,456,005)
Balance as at 31 December	54,028,368	7,464,405

14.5 Provision for investments in subsidiaries

Provision as on 1 January	224,500,000	224,500,000
Add : Net charge to P/L for Investment in subsidiaries(note 14.5.1)	524,249,191	-
Balance as at 31 December	748,749,191	224,500,000

14.5.1 Provision made during the period for Investment in subsidiaries and non banking assets

Unicap Investments Limited	374,999,740	-
Unicap Securities Limited	149,249,451	-
Non-banking assets	435,539,159	-
Other assets	6,674,093	-
Balance as at 31 December	966,462,443	-

14.6 Interest suspense

Balance as on 1 January	2,801,270,847	2,372,295,608
Add: Transferred during the year	113,647,010	496,720,325
Less: Amount of interest suspense recovered	88,223,827	67,745,086
Balance as at 31 December	2,826,694,030	2,801,270,847

Bangladesh Bank's DFIM circular no. 4 of 2021 requires that interest on loans/leases classified as SMA and above will be credited to interest suspense account, instead of crediting the same to income account. In accordance with the above circular interest on various loan/lease facilities classified as SMA, SS, DF and BL, has been set-aside in this account.

14.6.1 Product wise interest suspense accounts

On lease finance	180,244,791	188,006,929
On term finance	2,646,449,239	2,613,263,918
	2,826,694,030	2,801,270,847

14.6.1 Interest suspense (Consolidated)

Union Capital Limited	2,826,694,030	2,801,270,847
UniCap Securities Limited	-	-
UniCap Investments Limited	-	-
Balance as at 31 December	2,826,694,030	2,801,270,847
Less: Inter-company transactions	1,878,831,383	1,878,831,383
Balance as at 31 December	947,862,647	922,439,464

Notes to the Financial Statements

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14.7 Provision for tax

Provision for tax comprises provision for current tax and provision for deferred tax as well.

Provision for current tax

The Company calculated taxable profit/losses based on Income Tax Act 2023 and determined current tax liability as per applicable rate enacted by Finance Act 2023.

Provision for taxation	797,362,067	795,362,067
Less: Advance payment of tax	(708,480,986)	(706,138,168)
Add :Provision made during the year	3,000,000	2,000,000
Less: Transferred to/(from) during the year		
Balance as at 31 December	91,881,081	91,223,899

While estimating the current income tax for the period ended 31 December 2024, the Company has considered certain types of allowances made during the year as an admissible expense for income tax in current period.

Shortfall, if any between the current tax and tax ultimately payable by the Company shall be charged to the profit and loss at the time of final settlement.

14.7.1 Provision made during the period for current tax (consolidated)

Union Capital Ltd.	3,000,000	2,000,000
UniCap Securities Limited	12,500,000	16,917,404
UniCap Investments Ltd.	2,075,597	3,013,788
Balance as at 31 December	17,575,597	21,931,192

14.7.a Provision for current tax (consolidated)

Union Capital Ltd.	91,881,081	91,223,899
UniCap Securities Limited	475,052,126	464,510,403
UniCap Investments Ltd.	118,390,050	116,314,452
Balance as at 31 December	685,323,256	672,048,754

14.7.b Deferred tax liability (consolidated)

Union Capital Ltd.	49,230,987	42,785,539
UniCap Securities Limited	-	-
UniCap Investments Ltd.	-	-
Balance as at 31 December	49,230,987	42,785,539

14.7.c Deferred tax expenses/(income) made during the period (consolidated)

Union Capital Ltd.	6,445,448	7,474,017
UniCap Securities Limited	(1,807,496)	(13,345)
UniCap Investments Ltd.	56,989	(291,641)
Balance as at 31 December	4,694,941	7,169,031

14.8 Financial expenses payable

This comprises interest accrued on term deposits, security deposits and bank borrowings.

Interest payable on term deposits	2,299,018,808	1,820,407,960
Interest payable on cash security	465,564	432,433
Interest payable on long term borrowings	21,266,355	16,833,854
Interest payable on short term borrowings	87,760,653	39,691,894
Balance as at 31 December	2,408,511,380	1,877,366,141

14.9 Deferred liability-employee gratuity

Balance at 1 January	3,959,751	17,907,114
Add : Addition during the year	3,010,288	6,667,684
Less: Paid during the year	6,877,000	20,615,047
Balance as at 31 December	93,039	3,959,751

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14.10 Accrued expenses and other payable

Management expenses	1,579,388	5,172,139
Unclaim dividend account (note 14.10.1)	-	-
Payable for purchase of assets	52,364,716	54,358,018
Others payables	2,772,994	1,258,227
Balance as at 31 December	56,717,098	60,788,384

14.10.1 Unclaim dividend account

Year	Stock dividend in number	Fractional Dividend
Balance as at 31 December	-	-

In accordance to comply with the BSEC's Directive No. BSEC/CMRRCD/2021/03 dated 14 January 2021 and BSEC's letter having reference no. SEC/SRMIC/165-2020/pat-1/182 dated 19 July 2021, we have already deposited Tk. 1,399,558 against unclaimed or undistributed or unsettled Cash & Fractional Dividend for the year 2008 to 2018 to Capital Market Stabilization Fund (CMSF) SND A/C No: 00310311521301 of Community Bank Bangladesh Limited, Corporate Branch, Gulshan.

14.a OTHER LIABILITIES (consolidated)

Union Capital Limited	15,560,890,511	13,616,843,249
UniCap Securities Limited	763,761,319	698,881,629
UniCap Investments Limited	4,070,643,368	4,032,664,040
	20,395,295,198	18,348,388,918
Less: Inter-company transactions	4,648,688,809	4,643,915,259
Balance as at 31 December	15,746,606,389	13,704,473,659

15 Share capital

As at 31 December 2024, a total number of 172,573,843 (2023: 172,573,843) ordinary shares of Tk.10 each were issued, subscribed and fully paid up. Details are as follows:

Authorized capital

200,000,000 ordinary shares of Tk. 10 each	2,000,000,000	2,000,000,000
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Issued, subscribed and paid up capital:

172,573,843 ordinary shares of Tk.10 each	1,725,738,430	1,725,738,430
bonus shares	-	-
Total 172,573,843	1,725,738,430	1,725,738,430

Pattern of shareholdings

Directors/ Executives	Represented by	No. of shares held	Percentage
Palmal Garments Hosiery Ltd.	Mrs. Tajrina Sikder	16,792,968	9.73
Enrilco Limited	Mr. Nadeem A. Chaudhury	7,902,285	4.58
Mr. Munshi Shafiul Haque	Self	Nil	Nil
Dr. Qazi Moinuddin Mahnud	BSEC	Nil	Nil
Mr. A.N.M. Golam Shabbir	N/A	Nil	Nil

Composition of shareholdings

Composition of shareholdings as on 31 December 2024 was as under:

Group	No. of Shareholders		No. of Shares		Percentage	
	2024	2023	2024	2023	2024	2023
Sponsors & Directors (Institutions)	3	3	37,154,558	37,154,558	21.53	21.53
Sponsors & Directors (Individuals)	6	8	12,793,361	19,791,024	7.41	11.47
General Public (Institutions)	150	230	34,677,399	37,052,510	20.09	21.47
General Public (Individuals)	7,688	8,705	87,948,525	78,575,751	50.96	45.53
Total	7,847	8,946	172,573,843	172,573,843	100.00	100.00

Notes to the Financial Statements

Range of shareholdings

The distribution schedule of shareholdings as on 31 December 2024 was as under:

Shareholding range	No. of Shareholders		No. of Shares		Percentage	
	2024	2023	2024	2023	2024	2023
Less than 500 shares	1,815	1,927	315,815	287,126	0.18	0.17
500 to 5,000 shares	3,962	4,733	8,388,856	9,851,753	4.86	5.71
5,001 to 10,000 shares	836	981	6,388,145	7,465,050	3.70	4.33
10,001 to 20,000 shares	532	593	7,835,578	8,774,533	4.54	5.08
20,001 to 30,000 shares	207	222	5,189,740	5,520,634	3.01	3.20
30,001 to 40,000 shares	117	117	4,142,823	4,116,690	2.40	2.39
40,001 to 50,000 shares	79	70	3,661,341	3,273,613	2.12	1.90
50,001 to 100,000 shares	144	173	10,470,759	12,975,944	6.07	7.52
100,001 to 1,000,000 shares	131	104	35,021,368	26,789,303	20.29	15.52
Over 1,000,000 shares	24	26	91,159,418	93,519,197	52.82	54.19
Total	7,847	8,946	172,573,843	172,573,843	100.00	100.00

Capital requirement

The Company is subject to the regulatory capital requirement as stipulated in DFIM circular no 05 dated 4 July 2011 issued by Bangladesh Bank where a financial institution is required to maintain a minimum paid up capital of Tk. 1,000 million. Moreover, as per DFIM circular no. 14 dated 28 December 2011, the financial institutions are required to follow the prudential guidelines on Capital Adequacy and Market Discipline (CAMD) from 01 January 2012. Details are as under:

Solo Basis

Core capital (Tier-1)

	Figures in BDT	
	31-Dec-24	31-Dec-23
Paid up capital	1,725,738,430	1,725,738,430
Share premium	-	-
Statutory reserves	451,897,399	451,897,399
General reserves	-	-
Retained earnings	(12,823,916,686)	(10,864,756,638)
Sub-Total	(10,646,280,857)	(8,687,120,809)

Supplementary capital (Tier-2)

General provision (Unclassified loans upto specified limit+SMA +Off Balance Sheet exp.)	63,896,819	174,285,119
Asset revaluation reserves up to 50%	-	-
Revaluation reserve for securities upto 45%	-	-
Revaluation reserve for equity instrument upto 10%	-	-
All other preference shares	2,600,000	7,900,000
Other (if any item approved by Bangladesh Bank)	-	-
Sub-Total	66,496,819	182,185,119

Total eligible capital (A)

Total eligible capital (A)	(10,579,784,038)	(8,504,935,690)
Total risk weighted assets (RWA) (B)	13,830,091,562	14,014,428,058
Required capital based on risk weighted assets (10% of B) (C)	1,383,009,156	1,401,442,806

Capital surplus (A-C)

Capital surplus (A-C)	11,962,793,194	(9,906,378,496)
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Capital adequacy ratio (%) (A/B*100)

Capital adequacy ratio (%) (A/B*100)	-76.50%	-60.69%
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Consolidated Basis

Core capital (Tier-1)

Paid up capital	1,725,738,430	1,725,738,430
Share premium	-	-

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
Statutory reserves		451,897,399	451,897,399
General reserves		-	-
Non-controlling interest		(330)	(308)
Retained earnings		(13,053,720,284)	(10,983,706,549)
Sub-Total		(10,876,084,784)	(8,806,071,027)
Supplementary capital (Tier-2)			
General provision (Unclassified loans upto specified limit+SMA +Off Balance Sheet exp.)		150,396,556	153,559,252
Asset revaluation reserves up to 50%		-	-
Revaluation reserve for securities upto 45%		-	-
Revaluation reserve for equity instrument upto 10%		-	-
All other preference shares		2,600,000	7,900,000
Other (if any item approved by Bangladesh Bank)		-	-
Sub-Total		152,996,556	161,459,252
Total eligible capital (A)		(10,723,088,228)	(8,644,611,775)
Total risk weighted assets (RWA) (B)		12,568,762,792	13,001,944,652
Required capital based on risk weighted assets (10% of B) (C)		1,256,876,279	1,300,194,465
Capital surplus (A-C)		(11,979,964,507)	(9,944,806,240)
Capital adequacy ratio (%) (A/B*100)		-85.32%	-66.49%
16 STATUTORY RESERVE			
Balance as on 1 January		451,897,399	451,897,399
Add: Transferred from profit during the year		-	-
Balance as at 31 December		451,897,399	451,897,399
17 Retained earnings/(loss)			
Balance as on 1 January		(10,864,756,638)	(4,836,454,525)
Add: Profit/(loss) after tax during the period		(1,959,160,048)	(6,028,302,113)
Balance as at 31 December		(12,823,916,686)	(10,864,756,638)
17.a RETAINED EARNINGS/(loss) (consolidated)			
Balance as on 1 January		(10,983,706,549)	(4,914,005,454)
Add: Profit/(loss) after tax during the period		(2,070,013,735)	(6,069,701,095)
Balance as at 31 December		(13,053,720,284)	(10,983,706,549)
UIL has been enjoying term finance facility from Union Capital Limited since 2014 by converting Margin loan of UCL at the time of separation of Merchant Banking Unit in 2014.			
In 2018, UCL has charged amount of Tk. 49.19 crore as Portfolio management income under Portfolio Management Agreement 2017 for Used of licence and support by loans to UIL. In 2018 outstanding loans with UIL was Tk. 461.8 crore out of UCL total exposure Tk. 1,392.24 crore, (33.17%).			
As UCL has not in a position to record interest income from UIL due to Bangladesh Bank Instructed UCL for reduce the exposure of UIL within a single borrower exposure limited 2025 and recover of unrealized accrued interest income as per plan within 2022.			
18 INCOME STATEMENT			
Income			
Interest, discount and similar income (note 19)		231,027,814	319,929,229
Dividend income (note 21)		1,357,200	1,059,000
Fees, commission, exchange and brokerage (note 22)		266,921	313,253
Gains less losses arising from investment in securities (note 21)		63,636	312,434
Other operating income (note 23)		15,980,789	25,587,809
Total income		248,696,360	347,201,725

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
Expenses			
Interest paid on deposits, borrowings etc. (Note 20)		868,384,161	777,412,600
Administrative expenses (note 18.1)		91,019,051	93,478,313
Depreciation and impairment on company assets		15,791,668	15,917,906
Other operating expenses		15,164,488	14,664,036
Provision for leases, loans, advances and investments		241,589,149	4,830,461,300
Total expenses		1,231,948,517	5,731,934,155
18.1 ADMINISTRATIVE EXPENSES			
Salary and allowances (note 24)		76,658,516	78,988,846
Rent, taxes, insurance, electricity, etc (note 25)		3,565,912	2,750,625
Legal expenses (note 26)		859,158	1,969,203
Postage, stamp, telecommunication, etc (note 27)		1,630,765	1,587,399
Stationery, printings, advertisements, etc (note 28)		1,483,246	1,993,240
Managing Director's salary and allowances (note 29)		5,759,254	5,459,000
Directors' fees and remuneration (note 30)		832,200	500,000
Auditors' fees (note 31)		230,000	230,000
		91,019,051	93,478,313
19 INTEREST INCOME			
Income from lease finance		66,035,683	58,799,581
Income from term finance		125,645,454	243,666,970
Income from home finance		4,392	4,392
Interest on loan to subsidiaries		36,112,173	15,356,435
Interest on bank deposits		3,177,216	2,050,202
Income form other finance		52,896	51,649
Total		231,027,814	319,929,229
19.a INTEREST INCOME (consolidated)			
Union Capital Limited		231,027,814	319,929,229
UniCap Securities Limited		15,081,387	14,420,930
UniCap Investments Limited		45,911,937	50,366,218
		292,021,138	384,716,377
Less: Inter-company transactions		36,112,173	15,356,435
		255,908,965	369,359,942
20 INTEREST PAID ON DEPOSITS, BORROWINGS, etc.			
Interest on bank loan		237,854,522	218,159,886
Interest on JICA fund		(707,899)	243,491
Interest on women entrepreneur fund		240,799	35,156
Interest on financing brick kiln efficiency project		(1,032,923)	2,912,335
Interest on term deposits		567,603,188	515,488,036
Interest on money at call & short notice		63,718,413	56,955,650
Interest on cash security deposit		33,131	(162,760)
Interest on preference share		(3,514,315)	(17,960,267)
Bank charges		1,215,757	1,310,600
Interest on borrowing from directors,sponsors		2,549,305	-
Interest on lease rent		424,183	430,473
Total		868,384,161	777,412,600

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
20.a INTEREST PAID ON DEPOSITS, BORROWINGS etc. (consolidated)			
Union Capital Limited		868,384,161	777,412,600
UniCap Securities Limited		29,768,252	39,130,338
UniCap Investments Limited		28,387,787	347,187,362
		926,540,200	1,163,730,300
Less: Inter-company transactions		36,112,173	359,287,338
		890,428,027	804,442,962
<p>UniCap Investments Limited (a subsidiary company of Union Capital Limited) has charged interest expenses Tk. 343,930,903 for the year 2023 against the long term loan taken from Union Capital Limited (Parent Company). This amount has been recorded as interest suspense's account of Other Liabilities (Note:14) in Union Capital Limited (parent company) individual financial statements due to non-realization of income following Bangladesh Bank Guideline. During the year 2024, UCL has not charged interest income due to ULL has categorized as BL. In preparing consolidated financial statements the amount has been eliminated as intercompany transaction according to IFRS 10.</p>			
21 INVESTMENT INCOME			
Capital gain/(loss) on sale of securities (note 21.1)		63,636	312,434
Dividend income		1,357,200	1,059,000
Total		1,420,836	1,371,434
21.1. CAPITAL GAIN ON SALE OF SECURITIES			
Gain on sales of shares		63,636	314,598
Loss on sales of shares		-	(2,164)
Net gain/(loss) from sale of securities		63,636	312,434
21.a INVESTMENT INCOME (consolidated)			
Union Capital Limited		1,420,836	1,371,434
UniCap Securities Limited		5,567,196	29,577,191
UniCap Investments Limited		3,809,800	5,544,588
		10,797,832	36,493,213
Less: Inter-company transactions		-	-
		10,797,832	36,493,213
22 FEES, COMMISSIONS, EXCHANGE AND BROKERAGE			
Processing and documentation fees		191,006	258,684
Renewals and proceeds		75,915	54,569
Total		266,921	313,253
22.a FEES, COMMISSIONS, EXCHANGE AND BROKERAGE (consolidated)			
Union Capital Limited		266,921	313,253
UniCap Securities Limited		59,360,833	69,817,119
UniCap Investments Limited		8,962,498	9,640,942
		68,590,253	79,771,314
23 OTHER OPERATING INCOME			
Gain/(loss) on sale of fixed assets		3,163,368	473,457
Income from forfeited fund		-	141,050
Recoveries of loans written off		12,817,421	24,973,302
Total		15,980,789	25,587,809
23.a OTHER OPERATING INCOME (consolidated)			
Union Capital Limited		15,980,789	25,587,809
UniCap Securities Limited		1,024,103	2,181,027
UniCap Investments Limited		1,044,950	275,037
		18,049,842	28,043,873
Less: Inter-company transactions		-	-
		18,049,842	28,043,873

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
24 SALARIES AND OTHER EMPLOYEE BENEFITS			
Salaries & allowances		70,690,530	73,196,401
Festival bonus		5,967,986	5,792,445
Total		76,658,516	78,988,846
24.a SALARIES AND OTHER EMPLOYEE BENEFITS (consolidated)			
Union Capital Limited		76,658,516	78,988,846
UniCap Securities Limited		66,380,378	69,617,904
UniCap Investments Limited		16,177,956	16,162,843
Total		159,216,850	164,769,593
25 RENT, TAXES, INSURANCE, ELECTRICITY etc.			
Office rent, rates and taxes		141,450	-
Insurance		1,022,454	950,463
Power and electricity		2,402,008	1,800,162
Total		3,565,912	2,750,625
25.1 DISCLOSURE RELATED TO RENT, RATE AND TAXES:			
Actual rent expenses		1,640,130	2,248,044
Less: Reclassification of rent expenses (as per IFRS 16:)		1,498,680	2,248,044
Total		141,450	-
In addition to the above mentioned change in rent expense, implementation of IFRS 16 has resulted in charging of depreciation against Right-of-use asset as disclosed in Annexure A and of Interest expense on lease rent, as disclosed in Note 20.			
25.a RENT, TAXES, INSURANCE, ELECTRICITY etc. (consolidated)			
Union Capital Limited		3,565,912	2,750,625
UniCap Securities Limited		2,375,842	1,964,164
UniCap Investments Limited		711,954	573,687
Total		6,653,708	5,288,476
25.a.1 DISCLOSURE RELATED TO RENT, RATE AND TAXES:			
Actual rent , taxes, insurance, electricity			
Union Capital Limited		5,064,592	4,998,669
UniCap Securities Limited		10,116,663	13,942,475
UniCap Investments Limited		3,822,755	3,772,020
Less: Reclassification of rent expenses (as per IFRS 16)			
Union Capital Limited		1,498,680	2,248,044
UniCap Securities Limited		7,740,821	11,978,311
UniCap Investments Limited		3,110,801	3,198,333
Total		6,653,708	5,288,476
26 LEGAL EXPENSES			
Legal Expenses		-	64,111
Professional Fees		859,158	1,905,092
Total		859,158	1,969,203
26.a LEGAL EXPENSES (consolidated)			
Union Capital Limited		859,158	1,969,203
UniCap Securities Limited		-	-
UniCap Investments Limited		3,010,483	397,424
Total		3,869,641	2,366,627
27 POSTAGE, STAMP, TELECOMMUNICATION etc.			
Postage		68,846	62,976
Telegram, telex, fax and e-mail		1,024,397	986,974
Telephone - office		537,522	537,449
Total		1,630,765	1,587,399

Notes to the Financial Statements

27.a POSTAGE, STAMP, TELECOMMUNICATION etc. (consolidated)

	Figures in BDT	
	31-Dec-24	31-Dec-23
Union Capital Limited	1,630,765	1,587,399
UniCap Securities Limited	2,110,463	2,563,872
UniCap Investments Limited	425,894	496,341
Total	4,167,122	4,647,612

28 STATIONERY, PRINTING, ADVERTISEMENTS etc.

Printing and stationery	1,117,631	1,012,494
Advertisement	365,615	980,746
Total	1,483,246	1,993,240

28.a STATIONERY, PRINTING, ADVERTISEMENTS etc.(consolidated)

Union Capital Limited	1,483,246	1,993,240
UniCap Securities Limited	754,452	1,027,820
UniCap Investments Limited	160,186	199,482
Total	2,397,884	3,220,543

29 MANAGING DIRECTOR'S SALARY AND FEES

In addition to remuneration, the Managing Director & CEO is also provided with Company's car and cell phone. As per the paragraph 17 of IAS 24: "Related party Disclosures" regarding key management personnel, Managing Director is the key management personnel. His benefit is given below:

(a) Short term employee benefits:	5,759,254	5,459,000
(b) Post-employment benefits;	-	-
(c) Other long-term benefits	-	-
(d) Termination benefits; and	-	-
(e) Share-based payment	-	-
Total	5,759,254	5,459,000

The position of Managing Director & CEO, classified as key management personnel, has remained vacant since January 2022. Accordingly, the remuneration reported above, paid to the current acting charge, has been recognized as a benefit of office, reflecting the expense incurred by the company for this role and ensuring appropriate disclosure.

30 DIRECTORS' FEES

The Company pays fees to its Directors for attending the Board meetings and its Committee meetings as permitted by Bangladesh Bank. As per Bangladesh Bank's DFIM circular no. 03 dated 24 February 2010 and subsequent DFIM circular no. 13 dated 30 November 2015, a Director may be paid fees for attending Board or its Committee meetings which shall not exceed Tk. 8,000 for attending each meeting subject to certain limit.

The Board in its 270th Meeting held on 29 September 2019 has taken decision that the Board Members except the Independent Directors will not take any meeting fee in connection to the attendance of the Board/Committee Meetings until further notice. The Independent Directors are entitled to fee in the amount BDT 5,000 (existing amount was BDT 8,000) for attending the Board and its Committee meetings.

However, the Board in its 301st Meeting held on 24 August 2023 has revised its earlier decision and refixed the Meeting Attendance fee as Tk. 8,000/= for all the members of the Board for attending the Board and its Committee Meeting. Details are as under:

Total Board meetings (nos.)	10	12
Total members of the Board (nos.)	4	6
Quorum for Board meeting (nos.)	4	4
Average % of Directors present in the Board Meetings	82.38%	85.39%
Total Board Audit Committee meetings (nos.)	4	4
Quorum for Board Audit Committee Meeting (nos.)	2	2
Average % of Directors present in the Audit Committee meetings	80.00%	80.00%
Total Board Executive Committee meetings (nos.)	0	0
Quorum for Board Executive Committee meeting (nos.)	2	2

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
	Average no. of Directors present in the Executive Committee meetings (nos.)	Nil	Nil
	Total fees paid	507,200	500,000
	Directors Remuneration (note 30.1)	325,000	-
	Total	832,200	500,000
	* No meeting of the Executive committee was held in 2023 and 2024.		
30.1	In accordance with the Direction given by Bangladesh Bank vide DFIM Circular no: 01, dated 29 February 2024, the Board of Directors in its 313th Meeting held on 06 June 2024 has taken the decision to pay remuneration to the Intendent Directors and fixed Tk. 25,000/- as monthly remuneration for each Independent Directors with effect from July' 2024. Tax at source has been deducted at source as per the relevant rules of Income Tax.		
30.a	DIRECTORS' FEES (consolidated)		
	Union Capital Limited	832,200	500,000
	UniCap Securities Limited	236,000	111,900
	UniCap Investments Limited	304,000	163,200
	Total	1,372,200	775,100
31	AUDITORS' FEE		
	Auditors' fee	200,000	200,000
	VAT on audit fee	30,000	30,000
	Total	230,000	230,000
31.a	AUDITORS' FEE (consolidated)		
	Union Capital Limited	230,000	230,000
	UniCap Securities Limited	143,750	143,750
	UniCap Investments Limited	161,000	92,000
	Total	534,750	465,750
32	DEPRECIATION AND REPAIR OF ASSETS		
	Depreciation of fixed assets-freehold	14,196,852	13,939,643
	Depreciation of right-of-use assets	1,226,804	1,571,780
	Amortization of intangible assets	298,440	323,073
	Repairs and maintenance of assets	69,572	83,410
	Total	15,791,668	15,917,906
32.a	DEPRECIATION AND REPAIR OF ASSETS (consolidated)		
	Union Capital Limited	15,791,668	15,917,906
	UniCap Securities Limited	11,233,814	14,527,455
	UniCap Investments Limited	5,086,164	5,049,838
	Total	32,111,646	35,495,199
33	OTHER EXPENSES		
	HR development	57,500	23,722
	Travelling and conveyance	2,587,777	2,985,935
	Office expenses	2,114,448	3,447,309
	Motor vehicle fuel expenses	773,269	860,490
	Motor vehicle spare part expenses	798,943	410,067
	Subscription and fees	2,414,370	2,516,440
	Books, magazines, newspapers, etc	16,925	15,461
	AGM expenses (note 33.1)	497,094	296,260
	Entertainment and public relation & others	385,012	164,551
	Staff Welfare	5,019,150	3,943,801
	Donation	500,000	-
	Total	15,164,488	14,664,036

Notes to the Financial Statements

33.1. AGM EXPENSES

	Figures in BDT	
	31-Dec-24	31-Dec-23
Rent for venue	102,895	-
Printing of annual report	123,750	205,260
Database management	83,000	45,000
Publication of notice	36,800	23,000
Event decoration	38,724	-
Scrutinizer fee	23,000	23,000
Others	88,925	-
Total	497,094	296,260

33.a OTHER EXPENSES (consolidated)

Union Capital Limited	15,164,488	14,664,036
UniCap Securities Limited	14,309,828	15,480,124
UniCap Investments Limited	2,656,294	2,237,324
	32,130,609	32,381,484
Less: Inter-company transactions	-	-
Total	32,130,609	32,381,484

34 RECEIPTS FROM OTHER OPERATING ACTIVITIES

Renewals and proceeds	75,915	54,569
Total	75,915	54,569

35 PAYMENTS FOR OTHER OPERATING ACTIVITIES

HR development	57,500	23,722
Travelling and conveyance	2,587,777	2,985,935
Motor vehicle expenses	1,572,212	1,270,557
Subscription and fees	2,414,370	2,516,440
Office expenses	2,114,448	3,447,309
Books, magazines, newspapers, etc	16,925	15,461
Entertainment and public relation & staff welfare	5,404,162	4,108,352
Total	15,164,488	14,664,036

36 EARNINGS PER SHARE

Earnings Per Share (EPS) is calculated in accordance with International Accounting Standard 33: Earnings Per Share which has been shown on the face of Profit and Loss account.

36.1 Basic earnings per share

Earnings Per Share (EPS) is calculated in accordance with International Accounting Standard 33: "Earnings Per Share" which has been shown on the face of Profit and Loss account. Earnings Per Share (EPS) has significantly improved in 2024, rising to (11.35) from (34.93) in the previous year. This improvement is primarily attributable to: i) a reduction in the provision requirements for loans, advances, and leases; and ii) lower operating expenses driven by effective control over operational costs.

Profits attributable to ordinary shareholders

Net profit for the period	(1,959,160,048)	(6,028,302,113)
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Weighted average number of ordinary shares

Ordinary shares at 1 January	172,573,843	172,573,843
Bonus shares issued	-	-
Weighted average number of ordinary shares at reporting date	172,573,843	172,573,843
Earnings per share	(11.35)	(34.93)

36.2 Diluted earnings per share

The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during period ended 31 December 2024 and hence no diluted earnings per share is required to be calculated.

36.a EARNINGS PER SHARE (consolidated)

Profits attributable to ordinary shareholders

Net profit for the period (consolidated)	(2,070,013,735)	(6,069,701,095)
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Notes to the Financial Statements

Figures in BDT	
31-Dec-24	31-Dec-23

The consolidated EPS has increased in 2024 compared to the same period of the previous year, primarily due to: (i) a reduction in provision requirements for loans, advances, and leases; and (ii) a decrease in operating expenses resulting from effective cost management and control measures.

Weighted average number of ordinary shares

Ordinary shares at 1 January	172,573,843	172,573,843
Bonus shares issued	-	-
Weighted average number of ordinary shares at reporting date	172,573,843	172,573,843
Restated weighted average number of ordinary shares	172,573,843	172,573,843
Earnings per share- consolidated	(11.99)	(35.17)

37 OPERATING SEGMENT REPORT (consolidated)

Particulars	For the year 2024			Total
	Core financing business	Investment Banking Business	Brokerage Business	
Revenue and profit				
External revenue				
Net Interest Income	(637,356,347)	17,524,150	(14,686,865)	(634,519,062)
Investment Income	1,420,836	3,809,800	5,567,196	10,797,832
Fees, commissions, exchange and brokerage	266,921	8,962,498	59,360,833	68,590,253
Other operating Income	15,980,789	1,044,950	1,024,103	18,049,842
Total segment revenue	(619,687,801)	31,341,398	51,265,266	(537,081,136)
Other operating expenses	108,297,987	25,326,247	86,310,712	219,934,946
Major non-cash expenses:				
Depreciation	13,677,220	3,367,683	11,233,814	28,278,717
Provision for future losses	1,208,051,592	-	54,396,827	1,262,448,419
	1,330,026,799	28,693,930	151,941,353	1,510,662,082
Reportable segment profit before tax	(1,949,714,600)	2,647,468	(100,676,086)	(2,047,743,218)

Particulars	For the year 2023			Total
	Core financing business	Investment Banking Business	Brokerage Business	
Revenue and profit				
External revenue				
Net Interest Income	(457,483,371)	47,109,759	(24,709,408)	(435,083,020)
Investment Income	1,371,434	5,544,588	29,577,191	36,493,213
Fees, commissions, exchange and brokerage	313,253	9,640,942	69,817,119	79,771,314
Other operating Income	25,587,809	275,037	2,181,027	28,043,873
Inter-segment revenue	-	-	-	-
Total segment revenue	(430,210,875)	62,570,325	76,865,929	(290,774,620)
Other operating expenses	111,589,658	21,895,437	90,909,531	224,394,626
Major non-cash expenses:				
Depreciation	12,470,597	3,476,701	14,527,458	30,474,757
Provision for future losses	5,464,556,966	30,400,000	-	5,494,956,966
	5,588,617,221	55,772,139	105,436,989	5,749,826,349
Reportable segment profit before tax	(6,018,828,096)	6,798,187	(28,571,060)	(6,040,600,969)

Notes to the Financial Statements

Segment assets and liabilities

Particulars	For the year 2024			Total
	Core financing business	Investment Banking Business	Brokerage Business	
External Assets				
Total assets	15,394,014,061	5,390,328,419	1,294,826,588	22,079,169,068
Inter-segment assets	(6,606,176,112)	(15,796,438)	-	(6,621,972,550)
Total segment assets	8,787,837,949	5,374,531,981	1,294,826,588	15,457,196,518
External Liabilities				
Total liabilities	26,040,294,918	6,829,883,729	966,407,950	33,836,586,596
Inter-segment liabilities	-	(7,366,470,756)	(136,834,538)	(7,503,305,293)
Total segment liabilities	26,040,294,918	(536,587,027)	829,573,412	26,333,281,303

Particulars	For the year 2023			Total
	Core financing business	Investment Banking Business	Brokerage Business	
External Assets				
Total assets	15,863,036,394	5,576,063,056	1,367,470,510	22,806,569,960
Inter-segment assets	(6,829,125,478)	(6,858,648)	-	(6,835,984,126)
Total segment assets	9,033,910,916	5,569,204,408	1,367,470,510	15,970,585,834
External Liabilities				
Total liabilities	24,550,157,203	7,016,133,247	927,683,281	32,493,973,731
Inter-segment liabilities	-	(7,577,689,305)	(139,627,564)	(7,717,316,869)
Total segment liabilities	24,550,157,203	(561,556,058)	788,055,717	24,776,656,862

Figures in BDT

31-Dec-24

31-Dec-23

38 AVERAGE EFFECTIVE TAX RATE

The average effective tax rate is calculated below as per International Accounting Standard (IAS) 12: Income Taxes.

Tax expenses	9,445,448	9,474,017
Accounting profit before tax	(1,949,714,600)	(6,018,828,096)
Average effective tax rate	-0.48%	-0.16%

38.1 RECONCILIATION OF EFFECTIVE TAX RATE

Profit/(loss) before income tax as per profit & loss account	(1,949,714,600)	(6,018,828,096)
Income tax as per applicable tax rate	37.50%	-
Net inadmissible expenses (including prior years' adjustments)	-0.15%	3,000,000
Effect of deferred tax	-0.33%	6,445,448
Reported average effective tax rate & total tax expenses	-0.48%	9,445,448

38.a AVERAGE EFFECTIVE TAX RATE (consolidated)

The consolidated average effective tax rate is calculated below as per International Accounting Standard (IAS) 12:

Income Taxes.

Tax expenses	22,270,539	29,100,223
Accounting profit before tax	(2,047,743,218)	(6,040,600,969)
Average effective tax rate	-1.09%	-0.48%

Notes to the Financial Statements

Figures in BDT

31-Dec-24

31-Dec-23

38.a.1 RECONCILIATION OF EFFECTIVE TAX RATE

Profit/(loss) before income tax as per profit & loss account		(2,047,743,218)	(6,040,600,969)
Income tax as per applicable tax rate	35.83%	-	-
Net inadmissible expenses (including prior years' adjustments)	-0.33%	6,777,766	(14,562,021)
Tax saving from reduced tax rates (from 0% to 20% for exempted investments income, dividend income, capital gains, etc.)	-0.53%	10,797,832	36,493,213
Effect of deferred tax	-0.23%	4,694,941	7,169,031
Reported average effective tax rate & total tax expenses	-1.09%	22,270,539	29,100,223

39 NET OPERATING CASH FLOWS PER SHARE

Net cash flows from operating activities	476,121,008	470,954,622
Total number of ordinary shares outstanding	172,573,843	172,573,843
Net operating cash flows per share	2.76	2.73

39.a NET OPERATING CASH FLOWS PER SHARE (consolidated)

Net cash flows from operating activities	523,585,985	378,136,212
Total number of ordinary shares outstanding	172,573,843	172,573,843
Net operating cash flows per share	3.03	2.19

Net Operating Cash Flow per Share (NOCFPS) increased to BDT 3.07 for the period ended 31 December 2024, compared to BDT 2.19 in the previous period. This improvement is primarily attributable to higher recoveries from loans and advances to investment clients, reduced payments to depositors, and an increase in accrued liabilities.

40 NET ASSET VALUE PER SHARE (NAV)

Net asset (total assets less total liabilities)	(10,646,280,857)	(8,687,120,809)
Total number of ordinary shares outstanding	172,573,843	172,573,843
Net asset value per share (NAV)	(61.69)	(50.34)

During the period ended 31 December 2024, NAV has been decreased to BDT (61.40) from BDT (50.34) of previous year due to incurring net loss after tax of about BDT 190.92 crore and the main reasons for this loss are decrease of net interest income, investment income and other operation income.

40.a NET ASSET VALUE PER SHARE (NAV) (consolidated)

Net asset (total assets less total liabilities)	(10,876,084,785)	(8,806,071,028)
Total number of ordinary shares outstanding	172,573,843	172,573,843
Net asset value per share (NAV)	(63.02)	(51.03)

41 (INCREASE)/DECREASE IN OTHER ASSETS

Accrued interest	(1,003,825)	8,600,449
Advance to employees	-	(2)
Receivable from brokerage houses against sale of shares	(1,239,089)	8,858,227
Others	(5,990,034)	(7,452,949)
	(8,232,948)	10,005,725

42 INCREASE/(DECREASE) IN OTHER LIABILITIES

216,595,175 **247,696,350**

43 RECONCILIATION OF NET PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES

Net profit after tax	(1,959,160,048)	(6,028,302,113)
Items not involved in cash movement:		
Add: Depreciation	15,722,095	15,834,497
Add: Provision for loans and investments	1,208,051,592	5,464,556,966
Add: Provision for taxation	3,000,000	2,000,000
Add/ (Less): Accrued expenses	518,157,879	437,791,244
Add/ (Less): Accrued Income	8,246,589	(6,376,576)
Add/(Less): Loss/(gain) on sale of share	(63,636)	(312,434)
Increase/(Decrease) in employee gratuity	(3,866,712)	(13,947,363)
Increase/(Decrease) in Deferred tax	6,445,448	7,474,017
Adjustments to reconcile net profit after tax to net cash provided by operating activities	(206,630,161)	(121,755,219)

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
Increase/decrease in operating assets and liabilities			
(Increase)/decrease in loans, advances		651,156,987	666,990,319
(Increase)/decrease in other assets		(8,232,948)	10,005,724
Increase/(decrease) in term & other deposits		(174,225,228)	(322,093,987)
Increase/(decrease) in short term borrowing		(200,000)	(7,650,000)
Increase/(decrease) in payable and accrued expenses		644,585	(344,819,660)
Increase/(decrease) in income tax		(2,342,818)	(2,238,565)
Increase/(decrease) in interest suspenses		215,950,590	592,516,010
		682,751,168	592,709,841
Net cash flows from/(used in) operating activities		476,121,008	470,954,622
43.a	RECONCILIATION OF NET PROFIT WITH CASH FLOW FROM OPERATING ACTIVITIES (consolidated)		
	Net profit after tax	(2,070,013,757)	(6,069,701,192)
	Items not involved in cash movement:		
	Add: Depreciation	30,323,593	33,838,655
	Add: Provision for loans and investments	1,262,448,419	5,494,956,966
	Add: Provision for taxation	17,575,597	21,931,192
	Add/ (Less): Accrued expenses	531,044,026	434,607,333
	Add/ (Less): Accrued Income	11,072,985	3,128,546
	Add/(Less): Loss/(gain) on sale of share	(562,619)	(20,494,256)
	Increase/(Decrease) in employee gratuity	665,124	(6,661,555)
	Increase/(Decrease) in Deferred tax	4,694,942	7,169,031
	Adjustments to reconcile net profit after tax to net cash provided by operating activities	(215,915,058)	(102,600,838)
	Increase/decrease in operating assets and liabilities		
	(Increase)/decrease in loans, advances	676,969,952	992,328,855
	(Increase)/decrease in other assets	23,518,912	(210,563)
	(Increase)/decrease in non-banking assets	-	-
	Increase/(decrease) in term & other deposits	(174,225,228)	(322,093,987)
	Increase/(decrease) in short term borrowing	(200,000)	(7,650,000)
	Increase/(decrease) in payable and accrued expenses	18,150,417	(753,427,385)
	Increase/(decrease) in income tax	(20,663,599)	(20,725,881)
	Increase/(decrease) in interest suspenses	215,950,590	592,516,010
		739,501,044	480,737,050
	Net cash flows from/(used in) operating activities	523,585,985	378,136,212

44 MARKTE CAPITALISATION AND SHARE PRICE

Market capitalization of the Company, which is the number of ordinary shares in issue multiplied by the market value of a share. Total number of ordinary shares outstanding as at 31 December 2024 was 172,573,843 and the market value per share of last trading day (30 December 2024) was Tk. 6.20 in DSE. Thus market capitalization based on DSE value was Tk. 1,069.96 million (2023: Tk. 1,535.91 million).

Market for Union Capital's ordinary shares

The Company's ordinary shares are traded on the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) under the symbol of 'UNIONCAP'. The following table indicates the high and low prices for shares of Union Capital, as reported by DSE.

Particulars	Quarters	DSE		CSE	
		High	Low	High	Low
High-low share price	First quarter	13.20	8.20	13.50	8.50
	Second quarter	9.10	6.50	9.10	6.60
	Third quarter	9.40	7.30	9.70	7.10
	Fourth quarter	7.40	5.80	7.60	6.00
No. of shareholders	There were 7,847 shareholders as per share register as on 31 December 2024.				

Notes to the Financial Statements

45 RELATED PARTY TRANSACTIONS

Union Capital in normal course of business carried out a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: Related Party Disclosures. The Company extends loans/leases to related parties including its directors and related companies. These related party loans/leases were made at the competitive terms including interest rates and collateral requirements, as those offered to other customers of similar credentials.

Union Capital also takes term deposits from its related parties. The rates on the term deposits offered to them are also similar to those offered to other depositors. Total exposure with the related parties as at 31 December 2024 was as under:

Name of the related party	Relationship	Nature of transaction	2024	2023
Vanguard AML BD Finance Mutual Fund 1	Common Former Directors	Term deposit	15,004,236	15,038,953
Vanguard AML Rupali Bank Balance Fund	Common Former Directors	Term deposit	3,686,583	19,651,153
UniCap Securities Limited	Subsidiary Company	Inter-company	120,828,598	135,505,468
UniCap Investments Limited	Subsidiary Company	Inter-company	5,486,295,248	5,698,753,341
EC Securities Ltd.	Sponsor	Term loan	20,086,111	-
Palmal Garments Hosiery Ltd.	Sponsor and Director	Term loan	20,086,111	-
Mr. Kazi Golam Samiur Rahman	Sponsor	Term loan	5,021,528	-

46 PARTICULARS OF THE DIRECTORS

Sl no	Name of the Directors/ Shareholding company	Represented by	Designation	Address	% of shares as at 31 Dec-2024
1	Mr. Munshi Shafiul Haque	Self	Independent Director and Chairman	Flat: C-5, House No-712/17, Road: 10, Baitul Aman Housing Society, Adabor, Dhaka - 1257	-
2	Palmal Garments Hosiery Ltd.	Tajrina Sikder	Director	House # 2/B, Road # 29 Gulshan – 1, Dhaka-1212	9.73
3	Enrilco Limited	Nadeem A. Chaudhury	Director	Navana Ellsworth (8th floor), House # 01, Road # 23, Banani, Block-B, Dhaka-1213	4.58
4	Dr. Qazi Moinuddin Mahmud	Bangladesh Securities and Exchange Commission	Independent Director	Flat: J, Level - 5 (Top Floor) Bangobondhu Sheikh Mujibur Rahman Hall, House Tutor's Quarter, University of Dhaka	-

47 DIRECTORS AND THE ENTITIES IN WHICH THEY HAVE INTEREST

Sl	Name of the Directors	Designation	Entities
1	Mr. Munshi Shafiul Haque	Independent Director and Chairman	NIL
2	Nadeem A. Chaudhury	Director	1. Unicap Securities Limited 2. Enrilco Limited 3. Green Delta Securities Ltd. 4. Green Delta Capital Limited
3	Tajrina Sikder	Director	1. Palmal Garments Hosiery Ltd. 2. Palmal Garments Washing Ltd. 3. Amazon Garments Ltd. 4. N.K.K. Knitwear Ltd. 5. Max Speed Plastic Ltd. 6. Designer Line (Pvt.) Ltd. 7. Palmal Knitwear Factory Limited 8. Palmal Garments Limited 9. UniCap Investments Ltd. 10. UniCap Securities Ltd.
4	Dr. Qazi Moinuddin Mahmud	Independent Director	NIL

Notes to the Financial Statements

48 DISCLOSURE ON THE BOARD AUDIT COMMITTEE

Composition of audit committee

The Audit committee consists of the following directors of the Board:

Sl	Name	Status with the Company	Position in the Committee
1	Dr. Qazi Moinuddin Mahmud	Independent Director	Chairman
2	Mr. Nadeem A. Chaudhury	Director	Member
3	Ms. Tajrina Sikder	Director	Member

Audit committee meetings held during the year

Sl no.	Meeting no.	Meeting date
1	77th Audit Committee Meeting	31-Mar-24
2	78th Audit Committee Meeting	27-Jun-24
3	79th Audit Committee Meeting	30-Jul-24
4	80th Audit Committee Meeting	24-Oct-24

The committee discussed the following issues during the year

- Reviewed the draft consolidated financial statements for the year ended 31 December 2023 along with auditors report thereon and recommended it to the Board of Directors for consideration.
- Reviewed the internal control functions and recommended before the Board for enhancement of the activities streamlining operational risk.
- Reviewed with the senior management of the Company's policies and procedures to prevent illegal or unethical activities, key accounting policies and procedures, internal controls, significant areas of risk, legal or regulatory matters that may have an impact on the financial statements, and any other matters that may affect financial reporting.
- Reviewed the reports submitted by the Internal Control and Compliance Department and advised management for timely implementation and follow up.
- Recommended to the Board for appointment of auditors for the year 2024 and fixation of their remuneration.
- Reviewed the management letter of external auditors submitted for the year ended on 31 December 2023.
- Reviewed the quarterly and half yearly financial statements for the year 2024.
- Reviewed quarterly operation report of the Company for the year 2024.

49 UNDISBURSED CONTRACTED LOANS, ADVANCES AND LEASES

The Company makes various commitments in the normal course of business. No material losses are anticipated as a result of these transactions. These business commitments are quantified below:

In million Taka

Particulars	2024	2023
Lease and term finance commitments outstanding at 31 December	-	-
Real estate finance commitments outstanding at 31 December	-	-
	-	-

50 CAPITAL EXPENDITURE COMMITMENTS

There was no capital expenditure contracted but not incurred or provided as at 31 December 2024. There was no material capital expenditure authorised by the Board but not contracted as at 31 December 2023.

51 UNACKNOWLEDGED DEBT

The Company had no claim, legal or other, against it which has not been acknowledged as debt at the balance sheet date.

52 NEW CONTRACTS/SANCTIONS AND DISBURSEMENTS

During the year the Company contracted and disbursed the following amount:

In million Taka

Particulars	2024		2023	
	Contracts/Sanctions	Disbursements	Contracts/Sanctions	Disbursements
Lease and term finance	-	-	-	-
	-	-	-	-

Notes to the Financial Statements

53 BOARD MEETINGS AND NUMBER OF DIRECTORS

During the year 2024, 10 (ten) Board meetings were held. As on 31 December 2024, there were 4 (four) members in the Board, including two Independent Directors. As per the Finance Company Act 2023, a finance-company shall have maximum 15 (fifteen) Directors in the Board including independent director. The Managing Director is an ex-officio Director having no voting right.

54 NUMBER OF EMPLOYEES

As of 31 December 2024 a total number of 130 employees including subsidiaries (2023: 143) were employed in Union Capital Limited. Each of the employees received salary more than Tk. 36,000 per annum during the year 2024.

55 REPORTING CURRENCY AND LEVEL OF PRECISION

The figures in the financial statements represent Bangladesh currency (Taka/Tk.), which has been rounded off to the nearest integer.

56 IMPACT OF INFLATION AND CHANGING PRICES

Financial Institutions are affected differently by inflation than those of industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring the spread between interest cost and interest income yields through adjustments of maturities and interest rates of assets and liabilities.

Financial statements presented herein have been prepared in accordance with International Accounting Standards and International Financial Reporting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs. However, in some cases, particular IAS/IFRS specifically suggests to measure some assets/liabilities at fair value. Such as, IAS 39 suggests to measure investment in tradable securities at its fair value by crediting shareholders' equity.

57 EVENTS AFTER THE REPORTING PERIOD

57.1 Dividend for the year 2024

The Board of the Directors in its 324th meeting held on 29 June 2025 recommended no dividend for the year ended 31 December 2024 subject to the approval of the shareholders in the ensuing 27th Annual General Meeting (AGM).

57.2 Others

No other material event occurred after the reporting period, which could materially affect the amounts or disclosures in these financial statements.

58 FOREIGN CURRENCY EXPOSURE PROFILE

There were no foreign currency monetary assets or liabilities that would give rise to gains or losses in the profit and loss account.

59 COMPARATIVE FIGURES

Comparative information has been disclosed in respect of the year 2024 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements. Figures of the year 2023 have been restated, reclassified and rearranged whenever considered necessary to ensure comparability with the current period.

60 FINANCIAL HIGHLIGHTS

Key financial highlights of the Company are annexed as **Annexure-B**.

61 GEOGRAPHICAL AREA OF OPERATIONS

Union Capital Limited is currently operating in Chittagong, Sylhet and Bogra along with its other branch at Gulshan in Dhaka.

62 INTERIM FINANCIAL STATEMENTS

Union Capital Limited publishes its interim financial statements quarterly as required by the Bangladesh Securities and Exchange Commission.

64 CHANGE IN AND DISAGREEMENT WITH AUDITORS

There were no changes and disagreement with the Auditors on accounting and financial disclosures.

65 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors of the Company on 29 June 2025.



Chairman



Director



Managing Director & CEO (CC)



Company Secretary (CC)

Place: Dhaka, Bangladesh

Date: 29 June 2025

Union Capital Limited
Schedule of Fixed assets including land, building, furniture and fixtures
As at 31 December 2024

Figures in BDT

Particulars	Cost			Rate of depreciation	Depreciation			Written down Value
	As at 1 st January 2024	Addition during the period/year	Disposal/ adjustment during the period/year		As at 31 st December 2024	Charged during the period/ year	Disposal/ adjustment during the period/ year	
Freehold assets								
Office space	415,891,104	-	-	2.50%	415,891,104	10,397,280	-	362,171,826
Furniture and fixtures	8,160,576	-	2,143,573	20%	6,017,003	796,622	2,143,572	4,214
Office decoration	16,829,015	-	6,061,556	33%	10,767,459	5,709	6,061,548	26
Electrical equipment	36,664,259	27,654	7,863,348	20%	28,828,565	2,818,393	7,863,283	6,559,691
Owned vehicles	13,055,597	-	-	20%	13,055,597	178,848	-	22
Software	2,810,528	-	88,400	20%	2,722,128	298,439	88,399	581,135
Mobile Phone	452,600	-	-	20%	452,600	-	-	24
Staff appliance	-	-	-	20%	-	-	-	-
	493,863,679	27,654	16,156,877		477,734,456	14,495,291	16,156,802	369,316,938
Leasehold assets								
Right-of-use assets	8,357,936	-	28,098	lease term	8,329,838	1,226,804	28,098	5,123,135
Leased vehicles	-	-	-		-	-	-	-
As at 31 December 2024	502,221,615	27,654	16,184,975		486,064,294	15,722,095	16,184,900	374,440,073
As at 31 December 2023	504,616,217	10,866,672	13,261,274		502,221,615	15,834,497	9,486,207	390,134,588

Consolidated Schedule of Fixed assets including land, building, furniture and fixtures

As at 31 December 2024

Figures in BDT

Particulars	Cost			Rate of depreciation	Depreciation			Written down Value
	As at 1 st January 2024	Addition during the period/year	Disposal/ adjustment during the period/year		As at 31 st December 2024	Charged during the period/ year	Disposal/ adjustment during the period/ year	
Freehold assets								
Office space	415,891,104	-	-	2.50%	415,891,104	10,397,280	-	362,171,824
Furniture and fixtures	11,633,403	52,211	2,143,573	20%	9,542,041	891,836	2,143,572	79,145
Office decoration	38,223,271	104,520	6,061,556	33%	32,266,235	1,016,865	6,061,548	718,785
Electrical equipment	54,347,704	3,686,211	11,264,051	20%	46,769,864	6,762,145	11,263,986	8,040,491
Owned vehicles	21,221,034	-	-	20%	21,221,034	178,848	-	22
Software	7,704,558	-	88,400	20%	7,616,158	518,510	88,399	350,461
Mobile Phone	512,500	-	-	20%	512,500	-	-	44
Staff appliance	-	-	-	20%	-	-	-	-
	549,533,574	3,842,942	19,557,580		533,818,936	19,765,485	19,557,505	371,360,774
Leasehold assets								
Right-of-use assets	77,875,593	2,482,077	28,098	lease term	80,329,572	10,558,108	28,098	17,345,831
Leased vehicles	-	-	-		-	-	-	-
As at 31 December 2024	627,409,167	6,325,019	19,585,678		614,148,508	30,323,593	19,585,603	388,706,605
As at 31 December 2023	644,667,878	22,447,652	39,706,363		627,409,167	33,838,655	26,466,237	412,705,252

Union Capital Limited

Annexure-B

Highlights on the Overall Activities (as per Bangladesh Bank guidelines)

As at 31 December 2024

Figures in million BDT

Sl No.	Particulars	2024	2023
1.	Paid-up capital	1,725.74	1,725.74
2.	Total capital	(10,579.78)	(8,504.94)
3.	Capital surplus	(11,962.79)	(9,906.38)
4.	Total assets	15,394.01	15,863.04
5.	Total deposits	7,982.28	8,156.50
6.	Total loans, advances and leases	11,840.92	12,500.57
7.	Total contingent liabilities and commitments	-	-
8.	Credit deposit ratio	1.48	1.53
9.	Percentage of classified loans against total loans, advances and leases	95.91%	86.94%
10.	Profit after tax and provision	(1,959.16)	(6,028.30)
11.	Amount of classified loans during current year	11,356.96	10,868.09
12.	Provisions kept against classified loans	7,243.59	6,829.60
13.	Provision surplus against classified loan	-	-
14.	Cost of fund	8.20%	6.86%
15.	Interest earnings assets	501.09	1,653.28
16.	Non-interest earnings assets	14,892.93	14,209.76
17.	Return on investment (ROI)	-20%	-106.00%
18.	Return on assets (ROA)	-12.73%	-38.00%
19.	Income from investment	1.42	1.37
20.	Earnings per share	(11.35)	(34.93)
21.	Net income per share	(11.35)	(34.93)
22.	Price earnings ratio	(0.55)	(0.25)

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FINANCIAL STATEMENTS OF UCL'S SUBSIDIARIES

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 **UNICAP**
SECURITIES LIMITED

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Syful Shamsul Alam & Co. (SSAC)

Chartered Accountants

Independent Auditor's Report to the shareholders of UNICAP INVESTMENTS LIMITED Report on the audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of UNICAP Investments Limited (the Company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Qualified Opinion

As disclosed in Notes 12 and 13, the Company has term loans, and as of 31 December 2024, it has a total outstanding loan of BDT 2,735,328,686 from Union Capital Limited. The interest expense for these loans for the year was BDT 323,104,936. However, the Company has recognized only BDT 26,697,517 against these interest expenses, resulting in an understatement of BDT 296,407,419. Had the Company recognized this interest expense in full, the profit for the year, retained earnings (Note 11), earnings per share (Note 30), and other related financial indicators would have been materially impacted.

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

Emphasis of Matters

1. We draw attention to Notes 7, 16.1, and 16.2 of the financial statements, wherein the Company has disclosed the rationale for not provisioning the exposure against margin loans; and Notes 5 and 16.3 of the financial statements, wherein the Company has disclosed the rationale for not provisioning the decline in value of investments in listed securities.
2. Material uncertainty related to going concern

We draw attention to Note 2.03 of the financial statements, wherein the Company has disclosed that, as of 31 December 2024, it has a negative net asset (equity) position of BDT 1,439,555,312, including negative retained earnings of BDT 1,939,555,312, resulting from consecutive losses incurred over the past years. Furthermore, the Company has a negative net worth of 287.91%, which prevents it from meeting the minimum regulatory requirement of maintaining at least 50% of its paid-up capital as net worth. If the shortfall in provisions for investments in securities (Note-16.3) and margin loans (Note 16.1) and (16.2) had been fully accounted for, the company's total equity would have been turned further negative. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of these matters, but we highlight these disclosures due to their potential impact on the financial position of the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial

statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed that matter is provided in that context. We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to those matters.

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

Description of key audit matters	Our response to key audit matters
Investment in listed securities	
As of 31 December 2024, the company held investments in listed securities valued at BDT 292,580,666. The valuation and disclosure of these investments in listed securities are significant to the audit due to their materiality, complexity, and regulatory conditions. Market prices for listed securities can fluctuate significantly, affecting valuation. They are recognized investments in cost price and not record unrealized loss against investment.	As auditors, we addressed the existence, valuation, and disclosure of investments in equity securities, acknowledging their complexities and risks. For listed equity securities, we verified their existence using the Brokerage House portfolio statement and reconciled fair values with available market prices. We tested internal controls over the investment process and reviewed compliance with regulatory requirements. Additionally, we ensured compliance with accounting standards and regulations for disclosures. These procedures provided sufficient and appropriate audit evidence to support the valuation and disclosure of the Company's equity investments, addressing the key audit matter.
See Note 5 to the Financial Statements.	
Margin Loan and Provisioning	
During the reporting period, the Company's margin loan totaled BDT 4,767,024,745, with a provision of BDT 982,421,656. Due to the substantial size of this loan and its financial implications, particularly its relationship to the negative equity component, heightened audit attention was required to assess its potential impact on the Company's financial position, risk exposure, and compliance with regulatory requirements.	We assessed the Company's margin loan exposure, focusing on its negative equity component and financial implications. Our procedures included evaluating management's accounting treatment, provisions, liquidity risks, and regulatory compliance. To obtain sufficient audit evidence, we confirmed margin loan balances through BSEC portal reports, recalculated interest income, and verified DP6 data for accuracy in system-generated portfolio statements. These procedures addressed the complexities and risks associated with margin loan exposure. While disclosures are appropriate, the material nature of the margin loan requires ongoing monitoring to ensure transparency, financial integrity, and compliance with applicable reporting standards.
See Note 7, 16.1 and 16.2 to the Financial Statements.	
Cash and cash equivalents	
As of 31 December 2024, the Company held a cash balance of BDT 120,481,535. Due to its materiality, the valuation and disclosure of cash and cash equivalents are significant to the audit, requiring verification of existence, accuracy, classification, and interest income recognition. The inherent risk of material misstatement arises from potential fraud or error in recording these balances and reconciling bank statements, making this a key audit matter.	We verified cash balances through bank confirmations and reconciled bank statements with accounting records. Internal controls over cash management were evaluated and tested, and a sample of cash transactions was reviewed for proper classification. Financial statement disclosures were examined for completeness and compliance. These procedures provided sufficient audit evidence to address this key audit matter.
See Note 09 to the Financial Statements.	

Description of key audit matters	Our response to key audit matters
Interest Income	
For the year ended 31 December 2024, the Company reported interest income of BDT 47,543,910 from margin loans, portfolio investments, and current accounts. Due to its materiality and the complexities in its recognition, heightened audit attention was required to assess accuracy, completeness, and compliance with financial reporting standards.	Our audit procedures included evaluating the appropriateness of the Company's revenue recognition policies, recalculating interest income for accuracy, and testing a sample of transactions to ensure correct classification. We also assessed the effectiveness of internal controls over interest income reporting and reviewed financial statement disclosures for adequacy and compliance.
See Note 18.1 to the Financial Statements.	
Term Loans and Interest Expense	
The Company has significant term loan obligations, with corresponding interest expenses that materially impact its financial performance. Given the complexities in loan agreements, interest rate calculations, and financial disclosures, heightened audit attention was required to assess the accuracy, completeness, and compliance of these balances.	Our audit procedures included evaluating the classification and measurement of term loans, verifying interest expense calculations against loan agreements, and testing the timeliness and accuracy of repayments. We also assessed the adequacy of financial disclosures to ensure transparency and compliance with applicable accounting standards.
See Note 13, 15 and 21 to the Financial Statements.	

Other Information

Management is responsible for the other information. The other information comprises all information other than the financial statements and our Auditors' Reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the company.

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

Management is responsible for the preparation and fair presentation of the financial statements of the company in accordance with the International Financial Reporting Standards (IFRSs) as explained in note-2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with IFRSs, the Companies Act 1994, Securities and Exchange Commission Rules 2020, we also report that:

1. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of our audit and made due verification thereof;
2. In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
3. The statement of financial position, statement of profit or loss and other comprehensive income, statements of cash flows, and notes to the financial statements dealt with in the report are in agreement with the books of accounts and returns;
4. The expenditures incurred were for the purpose of the company's business for the year;

Place: Dhaka, Bangladesh

Dated: 18 June 2025

DVC: 2506182080AS941336

For, Syful Shamsul Alam & Co.

Chartered Accountants

Firm Registration Number: 1/1/ICAB-2003(1)



Md. Jafor Ullah, ACA, MBA (NUBS, UK)

Engagement Partner

Enrolment No: 2080

UniCap Investments Limited

Statement of Financial Position
As at 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Assets			
Non-Current Assets			
Property, plant and equipment	3.00	233,277	490,159
Right-of-Use of Assets	4.00	3,285,865	6,396,666
Investment in listed securities	5.00	292,580,666	281,424,185
Loan to employee		3,563,516	4,213,001
		299,663,324	292,524,010
Current Assets			
Advance, deposits and prepayments	6.00	144,551,805	142,903,010
Margin loan	7.00	4,767,024,745	5,005,484,433
Other receivable	8.00	58,249,286	39,484,300
Deferred tax assets	33.00	357,723	414,712
Cash and cash equivalents	9.00	120,481,535	95,252,591
		5,090,665,094	5,283,539,045
Total Assets		5,390,328,418	5,576,063,055
Liabilities & Shareholders' Equity			
Shareholders' equity			
Share capital	10.00	500,000,000	500,000,000
Retained earnings	11.00	(1,939,555,312)	(1,940,070,193)
		(1,439,555,312)	(1,440,070,193)
Non-Current Liabilities			
Long term loan	12.00	23,911,675	170,370,042
		23,911,675	170,370,042
Current Liabilities			
Short term loan with Union Capital Limited	13.00	2,735,328,686	2,813,099,165
Payable to portfolio investors	14.00	131,109,652	101,949,771
Interest payable on loans	15.00	2,581,490,231	2,573,498,241
Other liabilities and provisions	16.00	1,239,653,436	1,240,901,578
Provision for taxation	17.00	118,390,049	116,314,452
		6,805,972,054	6,845,763,207
Total equity and liabilities		5,390,328,418	5,576,063,055

The annexed notes 1-39 form an integral part of these financial statements.

Chief Executive Officer (CEO)

Company Secretary (CC)

Director

Director

Place: Dhaka, Bangladesh
Dated: 18 June 2025
DVC: 2506182080AS941336

For, Syful Shamsul Alam & Co.
Chartered Accountants
Firm Registration Number: 1/1/ICAB-2003(1)

Md. Jafor Ullah, ACA, MBA (NUBS, UK)
Engagement Partner
Enrolment No: 2080

UniCap Investments Limited

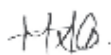
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Revenue:			
Operating income	18.00	55,879,871	60,282,197
Investment income	19.00	3,809,800	5,544,588
Other operating income	20.00	39,514	-
Total Revenue		59,729,185	65,826,785
Less: Portfolio management expense	21.00	28,387,787	347,187,362
		28,387,787	347,187,362
Less: Operating expenses			
Salaries and other employee benefits	22.00	16,177,956	16,162,843
Rent, taxes, insurance, electricity, etc	23.00	711,954	573,687
Postage, stamp, telecommunication, software etc	24.00	1,084,374	1,189,041
Stationery, printing, advertisements, etc	25.00	160,186	199,482
Legal & Professional Fees		3,010,483	397,424
Directors' remuneration		304,000	163,200
Auditors' fee		161,000	92,000
Depreciation expense	26.00	3,367,683	3,476,703
Repair and maintenance	27.00	1,060,001	880,435
Other expenses	28.00	2,656,294	2,237,324
		28,693,930	25,372,139
Operating profit/(loss) before provision		2,647,468	(306,732,716)
Provision against equity investment		-	30,400,000
Net Profit before Tax		2,647,468	(337,132,716)
Deferred tax income/(expense)	33.00	56,989	(291,641)
Income tax expense	17.00	2,075,597	3,013,788
Net Profit after Tax		514,881	(339,854,863)
Earnings per share (EPS)	30.00	0.01	(6.80)

The annexed notes 1-39 form an integral part of these financial statements.



Chief Executive Officer (CEO)



Company Secretary (CC)



Director



Director

Place: Dhaka, Bangladesh

Dated: 18 June 2025

DVC: 2506182080AS941336

For, Syful Shamsul Alam & Co.

Chartered Accountants

Firm Registration Number: 1/1/ICAB-2003(1)



Md. Jafor Ullah, ACA, MBA (NUBS, UK)

Engagement Partner

Enrolment No: 2080

UniCap Investments Limited

Statement of Changes in Equity
For the year ended 31 December 2024

For the year ended 31 December 2024

Figures in BDT

Particulars	Share capital	Retained earnings	Total
Balance as at 01 January 2024	500,000,000	(1,940,070,193)	(1,440,070,193)
Net profit/(loss) for the year	-	514,881	514,881
Balance as at 31 December 2024	500,000,000	(1,939,555,312)	(1,439,555,312)

For the year ended 31 December 2023

Figures in BDT

Particulars	Share capital	Retained earnings	Total
Balance as at 01 January 2023	500,000,000	(1,600,215,330)	(1,100,215,330)
Net profit/(loss) for the year	-	(339,854,863)	(339,854,863)
Balance as at 31 December 2023	500,000,000	(1,940,070,193)	(1,440,070,193)

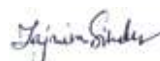
The annexed notes are an integral part of these financial statements.



Chief Executive Officer (CEO)



Company Secretary (CC)



Director



Director

Signed in terms of our report of even date annexed.

Dated: 18 June 2025

Place: Dhaka, Bangladesh

UniCap Investments Limited

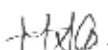
Statement of Cash Flows

For the year ended 31 December 2024

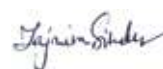
Particulars	Figures in BDT	
	31-Dec-24	31-Dec-23
A. Cash flow from operating activities		
Interest receipt/(payment)	41,721,546	45,365,984
Margin loan recovered/(disbursed)	238,459,688	220,208,750
Fees commission, exchange and brokerage	8,707,584	9,631,942
Payment against administrative expenses	(28,223,745)	(25,372,139)
Advance income tax paid	(1,648,796)	(1,835,751)
Other receipt, net	16,176,862	41,789,682
Net cash flow from operating activities	275,193,139	289,788,468
B. Cash flow from investing activities		
Dividend receipts	4,923,612	4,725,074
Gain/(loss) on investments of shares	(68,187)	767,311
Receipt/(payment) from trade of securities	(11,156,481)	6,737,209
Purchase of property, plant and equipment	-	63,462
Net cash flow/(used) in investing activities	(6,301,057)	12,293,056
C. Cash flow from financing activities		
Term loan repaid UCL	(211,294,473)	(276,476,006)
Term loan Interest on paid UCL	(18,705,527)	-
Loan refund from UCL	(221,529)	-
Term loan repaid Premier Leasing Ltd	-	(22,244,385)
Term loan repaid ICB	(12,934,373)	(3,153,952)
Term loan receipt ICB	-	40,000,000
Loan Interest paid	(1,156,722)	(1,929,623)
Loan received from employee	649,485	520,198
Net cash flow from financing activities	(243,663,139)	(263,283,768)
D. Net changes in cash and cash equivalents (A+B+C)	25,228,944	38,797,756
E. Opening cash and cash equivalents	95,252,591	56,454,835
F. Closing cash and cash equivalents	120,481,535	95,252,591



Chief Executive Officer (CEO)



Company Secretary (CC)



Director



Director

Dated: 18 June 2025

Place: Dhaka, Bangladesh

UniCap Investments Limited

Notes to the financial statements

For the year ended 31 December 2024

1.0 The company and its activities

1.01 Legal status of the Company

UNICAP INVESTMENTS LIMITED (the "Company") is a Public Limited Company bearing reg. no. C-93014/11, incorporated on 24 May 2011 under the Companies Act, 1994. Its registered office is located at A-A Bhaban, 9th Floor, Tower 23, Motijheel C/A, Dhaka-1000, Bangladesh. Since its inception, it has been a wholly-owned subsidiary of Union Capital Limited. The Company received its Merchant Banking License (license no. MB-86/2013) from the Bangladesh Securities and Exchange Commission (BSEC) on 30 December 2013 and commenced its operations on 24 May 2011.

1.02 Principal activities and nature of operation

UNICAP INVESTMENTS LIMITED offers a comprehensive range of investment banking services, catering to the diverse financial needs of individuals and businesses. As a specialized merchant bank, the company provides expert solutions in issue management, underwriting, portfolio management, and corporate advisory. With a commitment to excellence, UniCap Investments Limited assists clients in capital raising, strategic financial planning, and navigating complex market dynamics. Through its tailored approach, the company empowers businesses to achieve financial growth while maintaining a strong focus on regulatory compliance and risk management.

2.00 Significant Accounting Policies

2.01 Basis of Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), ensuring transparency and accuracy in financial reporting. As required by International Accounting Standard 1 (IAS 1), the financial statements comprise the following components:

- a) Statement of financial position
- b) Statement of Profit or loss and other comprehensive income
- c) Statement of cash flows
- d) Statement of changes in equity
- e) Notes to the financial statements

2.02 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), as well as the Companies Act 1994, the Bangladesh Securities and Exchange Commission Rule 2020, and other applicable laws and regulations.

2.03 Going concern

A. Regarding Substantial Accumulated Loss

As of 31 December 2024, the company has reported a negative net asset (equity) of BDT 1,439,555,312, including negative retained earnings of BDT 1,939,555,312, due to consecutive losses incurred over the past years. These substantial losses have raised concerns regarding the company's ability to continue as a going concern. However, the company remains optimistic about future profitability and is actively working towards financial recovery. Additionally, it is engaged in strategic arrangements with other organizations, which may involve securing funds and obtaining comfort letters from the parent company where necessary. Given these efforts and future prospects, the financial statements have been prepared on a going concern basis.

B. Regarding Non Compliance with the BSEC (Merchant Banker and Portfolio Manager) Rules-1996

According to Rule (3Ka), Subrule-1 (Kh) of the Securities and Exchange Commission (Merchant Banker and Portfolio Manager) Rules, 1996, UniCap Investments Ltd, as a merchant bank, is required to maintain a net worth of at least 50% of its paid-up capital. However, as of 31 December 2024, UniCap Investments Ltd reported a net worth deficit of 288% relative to its paid-up capital. Consequently, through a communication dated 8 April 2024 (reference: letter no. BSEC/SMML/MB/Policy-6/2020/1740), the Securities and Exchange Commission extended the deadline to 31 December 2024 for the company to rectify this shortfall. On 15 January 2025, the company requested a further extension from the Commission but has yet to receive confirmation.

Notes to the Financial Statements

2.04 Reporting Period

The financial period of the company aligns with the calendar year, covering one full year from 1 January to 31 December. This reporting period has been consistently followed.

2.05 Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is charged using the straight-line method in accordance with IAS 16. It is applied to newly acquired fixed assets once they become available for use. Additionally, certain assets have been reassessed, extending their useful life by three years, and depreciation will be adjusted accordingly. The depreciation rates for various classes of property, plant, and equipment are as follows:

Category of asset	Rate (%)
Furniture and fixtures	20
IT equipment	20
Motor vehicle	20
Office equipment	20
Office decoration	33

2.06 Current tax

Income tax expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income. Current tax represents the expected tax payable on taxable income for the year, calculated using tax rates enacted or substantively enacted as of the reporting date. It also includes any adjustments related to tax payable for previous years. As the company qualifies as a "Merchant Bank," the applicable corporate tax rate is 37.50%, in accordance with the Finance Act 2022.

2.07 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values used for taxation. It is measured at the tax rates expected to apply when the temporary differences reverse, based on laws enacted or substantively enacted as of the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset or liability is recognized to the extent that it is probable future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets and liabilities are reviewed at each reporting date and reduced when it is unlikely that the related tax benefit will be realized.

2.08 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and bank balances that are readily available for use by the company.

2.09 Cash flow statements

The net cash flows from operating activities is determined direct method as per IAS-7.

2.10 Portfolio management expense

It represents portfolio management expense on fund obtained from parent company.

2.11 Events after reporting period

Events occurring after the reporting period that provide additional information about the company's financial position at the reporting date are incorporated into the financial statements. Non-adjusting events after the reporting period are disclosed in the notes if they are deemed material. As of the reporting date, no material events have occurred that would significantly impact the values reported in these financial statements.

2.12 Subsequent costs

The cost of replacing a component of property, plant, and equipment is recognized as part of the carrying amount of the asset if it is probable that the future economic benefits associated with the replacement will flow to the company and the cost can be reliably measured. Routine maintenance and servicing costs for property, plant, and equipment are expensed in the profit and loss account as incurred.

Notes to the Financial Statements

2.13 Related party disclosure

As per IAS 24: Related Party Disclosures, parties are considered related if one entity has the ability to control or exert significant influence over another in making financial and operating decisions. Related party disclosures are provided in Note 37.

2.14 Lease:

In accordance with IFRS 16, the company recognizes a Right-Of-Use (ROU) asset—representing the right to use the office building—and a corresponding lease liability in its financial statements. These assets and liabilities are initially measured at the present value of unavoidable lease payments. The depreciation of the ROU asset and the interest on the lease liability are recognized in the profit or loss account over the lease term, replacing the previous classification under 'rent expenses'.

As per Paragraph 9 of IFRS 16 "Leases," an entity must assess at the inception of a contract whether the contract is, or contains, a lease. Additionally, Paragraph 11 of IFRS 16 states that an entity shall reassess whether a contract is, or contains, a lease only if there is a change in the terms and conditions of the contract. This policy applies to contracts entered into on or after 1 January 2024.

2.15 Financial Instruments (IFRS -9)

Margin Loan

Margin loans are provided to clients to facilitate investments in equity securities. Initially, these loans are classified as financial assets at fair value and subsequently measured at amortized cost.

Investment in listed securities (Own Portfolio)

Investments in quoted and unquoted shares are initially recognized at cost, including transaction costs directly attributable to their acquisition.

2.16 Status of Compliance of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

Name	IAS No.	Status
Presentation of Financial Statements	1	Applied
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events After the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee benefits	19	Applied
Related Party Disclosures	24	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Name	IFRS No.	Status
Revenue from contracts with customers	15	Applied
Leases	16	Applied

2.17 General

i) To facilitate comparison, certain relevant balances from the previous year have been rearranged or reclassified, where necessary, to align with the current year's presentation.

ii) The financial statements are presented in Bangladesh Taka (BDT), the company's functional currency. All financial information in BDT has been rounded to the nearest integer for consistency and accuracy.

Notes to the Financial Statements

3.00 Property, plant and equipment

Cost

Opening balance	19,360,329	19,296,867
Add: Addition during the year	-	63,462
Less: Dispose during the year	-	-

Closing balance (A)

19,360,329	19,360,329
-------------------	-------------------

Depreciation

Opening balance	18,870,171	18,591,801
Add: Charge during the year	256,882	278,370
Less: Dispose during the year	-	-

Closing balance (B)

19,127,053	18,870,171
-------------------	-------------------

Written down value (A-B)

233,277	490,159
----------------	----------------

Details of property, plant and equipment are given in **Annexure - A**.

4.00 Right of Use Assets

Cost

Opening balance	9,594,999	7,022,790
Add: Addition during the year	-	9,594,999
Less: Dispose during the year	-	7,022,790

Closing balance (A)

9,594,999	9,594,999
------------------	------------------

Depreciation

Opening balance	3,198,333	7,022,790
Add: Charge during the year	3,110,801	3,198,333
Less: Dispose during the year	-	7,022,790

Closing balance (B)

6,309,134	3,198,333
------------------	------------------

Written down value (A-B)

3,285,865	6,396,666
------------------	------------------

Details of property, plant and equipment are given in **Annexure - A**.

5.00 Investment in listed securities

Investment in listed securities	255,004,463	258,311,600
Investment in Shares-ICB-Fund	36,071,603	21,636,395
Ekush Growth Fund nonlisted securities	1,504,600	1,476,190
	292,580,666	281,424,185

Details of investments in listed securities are provided in Annexure B. The related provision for the decline in the value of securities is outlined in Note 16.3.

6.00 Advance, deposits and prepayments

Advance income tax	113,633,806	111,999,010
Advance against purchase of shares (6.01)	30,400,000	30,400,000
Security deposit - CDBL	200,000	200,000
Advance against expenses	318,000	304,000
	<u>144,551,805</u>	<u>142,903,010</u>

6.01 Advance against purchase of shares

Amulet Pharmaceuticals Ltd	20,000,000	20,000,000
MedRx Life Science Ltd	10,400,000	10,400,000
	<u>30,400,000</u>	<u>30,400,000</u>

In 2018, Unicap Investments Limited invested in placement shares that have yet to be received. Due to the uncertainty surrounding their recovery, the matter is currently under legal proceedings, and a provision has been recorded in Note 16.3.

Notes to the Financial Statements

	Figures in BDT	
	31-Dec-24	31-Dec-23
7.00 Margin loan		
Opening balance	5,005,484,433	5,225,693,183
Add: addinon during the year	-	-
Less: recovered during the year	(238,459,688)	(220,208,750)
Closing balance	4,767,024,745	5,005,484,433
The company has provided margin loans to clients for the purchase of equity securities. As of the reporting date, the portfolio containing these margin loans reflects a negative equity of BDT 4,454,568,985, indicating a significant decline in the value of the loans. In response to this valuation decline, provisions have been recognized in Note 16.1 and Note 16.2. Additionally, Note 29.00 provides detailed information on the current status of negative equity.		
8.00 Other receivable		
Own portfolio (note 8.01)	282,322	4,255,114
Clients portfolio (note 8.02)	40,896,430	28,881,644
Broker Receivable	13,079,251	168,669
Dividend Receivables (8.03)	523,961	2,093,546
Others (note 8.04)	3,467,322	4,085,326
	58,249,286	39,484,300
8.01 Own portfolio		
Opening balance	4,255,114	1,384,354
Add: Addition during the year	-	2,870,760
	4,255,114	4,255,114
Less: Adjustment during the year	3,972,792	-
Closing balance	282,322	4,255,114
8.02 Clients portfolio		
Opening balance	28,881,644	50,227,680
Add: Addition/(Recover) during the year	13,014,786	-
	41,896,430	50,227,680
Less: Adjustment during the year	1,000,000	21,346,036
Closing balance	40,896,430	28,881,644
8.03 Dividend receivables		
Opening balance	2,093,546	2,397,384
Less: Received dividend during the year	(1,569,585)	(2,041,343)
Add: Receivable dividend during the year	-	1,737,505
Closing balance	523,961	2,093,546
8.04 Others		
Opening balance	4,085,326	2,337,527
Less: Received during the period	618,004	-
Add: Receivable during the period	-	1,747,799
Closing balance	3,467,322	4,085,326
9.00 Cash and cash equivalents		
Cash in Hand	362	9,026
Cash at Bank (Note 9.01)	120,481,173	95,243,565
	120,481,535	95,252,591

Notes to the Financial Statements

Figures in BDT	
31-Dec-24	31-Dec-23

9.01 Cash at Bank

Dutch Bangla Bank Limited	2,264,829	416,589
Southeast Bank Limited	651,779	700,008
Bank Asia Limited	6,094,522	7,845,448
IFIC Bank Limited	5,194,356	1,392,017
Brac Bank Limited	106,275,687	84,889,503
	120,481,173	95,243,565

10.00 Share capital

Authorized capital:		
200,000,000 ordinary shares of BDT 10 each	2,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital:		
50,000,000 ordinary shares of BDT 10 each	500,000,000	500,000,000

The Company's shareholding position as at the reporting date was as follows:

Name of the shareholder	2024		2023	
	No. of share	BDT	No. of share	BDT
Union Capital Limited	49,999,974	499,999,740	49,999,974	499,999,740
Kazi Golam Rahman	2	20	2	20
Amir Humayun Mahmud Chowdhury	2	20	2	20
Khurshida Chowdhury	2	20	2	20
Meherunnessa Haque	2	20	2	20
Nagina Choudhury	2	20	2	20
Rezwan Rahman	2	20	2	20
Chowdhury Tanzim Karim	2	20	2	20
Tajrina Sikder	2	20	2	20
Farhan Sharif Ala	2	20	2	20
S.M.A.M. Reza	2	20	2	20
Qumrun Nahar	2	20	2	20
M. Fayaz Taher	2	20	2	20
Monzur Alam	2	20	2	20
	50,000,000	500,000,000	50,000,000	500,000,000

11.00 Retained earnings

Opening balance	(1,940,070,193)	(1,600,215,330)
Add: Net profit/(loss) for the year	514,881	(339,854,863)
Closing balance	(1,939,555,312)	(1,940,070,193)

12.00 Long term loan

Term Loan - ICB-Fund	23,911,675	36,846,048
Union Capital Limited (note 12.1)	-	133,523,994
	23,911,675	170,370,042

12.01 Term loan with Union Capital Limited

Opening balance	133,523,994	360,000,000
Less: Paid during the year	(133,523,994)	(226,476,006)
Closing balance	-	133,523,994

13.0 Short term loan with Union Capital Limited

Opening balance	2,813,099,165	2,863,099,165
Less: Paid during the year	(77,770,479)	(50,000,000)
Closing balance	2,735,328,686	2,813,099,165

Notes to the Financial Statements

	Figures in BDT	
	31-Dec-24	31-Dec-23
14.00 Payable to portfolio investors	131,109,652	101,949,771
This amount represents the payable balance to clients arising from the sale of shares before maturity, as well as the available client funds related to investments in securities.		
15.00 Interest payable on loans		
Opening balance	2,573,498,241	2,229,567,337
Add: Addition during the year	26,697,517	343,930,904
Less: Payment during the year	(18,705,527)	-
Closing balance	2,581,490,231	2,573,498,241
This amount represents the interest payable by Union Capital Limited on its term loans, as detailed in Note 12.01 and Note 13.		
16.00 Other liabilities and provisions		
Provision for impairment of margin loan to client (16.1)	175,000,000	175,000,000
Reserved against margin loan (16.2)	807,421,656	807,421,656
Diminution in value of listed securities (16.3)	58,674,833	58,674,833
Portfolio management expense payable	178,631,939	178,631,939
Audit fee payable	72,000	92,000
Withholding tax and VAT	4,623,113	3,747,418
Employees Gratuity Fund	1,704,022	3,129,413
Other payables	9,453,502	6,780,429
Lease liability	4,072,371	7,423,890
	1,239,653,436	1,240,901,578
16.1 Provision for impairment of margin loan to client		
Opening balance	175,000,000	175,000,000
Add: Provision made during the period	-	-
Closing balance	175,000,000	175,000,000
16.2 Reserved against margin loan		
Opening balance	807,421,656	807,421,656
Add: Addition during the period	-	-
Less: Adjustments of during the year	-	-
Closing balance	807,421,656	807,421,656
As of the reporting date, the total margin loan stands at BDT 4,767,024,745, with a negative equity of BDT 4,454,568,985. Consequently, the required provision amounts to BDT 4,454,568,985. However, as detailed in Note 16.1 and Note 16.2, the total provision recognized against margin loans is BDT 982,421,656, representing 22.05% of the required provision, indicating a shortfall of BDT 3,472,147,329. The company has not accounted for this shortfall as allowed under BSEC Directive No. BSEC/SMMID/NE/2023/1690, dated 28 March 2024.		
16.3 Diminution in value of listed securities		
Opening balance	58,674,833	58,674,833
Add: Addition during the period	-	-
Closing balance	58,674,833	58,674,833
"As of the reporting date, the company's total investment in securities stands at a cost of BDT 292,580,666, with a current market value of BDT 156,539,497, resulting in a shortfall of BDT 136,041,169. The company has made a provision of BDT 28,274,833, which represents 20.78% of the required amount.		
Additionally, the company holds an investment in placement shares amounting to BDT 30,400,000, for which the receipt remains uncertain, necessitating a provision of BDT 30,400,000 (Note 6.01). The total provision maintained is BDT 28,274,833 for listed securities and BDT 30,400,000 for placement shares, amounting to BDT 58,674,833. The shortfall has not been provided for, as allowed under BSEC Directive No. BSEC/SMMID/NE/2023/1690, dated 28 March 2024."		

Notes to the Financial Statements

Figures in BDT	
31-Dec-24	31-Dec-23

17.00 Provision for taxation

Opening balance	116,314,452	113,300,664
Add: Provision made during the year	775,597	3,013,788
Add: Provision made for previous years	1,300,000	-
Closing balance	118,390,049	116,314,452

The Company has pending tax assessments for the assessment years 2014-15, 2015-16, 2017-18, 2020-21, 2021-22, and 2022-23. To address these potential liabilities, the Company has made accumulated provisions amounting to BDT 79,643,513. As the final tax assessments remain uncertain and cannot be measured reliably at this stage, management believes that the provision made will be sufficient to meet any potential tax demands arising from these assessments. However, considering the inherent uncertainty associated with the final outcome, the Company has made an additional lump-sum provision of BDT 1,300,000 as a prudent measure. The Company will continue to monitor developments regarding these assessments and make adjustments to provisions, if necessary, based on further evaluations.

18.00 Operating income

Interest income (Note 18.01)	47,543,910	52,718,336
Interest income from employee personal loan	11,548	9,761
Interest income from employee car loan	32,308	46,157
Interest Income from employee home loan	189,050	204,620
Brokerage settlement charges	7,075,611	7,279,824
Underwriting Fee	254,914	9,000
CDBL yearly account maintaining Charge	772,530	14,500
	55,879,871	60,282,197

18.01 Interest Income

Interest on margin loan	41,721,546	45,365,984
Portfolio management Interest	1,631,973	2,352,118
Interest on current accounts	4,190,391	5,000,234
	47,543,910	52,718,336

This represents interest income earned on margin loans provided to clients for purchasing listed securities. No interest is charged on margin loans with negative equity. Likewise, portfolio management fees are levied only on clients whose portfolios maintain positive equity.

19.00 Investment income

Gains/(losses) on sale of securities	(68,187)	767,311
Dividend income	3,877,987	4,777,277
	3,809,800	5,544,588

20.00 Other operating income

Other Income	39,514	-
	39,514	-

21.00 Portfolio management expense

Interest on loan	1,281,435	2,214,238
Interest on loan UCL	26,697,517	343,930,904
Interest expense on lease rent (as per IFRS 16)	284,122	757,605
Bank charges	124,713	284,615
	28,387,787	347,187,362

Interest on the term loans from Union Capital Limited has been suspended since January 2024, following the company's classification of these loans.

22.00 Salaries and other employee benefits

Salaries and allowances	14,393,434	14,319,437
Car Allowances	330,000	360,000
Contribution to gratuity fund	874,609	910,813
Contribution to provident fund	579,913	562,593
Medical and Employees welfare	-	10,000
	16,177,956	16,162,843

Notes to the Financial Statements

23.00 Rent, taxes, insurance, electricity, etc

Office rent, rates and taxes (note 23.1)
Power and electricity
Insurance Expenses

Figures in BDT	
31-Dec-24	31-Dec-23
-	-
576,015	429,403
135,939	144,284
711,954	573,687

23.01 Office rent, rate and taxes

Actual rent expenses
Less: reclassification of rent expenses (as per IFRS 16)

3,110,801	3,198,333
3,110,801	3,198,333
-	-

In addition to the aforementioned change in rent expense, the implementation of IFRS 16 has resulted in the recognition of depreciation on right-of-use assets, as disclosed in Annexure A, and the recognition of interest expense on lease liabilities, as disclosed in Note 21.

24.00 Postage, stamp, telecommunication, software etc

Postage and stamp
Telegram, telex, fax and e-mail
Telephone and mobile
Computer Software

9,796	14,460
310,245	335,250
105,853	146,631
658,480	692,700
1,084,374	1,189,041

25.00 Stationery, printing, advertisements, etc

Printing and stationery
Books and periodicals
Advertisement and publicity

150,007	189,886
10,179	6,499
-	3,098
160,186	199,482

26.00 Depreciation expense

Depreciation on Property, Plant & Equipment
Depreciation on Right of Use of Assets (as per IFRS 16)

256,882	278,370
3,110,801	3,198,333
3,367,683	3,476,703

27.00 Repair and maintenance

Repair and Maintenance Expense
Office maintenance

221,216	120,716
838,785	759,720
1,060,001	880,435

28.00 Other expenses

HR development
CDBL charge
Travelling and conveyance
Subscription and fees
Entertainment expenses
Others

22,200	32,370
1,130,905	1,251,047
289,130	287,301
875,000	326,000
339,059	338,549
-	2,057
2,656,294	2,237,324

29.00 Required provision for margin loan

Negative equity
Total reserve against margin loan
Percentage of reserve against margin loan

4,454,568,985	4,360,668,064
982,421,656	982,421,656
22.05%	22.53%

30.00 Earnings per share (EPS)

Net profit/(loss) after tax: Numerator (A)
Number of ordinary share outstanding: Denominator (B)

514,881	(339,854,863)
50,000,000	50,000,000
0.01	(6.80)

Earnings per share (Basic): (A/B)

The company's basic earnings per share and diluted earnings per share are identical, as there are no potential ordinary shares outstanding, in accordance with the requirements of IAS 33.

Notes to the Financial Statements

Figures in BDT	
31-Dec-24	31-Dec-23

31.00 Contingent liability

As on the date of reporting there was no such event that warrants for reporting as contingent liability.

32.00 Capital expenditure commitments

As of 31 December 2024, there was no capital expenditure that had been contracted but not incurred or provided for. Additionally, there was no material capital expenditure authorized by the Board that had not been contracted as of the reporting date.

33.00 Deferred Tax Calculation

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS) 12.

Deferred tax asset is arrived at as follows:

Carrying amount at balance sheet date		Tax base	Carrying amount at balance sheet	(Taxable)/deductible temporary difference
Assets	Fixed assets	400,698	233,277	167,421
Assets	Right of Use of Assets	3,285,865	-	(3,285,865)
Liability	Lease liability	4,072,371	-	4,072,371
				953,927
Applicable tax rate				37.5%
Deferred tax assets/(Liabilities) as on 31 December 2024				357,723
Deferred tax assets/(liabilities) as on 31 December 2023				414,712
Deferred tax expense/(income) during the period 31 December 2024				56,989

34.00 Unacknowledged debt

As of the balance sheet date, the Company had no claims—legal or otherwise—against it that had not been acknowledged as debt.

35.00 Geographical area of operation

UniCap Investments Limited currently operates in Chattogram and Sylhet, in addition to its branches located in Gulshan and Motijheel, Dhaka.

36.00 Events after the reporting date

No material events have occurred after the reporting period that would significantly impact the values reported in the financial statements.

37.00 Approval of the financial statements

These financial statements were authorized for issuance by the Board of Directors of the Company on 17 June 2025.

38.00 Related party transactions

During the year, the Company engaged in multiple transactions with a related party as part of its normal course of business. The name of the related party and the nature of these transactions have been disclosed in accordance with the provisions of IAS 24: Related Party Disclosures.

Name of related party	Relationship	Nature of transactions	31 December 2024 (BDT)	31 December 2023 (BDT)
Union Capital Limited	Parent Company	Long term loan	2,735,328,686	2,946,623,159
		Interest payable	2,760,122,170	2,752,130,180
UNICAP Securities Limited	Sister Concern	Receivable against rent, utilities and others	3,467,322	4,085,326

39.00 Others

These notes constitute an integral part of the accompanying financial statements and should be read in conjunction with them.

UniCap Investments Limited
Schedule of Property, Plant & Equipment
As at 31 December 2024

Figures in BDT

Particulars	Cost			Rate (%)	Depreciation				Written down value as at 31.12.2024
	Opening balance 01 Jan 2024	Addition during the year	Adjustment during the year		Closing balance 31 Dec 2024	Opening balance 01 Jan 2024	Charged for the year	Adjustment during the year	Closing balance 31 Dec 2024
Furniture and fixtures	2,146,688	-	-	20	2,146,688	2,074,715	28,925	-	2,103,640
IT equipment	3,485,231	-	-	20	3,485,231	3,080,789	220,071	-	3,300,860
Motor vehicle	2,665,437	-	-	20	2,665,437	2,665,437	-	-	2,665,437
Office equipment	1,754,975	-	-	20	1,754,975	1,745,781	7,490	-	1,753,271
Office decoration	2,285,208	-	-	33	2,285,208	2,280,659	396	-	2,281,055
Total at 31 Dec 2024	12,337,539	-	-		12,337,539	11,847,380	256,882	-	12,104,263
Right of Use of Assets	9,594,999	-	-		9,594,999	3,198,333	3,110,801	-	6,309,133
Total at 31 December 2023	19,296,867	9,658,461	7,022,790		21,932,538	18,591,800	3,476,703	7,022,790	15,045,713
									6,886,825

Schedule of Investments

As at 31 December 2024

Figures in BDT

Investment in listed securities				
Company Name	Quantity	Cost Value	Market Value	Unrealized Gain/Loss
Investment in listed securities 1515				
BSCPLC	28,000	6,141,458	3,530,800	(2,610,658)
CITYBANK	1,158,689	30,791,746	25,954,634	(4,837,112)
CONFIDCEM	132,300	15,358,912	7,501,410	(7,857,502)
CONTININS	115,500	6,065,707	2,991,450	(3,074,257)
EBLNRBMF	100,000	715,999	350,000	(365,999)
GENEXIL	6,240	493,685	181,584	(312,101)
IDLC	777,750	58,516,166	25,432,425	(33,083,741)
MEGHNALIFE	5,000	440,379	277,000	(163,379)
MERCANBANK	25,000	338,175	257,500	(80,675)
NCCBANK	25,000	330,660	270,000	(60,660)
POWERGRID	5,000	266,188	209,000	(57,188)
PREMIERBAN	100,000	1,427,850	890,000	(537,850)
UPGDCL	37,000	10,671,267	4,573,200	(6,098,067)
ACI	405,602	115,308,372	56,622,039	(58,686,333)
ACTIVEFINE	50,000	1,584,964	395,000	(1,189,964)
GSPFINANCE	80,000	2,613,216	456,000	(2,157,216)
JMISMDL	1,260	460,057	160,776	(299,281)
LRBDL	10,000	397,794	141,000	(256,794)
METROSPIN	20,000	776,003	242,000	(534,003)
PREMIERCEM	14,000	897,522	670,600	(226,922)
PROGRESLIF	10,000	808,364	374,000	(434,364)
QUASEMIND	9,700	251,732	266,750	15,018
SONALIANS	1,000	348,245	231,800	(116,445)
Sub-Total	3,117,041	255,004,463	131,978,968	(123,025,495)
Investment in Shares-ICB-Fund 9999				
ACTIVEFINE	40,000	964,364	316,000	(648,364)
BPPL	25,000	1,167,823	250,000	(917,823)
GOLDENSON	115,000	1,652,263	1,713,500	61,238
GPHISPAT	20,000	658,296	442,000	(216,296)
KFL	50,000	1,656,545	870,000	(786,545)
METROSPIN	25,000	1,302,043	302,500	(999,543)
MIRACLEIND	8,500	417,531	221,000	(196,531)
QUASEMIND	70,000	2,315,887	1,925,000	(390,887)
RSRMSTEEL	40,000	921,212	360,000	(561,212)
SINOBANGLA	30,000	1,530,363	1,164,000	(366,363)
BATBC	1,000	548,852	367,600	(181,252)
BRACBANK	30,000	1,549,323	1,470,000	(79,323)
BXPHERMA	7,000	879,922	571,200	(308,722)
CONTININS	26,250	1,288,137	679,875	(608,262)
CVOPRL	5,000	873,122	517,500	(355,622)
DBH	10,000	736,325	389,000	(347,325)
DGIC	20,000	769,686	468,000	(301,686)
DOREENPWR	10,000	703,986	239,000	(464,986)
GP	3,500	1,196,325	1,130,850	(65,475)
LHB	15,000	992,232	808,500	(183,732)
MEGHNALIFE	10,000	872,042	554,000	(318,042)
MERCANBANK	100,000	1,349,710	1,030,000	(319,710)
NATLIFEINS	4,000	567,450	424,800	(142,650)
NAVANAPHAR	10,000	1,084,490	486,000	(598,490)
PEOPLESINS	25,000	812,835	772,500	(40,335)
POWERGRID	10,000	485,694	418,000	(67,694)
RENATA	2,644	1,934,374	1,679,204	(255,170)
REPUBLIC	20,000	910,584	588,000	(322,584)
RUPALIINS	25,000	1,013,253	567,500	(445,753)
SAIFPOWER	125,000	3,678,675	1,650,000	(2,028,675)
SANDHANINS	25,000	816,348	495,000	(321,348)
UPGDCL	1,500	421,912	185,400	(236,512)
Sub-Total	909,394	36,071,603	23,055,929	(13,015,674)
Investment in non listed Shares IC6666				
EKUSHFUF	48,430	484,300	484,300	-
EKUSHGF	102,030	1,020,300	1,020,300	-
Sub-Total	150,460	1,504,600	1,504,600	-
Total	4,176,895	292,580,666	156,539,497	(136,041,169)

Syful Shamsul Alam & Co. (SSAC)

Chartered Accountants

Independent Auditor's Report to the shareholders of UniCap Securities Limited Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of UNICAP Securities Limited (the company), which comprise the statement of financial position as at December 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the 'International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

1. We draw attention to Notes 11, and 25.2 of the financial statements, wherein the Company has disclosed the rationale for not provisioning the full exposure against margin loans; and Notes 12 and 25.1 of the financial statements, wherein the Company has disclosed the rationale for not provisioning the full decline in value of investments in listed securities.

2. Material uncertainty related to going concern

We draw attention to Note 2.06 of the financial statements, where the company has disclosed its rationale for preparing the financial statements on a going concern basis. As of 31 December 2024, the company has negative retained earnings of BDT 176,395,304 due to consecutive losses incurred over past years. If the shortfall in provisions for investments in securities (Note 25.1) and margin loans (Note 25.2) had been fully accounted for, the company's total equity would have turned further negative. The company's ability to continue as a going concern depends on securing external funding and successfully implementing its turnaround strategy. These circumstances indicate a material uncertainty that may cast significant doubt on the company's ability to sustain operations in the foreseeable future.

Our opinion is not modified in respect of these matters, but we highlight these disclosures due to their potential impact on the financial position of the Company.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed that matter is provided in that context. We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the financial statements section of our report, including in relation to those matters.

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

Description of key audit matters	Our response to key audit matters
Investment in securities	
As of 31 December 2024, the company held investments in securities at BDT 203,391,978. The valuation and disclosure of these investments in listed securities are significant to the audit due to their materiality, complexity, and regulatory conditions. Market prices for listed securities can fluctuate significantly, affecting valuation. They are recognized investments in cost price and not record unrealized loss against investment.	As auditors, we addressed the existence, valuation, and disclosure of investments in equity securities, acknowledging their complexities and risks. For listed equity securities, we verified their existence using the Brokerage House portfolio statement and reconciled fair values with available market prices. We tested internal controls over the investment process and reviewed compliance with regulatory requirements. Additionally, we ensured compliance with accounting standards and regulations for disclosures. These procedures provided sufficient and appropriate audit evidence to support the valuation and disclosure of the Company's equity investments, addressing the key audit matter.
See Notes 12 to the Financial Statements.	
Margin Loan and Provisioning	
During the reporting period, the Company's margin loan totaled BDT 481,394,012, with a provision of BDT 88,282,786. Due to the substantial size of this loan and its financial implications, particularly its relationship to the negative equity component, heightened audit attention was required to assess its potential impact on the Company's financial position, risk exposure, and compliance with regulatory requirements.	We assessed the Company's margin loan exposure, focusing on its negative equity component and financial implications. Our procedures included evaluating management's accounting treatment, provisions, liquidity risks, and regulatory compliance. To obtain sufficient audit evidence, we confirmed margin loan balances through BSEC portal reports, recalculated interest income, and verified DP6 data for accuracy in system-generated portfolio statements. These procedures addressed the complexities and risks associated with margin loan exposure. While disclosures are appropriate, the material nature of the margin loan requires ongoing monitoring to ensure transparency, financial integrity, and compliance with applicable reporting standards.
See Notes 11 and 25.2 to the Financial Statements.	
Cash and cash equivalents	
As of 31 December 2024, the Company held a cash balance of BDT 81,366,287. Due to its materiality, the valuation and disclosure of cash and cash equivalents are significant to the audit, requiring verification of existence, accuracy, classification, and interest income recognition. The inherent risk of material misstatement arises from potential fraud or error in recording these balances and reconciling bank statements, making this a key audit matter.	We verified cash balances through bank confirmations and reconciled bank statements with accounting records. Internal controls over cash management were evaluated and tested, and a sample of cash transactions was reviewed for proper classification. Financial statement disclosures were examined for completeness and compliance. These procedures provided sufficient audit evidence to address this key audit matter.
See Note 08 to the Financial Statements.	
Interest Income	
For the year ended 31 December 2024, the Company reported interest income of BDT 15,081,387 from margin loans. Due to its materiality and the complexities in its recognition, heightened audit attention was required to assess accuracy, completeness, and compliance with financial reporting standards.	Our audit procedures included evaluating the appropriateness of the Company's revenue recognition policies, recalculating interest income for accuracy, and testing a sample of transactions to ensure correct classification. We also assessed the effectiveness of internal controls over interest income reporting and reviewed financial statement disclosures for adequacy and compliance.
See Notes 28 to the Financial Statements.	

Description of key audit matters	Our response to key audit matters
Term Loans and Interest Expense	
The Company has significant term loan obligations, with corresponding interest expenses that materially impact its financial performance. Given the complexities in loan agreements, interest rate calculations, and financial disclosures, heightened audit attention was required to assess the accuracy, completeness, and compliance of these balances.	Our audit procedures included evaluating the classification and measurement of term loans, verifying interest expense calculations against loan agreements, and testing the timeliness and accuracy of repayments. We also assessed the adequacy of financial disclosures to ensure transparency and compliance with applicable accounting standards.
See Notes 18 and 33 to the Financial Statements.	

Other Information

Management is responsible for the other information. The other information comprises all information other than the financial statements and our Auditors' Reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of directors of the company.

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

Management is responsible for the preparation and fair presentation of the financial statements of the company in accordance with the International Financial Reporting Standards (IFRSs) as explained in note-2 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

Report on other Legal and Regulatory Requirements

In accordance with IFRSs, the Companies Act 1994, Securities and Exchange Commission Rules, 2020, we also report that:

1. We have obtained all the information and explanation which, to the best of our knowledge and belief, were necessary for the purposes of our audit and made due verification thereof;
2. In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
3. The statement of financial position, statement of profit or loss and other comprehensive income, statements of cash flows, and notes to the financial statements dealt with in the report are in agreement with the books of accounts and returns;
4. The expenditures incurred were for the purpose of the company's business for the year;

Place: Dhaka, Bangladesh
Dated: 22 May 2025
DVC: 2505292080AS406723

For, Syful Shamsul Alam & Co.
Chartered Accountants
Firm Registration Number: 1/1/ICAB-2003(1)



Md. Jafor Ullah, ACA, MBA (NUBS, UK)
Engagement Partner
Enrolment No: 2080

UNICAP SECURITIES LIMITED

Statement of Financial Position
As at 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Assets			
Non-Current Assets			
Property, plant and equipment	4	1,810,558	3,008,582
Right of Use of Assets	5	8,936,831	12,675,257
TREC holding in stock exchanges	6	8,250,000	8,250,000
Staff loan	7	4,365,728	5,558,296
		23,363,118	29,492,135
Current Assets			
Cash and bank balances	8	81,366,287	105,164,845
Receivables from securities trading	9	11,278,415	28,620,374
Receivable from others	10	5,314,861	17,677,568
Margin clients	11	481,394,012	494,040,199
Investment in securities	12	203,391,978	203,428,918
Receivable from proprietary fund	13	71,375	16,148,770
Advances, deposits and prepayments	14	6,465,443	9,210,084
Advance income tax	15	471,358,075	454,672,090
Deferred tax assets	16	10,823,024	9,015,528
		1,271,463,469	1,337,978,374
Total Assets		1,294,826,587	1,367,470,510
Liabilities and Shareholder's Equity			
Shareholders' equity			
Share capital	17	500,000,000	500,000,000
Capital reserve		-	195,729
General reserve		4,813,941	4,940,402
Retained earnings		(176,395,304)	(65,348,905)
Total Equity		328,418,636	439,787,227
Non Current Liabilities			
Long term loan	18	185,046,630	211,201,652
Lease liability	19	10,694,064	14,054,714
Deferred liabilities - employee gratuity	20	27,035,685	21,078,458
		222,776,379	246,334,824
Current Liabilities			
Payable to clients	21	129,587,051	110,572,267
Short term business liabilities	22	17,600,000	17,600,000
Payable to exchanges	23	2,563,822	16,707,126
Accruals and payables	24	5,658,554	13,185,469
Other liabilities and provisions	25	588,222,145	523,283,596
		743,631,571	681,348,459
Total Liabilities		966,407,951	927,683,283
Total Equity and Liabilities		1,294,826,587	1,367,470,510

The annexed notes are an integral part of these financial statements.



Chief Executive Officer

Place: Dhaka, Bangladesh
Dated: 22 May 2025
DVC: 2505292080AS406723



Director



Chariman

For, Syful Shamsul Alam & Co.

Chartered Accountants

Firm Registration Number: 1/1/ICAB-2003(1)



Md. Jafor Ullah, ACA, MBA (NUBS, UK)

Engagement Partner

Enrolment No: 2080

UNICAP SECURITIES LIMITED

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
Revenue:			
Brokerage commission	26	59,360,833	69,817,119
Dividend income	27	5,000,026	10,162,680
Interest on margin loan	28	15,081,387	14,420,930
Other income	29	1,024,103	2,181,027
		80,466,349	96,581,757
Cost of services	30	(7,437,111)	(8,597,205)
Gross Profit		73,029,238	87,984,552
Realized gain/(loss) on sale of securities	31	567,170	19,414,511
Administrative and general expenses	32	(90,107,416)	(96,839,784)
Financial expenses	33	(29,768,252)	(39,130,338)
Operating Profit or (Loss)		(46,279,259)	(28,571,060)
Profit before Provision		(46,279,259)	(28,571,060)
Provision for negative equity	25.2	(42,298,405)	-
Provision for diminution in value of securities	25.1	(12,098,421)	-
Net Profit before Tax or (Loss)		(100,676,086)	(28,571,060)
Current tax	25.3	(12,500,000)	(16,917,404)
Deferred tax	16	1,807,496	13,345
Profit after Tax or (Loss)		(111,368,590)	(45,475,119)

The annexed notes are an integral part of these financial statements.

Chief Executive Officer

Director

Chariman

Place: Dhaka, Bangladesh
Dated: 22 May 2025
DVC: 2505292080AS406723

For, Syful Shamsul Alam & Co.
Chartered Accountants
Firm Registration Number: 1/1/ICAB-2003(1)

Md. Jafor Ullah, ACA, MBA (NUBS, UK)
Engagement Partner
Enrolment No: 2080

UNICAP SECURITIES LIMITED

Statement of Cash Flows

For the year ended 31 December 2024

Particulars	Notes	Figures in BDT	
		31-Dec-24	31-Dec-23
A. Cash flow from operating activities			
Profit/(Loss) before tax		(100,676,086)	(28,571,060)
Adjustment for items not involving movement of cash:			
Depreciation and amortization		1,612,608	(7,854,847)
Employee- Gratuity		9,325,971	7,178,100
Gain on Sale of Strategic Investment in Shares (CSE)		-	(14,827,495)
Provision for negative equity		42,298,405	-
Provision for diminution in value of investment		12,098,421	-
Profit after adjustment		(35,340,681)	(44,075,303)
(Increase)/decrease in margin loan to clients		12,646,187	58,751,626
(Increase)/decrease in Right of Use of Lease Assets		3,738,426	21,658,462
(Increase)/decrease in accounts receivables		29,704,667	(2,525,931)
(Increase)/decrease in advance income tax		(16,685,985)	(16,655,565)
(Increase)/decrease of advances, deposits and prepayments		2,744,641	(2,188,122)
(Increase)/decrease of Receivable from proprietary Fund		16,077,395	(69,406)
(Increase)/decrease of staff loan		1,192,568	1,046,630
Increase/(decrease) in accounts payable		4,871,479	(69,426,839)
Increase/(decrease) in Provision for corporate income tax		(1,958,277)	-
Increase/(decrease) in Lease Liability		(3,360,650)	(15,620,678)
Increase/(decrease) of deferred liability employee gratuity		(3,368,744)	(803,105)
Increase/(decrease) in Provision for Interest payable to Client		-	-
Increase/(decrease) in liabilities for expenses		(7,526,916)	3,121,682
		38,074,791	(105,111,245)
Net cash flow/(used) in operating activities		2,734,110	(149,186,547)
B. Cash flow from investing activities			
Purchase of fixed assets		(3,815,288)	(1,690,857)
Investment in securities		36,940	10,315,397
Disposal of fixed assets		3,400,703	9,957,239
Net cash flow/(used) in investing activities		(377,645)	18,581,779
C. Cash flow from financing activities			
Repayment of long term loan		(26,155,022)	53,245,676
Net cash from financing activities		(26,155,022)	53,245,676
D. Net Increase/(Decrease) in cash and cash equivalents (A+B+C)		(23,798,557)	(77,359,092)
E. Opening cash and cash equivalents		105,164,844	182,523,937
F. Closing cash and cash equivalents		81,366,287	105,164,844

The annexed notes are an integral part of these financial statements.

Chief Executive Officer

Director

Chariman

Dated: 22 May 2025
Place: Dhaka, Bangladesh

UNICAP SECURITIES LIMITED

Statement of Changes in Equity
For the year ended 31 December 2024

Figures in BDT

Particulars	Share Capital	Capital Reserve	General Reserve	Retained Earnings	Total
Balance as at 01 January 2024	500,000,000	195,729	4,940,402	(65,348,905)	439,787,226
Net profit after tax for the year	-	-	-	(111,368,590)	(111,368,590)
Capital Reserve Adjustment during the year	-	(195,729)	-	195,729	-
Capital Reserve Addition during the year	-	-	-	-	-
General Reserve Adjustment during the year	-	-	(4,940,402)	4,940,402	-
General Reserve Addition during the year	-	-	4,813,940	(4,813,940)	-
Balance as at 31 December 2024	500,000,000	-	4,813,940	(176,395,304)	328,418,636

For the year ended 31 December 2023

Figures in BDT

Particulars	Share Capital	Capital Reserve	General Reserve	Retained Earnings	Total
Balance as at 01 January 2023	500,000,000	4,575,068	5,527,918	(24,840,641)	485,262,345
Net profit after tax for the year	-	-	-	(45,475,119)	(45,475,119)
Capital Reserve Adjustment during the year	-	(4,575,068)	-	4,575,068	-
Capital Reserve Addition during the year	-	195,729	-	(195,729)	-
General Reserve Adjustment during the year	-	-	(5,527,918)	5,527,918	-
General Reserve Addition during the year	-	-	4,940,402	(4,940,402)	-
Balance as at 31 December 2023	500,000,000	195,729	4,940,402	(65,348,905)	439,787,226

The annexed notes are an integral part of these financial statements.



Chief Executive Officer



Director



Chariman

Dated: 22 May 2025
Place: Dhaka, Bangladesh

UNICAP SECURITIES LIMITED

Notes to the financial statements

For the year ended 31 December 2024

1 The company and its activities

1.1 Legal status of the Company

Unicap Securities Limited (formerly SES Company Limited) was incorporated with the Registrar of Joint Stock Companies and Firms (RJSC) under registration no. C-29454(742)/95 on 9 October 1995, under the Companies Act, 1994, as a private limited company. The company's registered office is located at Richmond Concord (6th Floor), 68 Gulshan Avenue, Gulshan 01, Dhaka-1212, Bangladesh.

1.2 Principal activities of the Company

The company's principal activities include investing in shares, providing brokerage services, and dealing in securities under a license from the Bangladesh Securities & Exchange Commission. It holds memberships in both the Dhaka and Chittagong Stock Exchange Limited (membership numbers 163 and 082, respectively) and is a full-service depository participant of CDBL.

2 Basis of Accountig

2.1 Components of the financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), with appropriate consideration of their principles. These financial statements include the following, as required by International Accounting Standard 1 (IAS 1):

- a) Statement of financial position
- b) Statement of Profit or loss and other comprehensive income
- c) Statement of cash flows
- d) Statement of changes in equity
- e) Notes to the financial statements

2.2 Statement of compliance

The financial statements have been prepared on a going concern basis, following the accrual method of accounting, except for the Statement of Cash Flows. They comply with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Bangladesh Securities and Exchange Commission Rule 2020, and other applicable laws and regulations.

2.3 Basis of measurement

The financial statements have been prepared using the historical cost basis. orical cost basis.

2.4 Functional and presentational currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk./BDT), the company's functional currency. All financial information presented in Taka has been rounded to the nearest whole number.

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates, and assumptions that impact the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The most significant areas where estimates and judgments have been applied include the valuation of investments and taxation.

2.6 Going concern basis

Despite incurring losses in recent years, the company remains optimistic about returning to profitability and continuing its operations in the foreseeable future. The company has adequate resources and financial stability to sustain its operations. Accordingly, the directors have adopted the going concern basis in preparing the financial statements. The company's existing credit facilities and financial resources provide sufficient funding to meet current business requirements and operational needs. Management remains committed to strategic measures aimed at improving financial performance and ensuring long-term sustainability.

2.7 Reporting period

The company's financial statements cover the period from 1 January 2024 to 31 December 2024.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all periods presented in these financial statements.

3.1 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the enterprise. Revenue is accounted for during the year in accordance with International Financial Reporting Standard (IFRS) 15, Revenue from Contracts with Customers.

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

Items of property, plant, and equipment are measured at cost, net of accumulated depreciation and any impairment losses. Cost includes expenditures directly attributable to the acquisition of the asset.

3.2.2 Subsequent costs

The cost of replacing a part of an item of property, plant, and equipment is recognized in the carrying amount of the asset if it is probable that the future economic benefits associated with the replacement will flow to the company and its cost can be measured reliably. Meanwhile, the costs of routine servicing of property, plant, and equipment are expensed in the profit and loss account as incurred.

3.2.3 Depreciation

Depreciation is applied to property, plant, and equipment using the straight-line method at rates ranging from 10% to 33.33% to allocate their cost over their useful economic life.

3.3 Intangible assets

3.3.1 Recognition and measurement

Computer software acquired by the company, which has a finite useful life, is measured at cost, net of accumulated amortization.

3.3.2 Subsequent costs

Subsequent expenditure is capitalized only when it enhances the future economic benefits of the specific asset to which it relates. All other expenses are recognized in profit or loss as incurred.

3.3.3 Amortization of intangible assets

Intangible assets are amortized using the straight-line method at a rate of 33%.

3.4 Investment in listed securities

Investments in quoted and unquoted shares are initially recognized at cost, including transaction costs directly attributable to the acquisition of the shares. After initial recognition, investments in quoted shares are reported at cost as of the reporting date.

A required provision has been made for impairment when the market value of investments falls below cost, as per BSEC/CMRRCD/2009-193/203, dated 28 December 2017. Stock dealers can make this provision for unrealized losses in five quarterly installments until 31 December 2023, as extended by directive no. BSEC/Surveillance/Spokesperson (5th Part)/2019/196, dated 16 July 2020.

In the previous year, directive no. BSEC/SMMID/NE/2023/840, issued on 22 October 2023 by the Bangladesh Securities and Exchange Commission, extended the period for unrealized losses until 30 June 2024. This was further extended by directive no. BSEC/SMMID/NE/2023/1690, issued on 28 March 2024, pushing the deadline to 31 January 2025.

Additionally, through directive no. BSEC/MUKHOPATRA/02/2024/106, dated 24 April 2025, the period for unrealized losses was further extended until 31 December 2025. Based on the latest directive, a 20% provision has been made against the unrealized loss of investments in listed securities.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held with banks and financial institutions, and short-term liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3.6 Howla and CDBL charges

Stock exchange charges are recorded daily based on trading activities upon receipt of the trading note. Charges from Central Depository Bangladesh Ltd. (CDBL) are booked monthly after receiving the bill from CDBL.

Notes to the Financial Statements

3.7 Borrowing costs

Borrowing costs are charged to the profit and loss account in accordance with International Accounting Standard (IAS) 23: Borrowing Costs.

3.8 Bad debt

3.8.1 Provision for bad debts

The company establishes provisions for doubtful debts annually, taking into account collections during the year and the value of shares held as security.

3.8.2 Recovery of bad debts

Any recovered amount is adjusted against the provision for bad debts in the period of recovery.

3.9 Corporate tax

3.9.1 Current tax

Income tax expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income. Current tax represents the expected tax payable on taxable income for the year, calculated using tax rates enacted or substantively enacted as of the reporting date, along with any adjustments to tax payable related to previous years. The corporate tax rate is set at 27.5% as per the Finance Act 2023.

3.9.2 Deferred tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities in financial reporting and their respective tax bases. It is measured at the tax rates expected to apply when the temporary differences reverse, based on laws enacted or substantively enacted as of the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and assets, and when they pertain to income taxes levied by the same tax authority on the same taxable entity. A deferred tax asset or liability is recognized when it is probable that future taxable profits will be available to utilize temporary differences. Deferred tax assets and liabilities are reviewed at each reporting date and reduced as necessary to reflect the probability of realizing the related tax benefit.

3.10 Gratuity scheme

The company operates a gratuity scheme to retain and motivate employees for long-term retention. This scheme applies to all permanent employees who have completed at least five years of continuous service. Provisions for gratuity are made annually based on the terms of the scheme.

3.11 Provision against unrealized loss in shares and Margin Loan

As per directive no. BSEC/SRI/POLICY/3/2020/68, dated 12 January 2020, the Bangladesh Securities and Exchange Commission extended the timeframe for making provisions for unrealized losses arising from year-end revaluation of shares purchased as a dealer and unrealized losses on margin loans until 31 December 2022. This deadline was further extended to 31 December 2023 under directive no. BSEC/Surveillance/Spokesperson (5th Part)/2019/196, dated 16 July 2020.

In the previous year, directive no. BSEC/SMMID/NE/2023/840, issued on 22 October 2023, extended the period for unrealized losses until 30 June 2024. This was further extended under directive no. BSEC/SMMID/NE/2023/1690, issued on 28 March 2024, allowing provisions for unrealized losses up to 31 January 2025.

Additionally, through directive no. BSEC/MUKHOPATRA/02/2024/106, dated 24 April 2025, the deadline for unrealized losses was further extended to 31 December 2025. Based on the latest directives, a 20% provision has been made against unrealized losses and margin loans.

3.12 Related Party Disclosures

As per International Accounting Standard (IAS) 24, Related Party Disclosures, parties are considered related if one has the ability to control the other or exercise significant influence over financial and operational decisions. The company conducts transactions with related parties in the ordinary course of business on an arm's length basis and at commercial rates.

Name of related party	Relationship	Nature	Amount (Tk.)
Union Capital Ltd.	Parent Company	Loan	119,287,797
Unicap Investment Limited	Sister Concern	Payable against rent, utilities and others	3,467,322

Notes to the Financial Statements

3.13 General

a) All accrued expenses, whether of a capital or revenue nature, that are due but not yet paid have been accounted for in the company's books.

b) Figures from previous periods have been rearranged, where necessary, to align with the current period's presentation.

3.14 Capital Reserve

As per clause (i) of (e) of Part B [rule (1) (b), rule 5(2)] of the Bangladesh Securities and Exchange Commission (Risk-Based Capital Adequacy) Rules, 2019, each registered entity is required to maintain a mandatory provision of at least 10% of the profit after tax from the previous year as a 'capital reserve.' The full amount of this reserve must be accounted for when computing total capital. Accordingly, 10% of the profit after tax from the last financial year has been set aside as a provision, transferred to capital reserves, and included in the computation of total capital.

3.15 General Reserve

As per clause (i) of (e) of Part B [rule (1)(b), rule 5(2)] of the Bangladesh Securities and Exchange Commission (Risk-Based Capital Adequacy) Rules, 2019, each registered entity must maintain a mandatory provision of at least 1% of all outstanding margin exposure as a 'General Reserve.' The full amount of this reserve must be accounted for when computing total capital.

3.16 Capital adequacy ratio (CAR)

As per the Bangladesh Securities and Exchange Commission (Risk-Based Capital Adequacy) Rules, 2019, capital adequacy refers to the level of total capital maintained against the total risk exposure of a registered entity. This requirement ensures the continuation of a safe and efficient operation while enabling resilience against both foreseeable and unforeseeable losses. The capital adequacy ratio (CAR) represents the standard ratio prescribed in these rules for measuring the level of capital adequacy of a registered entity.

As per [rule 4(3)(a)] of the Bangladesh Securities and Exchange Commission (Risk-Based Capital Adequacy) Rules, 2019, each registered entity must maintain a minimum capital adequacy ratio of 120% or 1.20 times.

As per [rule 4(2)] of the Bangladesh Securities and Exchange Commission (Risk-Based Capital Adequacy) Rules, 2019, UniCap Securities Limited's capital adequacy ratio (CAR) for the year-end 2023 is 624.81% or 6.25 times, based on the prescribed computation method.

3.17 Date of authorization

The Board of Directors accorded its approval and authorized these financial statements on 22 May 2025

		Figures in BDT	
		31-Dec-24	31-Dec-23
4	Property, Plant and Equipment		
	Costs:		
	Office decoration and renovation	19,213,568	19,109,048
	Furniture and fixtures	1,378,352	1,326,141
	Office equipment	15,670,323	15,412,469
	Cell phone	59,900	59,900
	Motor vehicle	5,500,000	5,500,000
		41,822,143	41,407,558
	Less: Accumulated depreciation (Annexure-A)	40,011,584	38,398,976
		1,810,558	3,008,582
5	Right of Use of Lease Assets		
	Opening leased assets	12,675,258	34,333,719
	Addition during the year	2,482,077	231,662
		15,157,335	34,565,381
	Less: Adjustment during the year	-	9,465,059
	Less: Accumulated depreciation (Annexure-A)	6,220,503	12,425,063
		8,936,831	12,675,258

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
6	TREC holding in stock exchanges		
	Investment in DSE	4,500,000	4,500,000
	Investment in CSE*	3,750,000	3,750,000
		8,250,000	8,250,000
The stated amount represents the acquisition cost associated with the holding of Trading Right Entitlement Certificates (TREC) for Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). These holdings are classified as intangible assets and are recorded at their historical cost.			
7	Staff Loan		
	House Loan	507,986	560,115
	Car Loan	857,740	1,853,040
	Personal Loan	3,000,002	3,145,141
		4,365,728	5,558,296
8	Cash and cash equivalents		
	Cash in hand	40,000	40,000
	Cash at Bank (Note-8.1)	81,326,287	105,124,845
		81,366,287	105,164,845
8.1	Cash at Bank		
	Standard Chartered Bank PLC (A/C-02-**57-02)	78,813,245	102,796,611
	Standard Chartered Bank PLC (A/C-01-**57-02)	752,679	442,005
	Standard Chartered Bank PLC (A/C-01-**57-03)	2,585	2,585
	Non-Resident Bangladeshi Bank PLC (A/C- **623)	129,405	130,556
	Prime Bank PLC (A/C- **465)	236,288	236,288
	Dhaka Bank PLC (A/C-***637)	356,419	344,511
	Farmers Bank PLC (A/C- **822)	30,702	30,702
	Midland Bank PLC (A/C- 0011-**174)	68,294	43,530
	Shahjalal Islami Bank PLC (A/C-**700)	207,659	172,802
	Rupali Bank PLC (A/C- **367)	7,705	7,705
	NRB Bank PLC (A/C-**647)	37,455	38,605
	Standard Chartered Bank PLC (A/C--01-**57-04)	6,345	506,035
	Standard Chartered Bank PLC (A/C- 01-**57-05)	176,201	172,841
	National Credit and Commerce Bank PLC (A/C-**943)	346,663	-
	Pubali Bank PLC (A/C-**445)	154,644	200,070
		81,326,287	105,124,845
9	Receivables from securities trading		
	Dhaka Stock Exchange Limited	11,278,415	28,620,374
	Chittagong Stock Exchange Limited	-	-
		11,278,415	28,620,374
10	Receivable from others		
	Receivable from Union Capital Limited	-	2,756,059
	Dividend income receivable	5,314,861	14,921,509
		5,314,861	17,677,568
11	Receivable from margin clients		
	Receivable against margin loan	481,394,012	494,040,199
		481,394,012	494,040,199

The company has provided margin loans to clients for the purchase of equity securities. As of the reporting date, the portfolio containing these margin loans reflects a negative equity of BDT 441,413,932, indicating a significant decline in the value of the loans. In response to this valuation decline, provisions have been recognized in Note 25.2.

Notes to the Financial Statements

12 Investment in securities

Investment in listed securities (Note-12.1)
Investment in non-listed unit fund (Note-12.2)

Figures in BDT	
31-Dec-24	31-Dec-23
190,891,978	190,928,918
12,500,000	12,500,000
203,391,978	203,428,918

12.1 Investment in listed securities

	Market value	Cost value	Unrealized (loss)/Gain
Cement	15,505,000	39,929,765	(24,424,765)
Engineering	4,527,443	15,557,777	(11,030,334)
Fuel & Power	21,107,650	50,601,353	(29,493,703)
Pharmaceuticals	18,651,220	47,683,027	(29,031,807)
Textile	5,562,000	31,633,875	(26,071,875)
Telecommunication	3,152,500	5,486,181	(2,333,681)
	68,505,813	190,891,978	(122,386,166)

12.2 Investment in non-listed unit fund

Unit fund of CWT Opportunities	2,500,000	2,500,000	-
Unit fund of Capitec IBBL Shariah Unit fund	7,950,000	10,000,000	(2,050,000)
	10,450,000	12,500,000	(2,050,000)

The related provision for the decline in the value of securities is outlined in Note 25.1.

13 Receivable from proprietary Fund

Receivable From Startegic Investment (DSE)	70,774	71,224
Receivable From ICB Fund	600	50
Receivable From Startegic Investment (CSE)	-	16,077,495
	71,375	16,148,770

14 Advances, deposits and prepayments

Office rent	749,460	1,616,700
DSE floor space etc	20,000	20,000
Expenses	782,656	1,379,156
Software development leadssoft	300,000	300,000
Prepaid insurance	52,935	642,002
Advance for IPO (Dealer)	25,000	680,000
Security Deposit:		
Loan (Advance installment)	3,597,475	3,597,475
CDBL	100,000	100,000
DSE	75,000	75,000
CSE	30,000	30,000
Security Deposit (Rent)	732,916	769,750
	6,465,443	9,210,084

15 Advance income tax

Opening balance	454,672,090	438,016,525
Add: Addition during the year	16,685,985	16,655,565
	471,358,075	454,672,090
Less: Adjustment made during the year	-	-
	471,358,075	454,672,090

16 Deferred tax Assets

Opening balance	9,015,527	9,002,182
Adjustment for the year	1,807,496	13,345
Closing balance	10,823,023	9,015,527

Notes to the Financial Statements

Figures in BDT

31-Dec-24

31-Dec-23

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of International Accounting Standard (IAS) 12.

Deferred tax asset is arrived at as follows:

		Carrying amount at balance sheet date	Tax base at balance sheet date	(Taxable)/deductible temporary difference
Assets	Fixed assets net of depreciation	1,810,558	12,374,087	(10,563,529)
Liabilities	Employee gratuity fund	(27,035,685)	-	(27,035,685)
Assets	Right of Use of Lease Assets	8,936,831	-	8,936,831
Liabilities	Lease Liability	(10,694,064)	-	(10,694,064)
		(25,225,126)	12,374,087	(39,356,447)
	Applicable tax rate			27.5 %
	Deferred tax assets @ 27.50%			(10,823,023)
	Less : Opening deferred tax assets			9,015,527
	Deferred tax income			(1,807,496)

17 Share capital

Authorized capital

5,000,000 Ordinary Shares of Tk. 100/- each.

500,000,000

500,000,000

Issued, subscribed and paid-up capital

Ordinary Share capital

Paid-up Capital 5,000,000 shares of Tk.100/- each, fully paid.

500,000,000

500,000,000

Name of shareholder

Union Capital Limited

4,999,999

499,999,900

499,999,900

Barrister Moniruzzaman Khan

1

100

100

5,000,000

500,000,000

500,000,000

18 Long term loan

Opening balance

211,201,652

157,955,976

Add: Addition during the year

-

107,074,817

211,201,652

265,030,793

Less: Repayment during the year

26,155,022

53,829,141

Closing balance

185,046,630

211,201,652

Outstanding

Union Capital Limited

119,287,797

126,778,450

Hajj Finance Company Limited

62,746,878

79,467,372

Midland Bank Limited

3,011,955

4,955,830

185,046,630

211,201,652

The loans represent term financing obtained from banks and financial institutions, as detailed in the financial statement. Repayment schedules vary, with payments structured on a monthly and quarterly basis, in accordance with the terms and conditions agreed upon with the lenders..

19 Lease Liability

Lease Liability of Rent

10,694,064

14,054,714

10,694,064

14,054,714

20 Deferred liabilities - employee gratuity

Opening balance

21,078,458

14,703,463

Add: Addition during the year

9,325,971

7,178,100

30,404,429

21,881,563

Less: Paid during the year

3,368,744

803,105

Closing balance

27,035,685

21,078,458

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
21 Payable to clients			
Clients Account Payable		129,587,051	110,572,267
		129,587,051	110,572,267
This amount represents the outstanding payable to clients arising from the sale of shares executed on their behalf. It also includes funds deposited by clients in their accounts for the intended purchase of shares.			
22 Short term business liabilities			
Opening balance		17,600,000	100,000,000
Add: Addition during the year		-	17,600,000
		17,600,000	117,600,000
Less: Repayment during the year		-	100,000,000
Closing balance		17,600,000	17,600,000
This represents amount payable to clients against sale of shares on behalf of those clients including amount deposited by clients for purchase of shares in those accounts.			
23 Payable to exchanges (DSE,CSE)			
Dhaka Stock Exchange		2,563,822	16,707,126
Chittagong Stock Exchange		-	-
		2,563,822	16,707,126
24 Accruals and payables			
Interest expense		1,561,701	8,797,017
Audit fee		270,250	270,250
CDBL charges		153,840	202,132
Tax and VAT deducted at source		332,114	405,540
Excise duty-payable		2,700	2,700
Interest Payable to Client for CCA		157,482	110,577
Other payables		3,180,466	3,397,253
		5,658,553	13,185,469
25 Other liabilities and provisions			
Provision for diminution in value of investments (Note- 25.1)		24,887,233	12,788,812
Provision for negative equity (Note- 25.2)		88,282,786	45,984,381
Provision for corporate income tax (Note- 25.3)		475,052,126	464,510,403
		588,222,145	523,283,596
25.1 Provision for diminution in value of investments			
Opening balance		12,788,812	12,788,812
Add: Addition during the year		12,098,421	-
Closing balance		24,887,233	12,788,812
As of the reporting date, the company's total investment in securities stands at a cost of BDT 203,391,978, with a current market value of BDT 78,955,813, resulting in a fall in value of BDT 124,436,165. The company has made a provision of BDT 24,887,233, which represents 20% of the required amount. The shortfall amounting to BDT 99,548,933 has not been provided for, as allowed under BSEC Directive No. BSEC/SMMID/NE/2023/1690, dated 28 March 2024. It is further extended upto 31 December 2025 through BSEC directives No. BSEC/MUKHOPATRA/02/2024/106, dated 24 April 2025.			
25.2 Provision for negative equity			
Opening balance		45,984,381	45,984,381
Add: Addition during the year		42,298,405	-
Less: Adjustment during the year		-	-
Closing balance		88,282,786	45,984,381
As of the reporting date, the total margin loan stands at BDT 481,394,012, with a negative equity of BDT 441,413,932. Consequently, the required provision amounts to BDT 441,413,932. However, the total provision recognized against margin loans is BDT 88,282,786, representing 20% of the required provision, indicating a shortfall of BDT 353,131,146. The company has not accounted for this shortfall as allowed under BSEC Directive No. BSEC/SMMID/NE/2023/1690, dated 28 March 2024. It is further extended upto 31 December 2025 through BSEC directives No. BSEC/MUKHOPATRA/02/2024/106, dated 24 April 2025.			

Notes to the Financial Statements

		Figures in BDT	
		31-Dec-24	31-Dec-23
25.3 Provision for corporate income tax			
Opening balance		464,510,403	447,592,999
Add: Provision for the year		12,500,000	16,917,404
Less: Adjustment during the year		1,958,277	-
Closing balance		475,052,126	464,510,403
26 Brokerage commission			
Brokerage commission from DSE		59,159,226	67,987,996
Brokerage commission from CSE		201,608	1,829,124
		59,360,833	69,817,119
27 Dividend income			
Investment in Shares (Dealer A/C)		4,870,638	9,823,155
Strategic Investment for Selling 25% of shares		118,375	323,250
Investment in shares-ICB Fund		11,013	16,275
		5,000,026	10,162,680
28 Interest on margin loan			
		15,081,387	14,420,930
		15,081,387	14,420,930
This represents interest income earned on margin loans provided to both individual and corporate clients under the BSEC Margin Rules, 1999, for purchasing listed securities. No interest is charged on margin loans with negative equity. The interest rate on margin loans ranges from 14% to 16.5%.			
29 Other Income			
BO A/C opening fee		78,000	95,500
BO A/C maintenance fee		465,500	441,100
Income from IPO application		-	2,495
Cheque dishonour and transmission fee		(116,047)	59,000
Interest on staff loan		579,424	577,759
Interest on bank deposit		17,226	103,073
Gain/(Loss) on disposal of fixed assets		-	902,100
		1,024,103	2,181,027
30 Cost of Services			
Laga charges		5,601,463	6,506,063
CDBL expense		1,835,648	2,091,142
		7,437,111	8,597,205
31 Realized gain/(loss) on Sale of Securities			
Investment in Shares(Dealer A/C)		567,170	4,756,412
Strategic Investment for Selling 25% of shares		-	(116,571)
Investment in shares-ICB Fund		-	(52,825)
Strategic Investment-CSE		-	14,827,495
		567,170	19,414,510
32 Administrative and General Expenses			
Salaries and other employees benefits (Note-32.1)		66,708,132	69,703,124
Rent, taxes, insurance and electricity (Note-32.2)		2,375,842	1,964,164
Postage, stamp and telecommunication (Note-32.3)		2,110,463	2,563,872
Stationery, printing, advertisements, etc (Note-32.4)		201,952	427,820
Auditors' fee (Note-32.5)		143,750	143,750
Depreciation and repair of assets (Note-32.6)		11,233,814	14,527,455
Other expenses (Note-32.7)		7,333,463	7,509,599
		90,107,416	96,839,784

Notes to the Financial Statements

32.1 Salaries and other employees benefits

Salaries and allowances
Other benefits

32.2 Rent, taxes, insurance and electricity

Office rent, rates and taxes
Insurance
Power and electricity

DISCLOSURE RELATED TO RENT, RATE AND TAXES:

Actual rent expenses
Less: Reclassification of rent expenses (as per IFRS 16:)
Rent, taxes, insurance and electricity

Total

32.3 Postage, stamp and telecommunication

Postage and stamp
Telegram, telex, fax and e-mail
Telephone and mobile

32.4 Stationery, printing, advertisement, etc

Printing and stationery
Advertisement and publicity

32.5 Auditors' fee

Audit fee
VAT on fee

32.6 Depreciation and repair of assets

Depreciation of fixed assets-freehold
Depreciation on leased assets

32.7 Other expenses

Travelling and conveyance
Training & development
Office maintenance
Service charge
Entertainment
Capacity charge
Bank charges and excise duty
Subscription, renewal and registration fees
Motor vehicle expenses
Board meeting
Documentation charges
Investor protection fund
Books, magazines, newspapers, etc

33 Financial expenses

Interest expenses
Interest on lease liability

Figures in BDT	
31-Dec-24	31-Dec-23
49,996,089	54,914,787
16,712,043	14,788,337
66,708,132	69,703,124
607,076	544,708
589,067	-
1,179,699	1,419,456
2,375,842	1,964,164
7,383,398	11,978,311
7,383,398	11,978,311
15,058	14,887
1,409,600	1,576,104
685,805	972,881
2,110,463	2,563,872
184,702	220,820
17,250	207,000
201,952	427,820
125,000	125,000
18,750	18,750
143,750	143,750
5,013,311	2,102,392
6,220,503	12,425,063
11,233,814	14,527,455
254,209	291,244
57,700	-
1,859,905	2,604,488
822,020	776,714
331,432	857,368
1,779,473	-
142,099	442,497
1,119,105	1,510,881
672,152	549,597
272,000	111,900
-	239,321
-	92,895
23,368	32,695
7,333,463	7,509,599
28,153,055	36,163,226
1,615,197	2,967,112
29,768,252	39,130,338

Chief Executive Officer

Director

Chairman

UNICAP SECURITIES LIMITED

Statement of Property, Plant & Equipment

As at 31 December 2024

Annexure-A

Figures in BDT

Particulars	Cost			Rate	Depreciation			Written down value as at 31.12.2024
	Opening balance 01 Jan 2024	Addition during the year	Adjustment during the year		Charged during the year	Adjustment during the year	Total depreciation	
Office decoration and renovation	19,109,048	104,520	-	33%	1,010,760	-	18,498,963	714,605
Furniture and fixtures	1,326,141	52,211	-	20%	66,289	-	1,245,511	132,841
Office equipment	15,412,469	3,658,557	3,400,703	20%	3,936,262	3,400,703	14,707,231	963,091
Cell phone	59,900	-	-	20%	-	-	59,880	20
Motor vehicle	5,500,000	-	-	20%	-	-	5,499,999	1
Total as at 31 December 2024	41,407,558	3,815,288	3,400,703		5,013,311	3,400,703	40,011,584	1,810,558

*Additional Addition and Depreciation of Office Equipment includes Tk. 3,400,703 which represents 147 numbers of assets transferred by Union Capital Limited in previous years which booked by Unicap Securities Limited in this year.

Schedule of Lease Assets As at 31 December 2024

Figures in BDT

Particulars	Cost			Rate	Depreciation			Written down value as at 31.12.2024
	Opening balance 01 Jan 2024	Addition during the year	Adjustment during the year		Charged during the year	Adjustment during the year	Total depreciation	
Leased Assets	59,922,658	2,482,077	-		6,220,503	-	53,467,905	8,936,831
Total as at 31 December 2024	59,922,658	2,482,077	-		6,220,503	-	53,467,905	8,936,831

Schedule of Intangible Assets As at 31 December 2024

Figures in BDT

Particulars	Cost			Rate	Depreciation			Written down value as at 31.12.2024
	Opening balance 01 Jan 2024	Addition during the year	Adjustment during the year		Charged during the year	Adjustment during the year	Total depreciation	
Systems & Software	1,924,800	-	-	33%	-	-	1,924,800	-
Systems & Software	1,924,800	-	-	33%	-	-	1,924,800	-

UNICAP SECURITIES LIMITED

Statement of Computation of Capital Adequacy
As on 31 December 2024

a. Eligible Capital

Components	Amount	Haircut%	Haircut Amount	Eligible Amount
Paid-up-capital	500,000,000	-	-	500,000,000
Capital reserve	-	-	-	-
General Reserve	4,813,941	-	-	4,813,941
Retained Earnings	(176,395,304)	-	-	(176,395,304)
Sum of core capital	328,418,636	-	-	328,418,636
General Provision on Margin Loan	88,282,786	20%	17,656,557	70,626,229
Specific Provision on Portfolio Investment	24,887,233	30%	7,466,170	17,421,063
Sum of supplementary capital	113,170,019	-	25,122,727	88,047,292
	441,588,656	-	25,122,727	416,465,928

b. Total Risk Requirement

Particulars	Risk Factor	Applicable Amount
Operation Risk Requirement (ORR)		
Based on Average Annual Gross Income (see clause (b) of sub-rule (7.1) of rule 7)	5%	5,443,949
Position Risk Requirement (PRR)		
Proprietary positions in Equity securities of Dealer & Strategic Investment:		
Value of "A" category securities	10%	12,071,154
Value of "B/G/N/." category securities	12%	1,866,933
Value of "Z" category instruments	15%	8,193,400
Value of non-listed funds	3%	375,000
Counterparty Risk Requirement (CPRR)		
Exposure of credit facilities to Clients	8%	38,511,521
Liability Risk Requirement (LRR)		
Annual Revenue Reported in last year	0.20%	160,933
Total Risk Requirement =		66,622,889

c. Capital Adequacy Ratio

$$\begin{aligned}
 \text{Capital Adequacy Ratio (CAR)} &= \frac{\text{Total Capital (TC)}}{\text{Total Risk Requirement (TRR)}} \times 100 \\
 &= \frac{416,465,928}{66,622,889} \times 100 \\
 &= 624.81 \% \quad \text{i.e. 6.25 times}
 \end{aligned}$$



SHAREHOLDER'S ADDITIONAL INFORMATION

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NOTICE OF THE 27TH ANNUAL GENERAL MEETING



Union Capital Limited

(Incorporated in Bangladesh)

(Registration number: C-36021 (321/98))

(Share code: UNIONCAP)

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Tuesday, the 23 September 2025 at 11:30 a.m. through Hybrid System in combination of physical presence of shareholders at the venue i.e. Gulshan Shooting Club, Gulshan - 1, Dhaka - 1212 and also connection of shareholders by using Digital/Online platform to deal with the following businesses:

ORDINARY BUSINESS

AGM 25-27-01: Receive and adopt the Audited Financial Statements of the Company as of and for the year ended 31 December 2024 together with the reports of the Auditors and Directors thereon;

AGM 25-27-02 : Approval of dividend for the year 2024;

AGM 25-27-03 : Retirement & re-appointment of Directors;

AGM 25-27-04 : Confirmation of the appointment of Independent Directors;

AGM 25-27-05 : Appointment of the Auditors of the Company for the year 2025 and fixation of their remuneration; and

AGM 25-27-06 : Appointment of the Auditors for certification on the compliance on conditions of Corporate Governance Code (CGC) for the year 2025 and fixation of their remuneration.

By order of the Board,

MD. Abdul Hannan

Company Secretary (CC)

02 September 2025, Dhaka

NOTES

1. Shareholder's appeared in the Members/Depository Register as on "Record Date" i.e. 30 July 2025 are eligible to attend and vote at the 27th Annual General Meeting.
2. Pursuant to the Bangladesh Securities and Exchange Commission's Directive no: BSEC/ICAD/SRIC/2024/318/09 dated 16 January 2024, the imminent 27th Annual General Meeting of the Company will be conducted through Hybrid System in combination of physical presence of shareholders at the venue i.e. Gulshan Shooting Club, Gulshan - 1, Dhaka - 1212 and also connection of shareholders by using digital/online platform through the link: <https://unicap.bdvirtualagm.com>
3. Details login process for joining in the AGM through digital/online Platform will be notified to the shareholder's e-mail address. Full login and participation process for the digital/online platform will also be available in the website the Company at www.unicap-bd.com
4. A member eligible to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote or abstain from voting in his/her/its/their stead. The Proxy Form duly completed and stamped must be submitted at the Registered Office of the Company not later than 72 hours before the time set for holding the meeting. Revenue Stamp of Tk. 100/- (Taka One Hundred) only shall have to be affixed on the Proxy Form.
5. As per Bangladesh Securities and Exchange Commission notification no. BSEC/CMRRCD/2006-158/208/Admin/81, dated 20 June 2018 soft copies of the Annual Report along with the Attendance Slip and Proxy Form will be forwarded to all the Members at their respective email address available with us as per CDBL record. These will also be available in the website of the company: www.unicap-bd.com.

EXPLANATORY NOTES TO THE NOTICE OF AGM

AGENDUM ONE

Presentation of the Annual Financial Statements and Reports

In terms of the Companies Act, 1994, the Directors are required to present the Annual Financial Statements, incorporating the Directors' Report and Auditors' Report, for the year ended 31 December 2024 to the Shareholders at the Annual General Meeting. The Directors' Report, the Financial Statements and the Auditors' Report for the year ended 31 December 2024 are contained in this Annual Report.

AGENDUM TWO - Approval of Dividend

The Board of Directors in its meeting held on 29 June 2025 did not recommend any Dividend for the year 2024 subject to the approval of the shareholders in the Annual General Meeting.

AGENDUM THREE - Re-appointment of Directors

In terms of the Company's Articles of Association, one third of the Directors are required to retire at each Annual General Meeting and may make themselves available for re-election. Accordingly, the following Directors shall retire by rotation and offered themselves for reappointment in the next Annual General Meeting:

Mr. Nadeem A. Chaudhury, Director
(Nominated by Enrilco Limited)

Since the Retiring Director has offered himself for re-appointment, and hence the Board recommended to the shareholders for approval of his re-appointment in the 27th Annual General Meeting. Biographical details of the Director of the Company retiring at the AGM are set out on page 34 of this Annual Report.

AGENDUM FOUR - Confirmation of the appointment of the Independent Director

To meet the casual vacancy of Directors, from Bangladesh Bank's panel of the competent individuals for considering to appoint as Independent Director, the Board in its 323rd Meeting held on 26 May 2025 has appointed Mr. Fakhruddin Ahmed, FCA, FCMA, Mr. Mohammad Anwarul Hoque, FCA and Mr. Mohammad Eklas Uddin, FCA as Independent Director of the Company for a tenure of 03 years, subject to the approval of Bangladesh Bank and Bangladesh Securities and Exchange Commission.

Subsequently, Bangladesh Bank vide its DFIM(s)1055/69/ (22) 2025-2156 dated 03 July 2025 has given its kind consent regarding the appointment of Mr. Fakhruddin Ahmed, FCA, FCMA, Mr. Mohammad Anwarul Hoque, FCA and Mr. Mohammad Eklas Uddin, FCA as Independent Director of Union Capital Limited. Later, Bangladesh Securities and Exchange Commission (BSEC) vide its letter ref. no: BSEC/ICA/CG/2023/29/ Part-I/462 has also given its consent in this regard. Subsequently, the Board in its 329th Meeting held on 04 September 2025 has confirmed their appointment as Independent Director of the Company for next three years with effect from 04 September 2025. The appointment of the mentioned Independent Directors

will be place to the Shareholders in the 27th Annual General Meeting for their confirmation. Full biographical details of the above mentioned Independent Directors are given on pages 34 to 37 of this report

AGENDUM FIVE - Appointment of the External Auditors

The Financial Institutions Act, 1993 and BSEC's Notification dated 20 June 2018 stipulated that an Auditor of a Financial Institution cannot be appointed for more than three consecutive years. Moreover, section 210(10) of the Companies Act, 1994 also gives authority to shareholders of the company to fix the Auditor's remuneration. In the 26th Annual General Meeting dated 30 September 2024, the Shareholder of the Company confirmed the appointment of UHY Syful Shamsul Alam & Co., Chartered Accountants, as the Auditor of the Company for the year 2024.

Accordingly, UHY Syful Shamsul Alam & Co., Chartered Accountants have completed their First year as the Statutory Auditors of the Company and hence eligible for re-appointment but the mentioned Firm vide its letter ref. DC/UCL/591/2025- 26/132/228/9302-611 dated 12 Auguht 2025 has expressed unwillingness to continue as the Statutory Auditor of the Company. Considering such, in accordance with the section 210(7) of the Company Act 1994, to fill the casual vacancy in the office of the Auditor, the Board in its 328th Meeting held on 19 Auguht 2025 has recommended to appoint Arun & Company, Chartered Accountants as the Statutory Auditor of the Company for the year 2025 with the same fee of Tk. 200,000/- (Two Lac) plus VAT until the conclusion of the next Annual General Meeting of the Company.

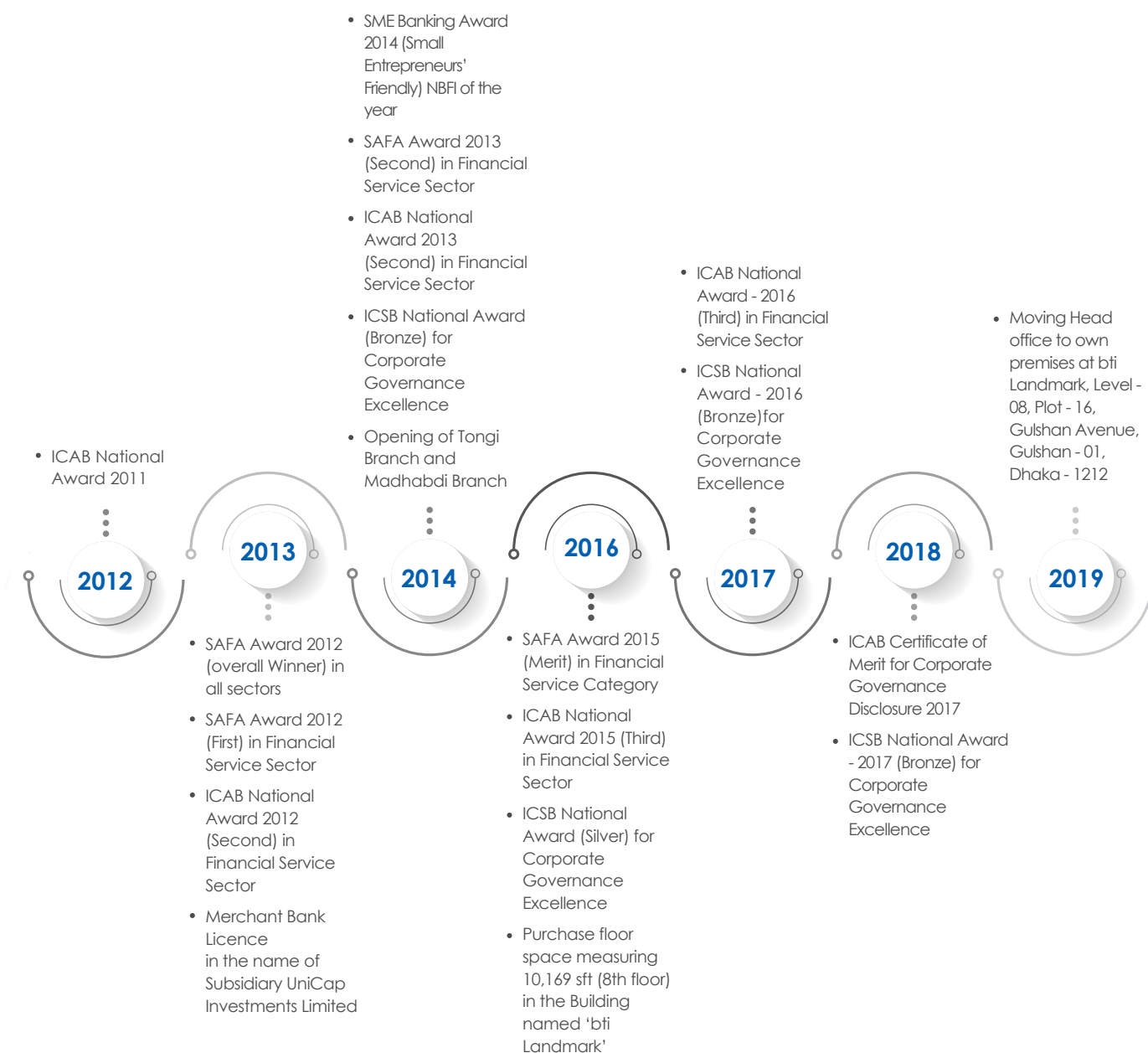
AGENDUM Six - Appointment of practicing Professional Accountants/ Secretary firm on compliance of conditions of Corporate Governance Code

Pursuant to clause 9(1) of the notification of Corporate Governance Code of Bangladesh Securities and Exchange Commission ref: BSEC/CMRRCD/2006-158/207 Admin/80 dated 03 June 2018, the Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report. As per clause 9(2) of the aforesaid notification, the Professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the Annual General Meeting.

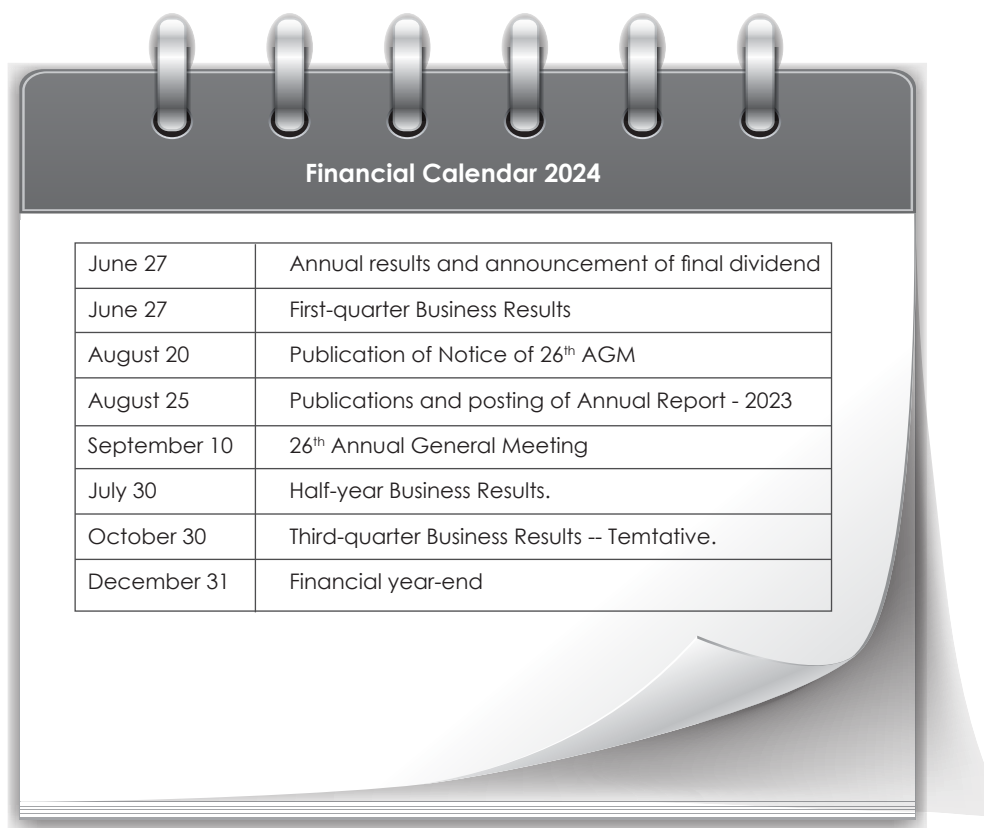
The Board recommended Suraiya Parveen & Associates, Chartered Secretaries as the Auditor of the Company to conduct compliance audit for certification on the compliance on conditions of Corporate Governance Code for the year 2025 at a fee of Tk. 30,000 (thirty thousand) excluding VAT for approval of the Shareholders in the 27th Annual General Meeting.

COMPANY MILESTONES



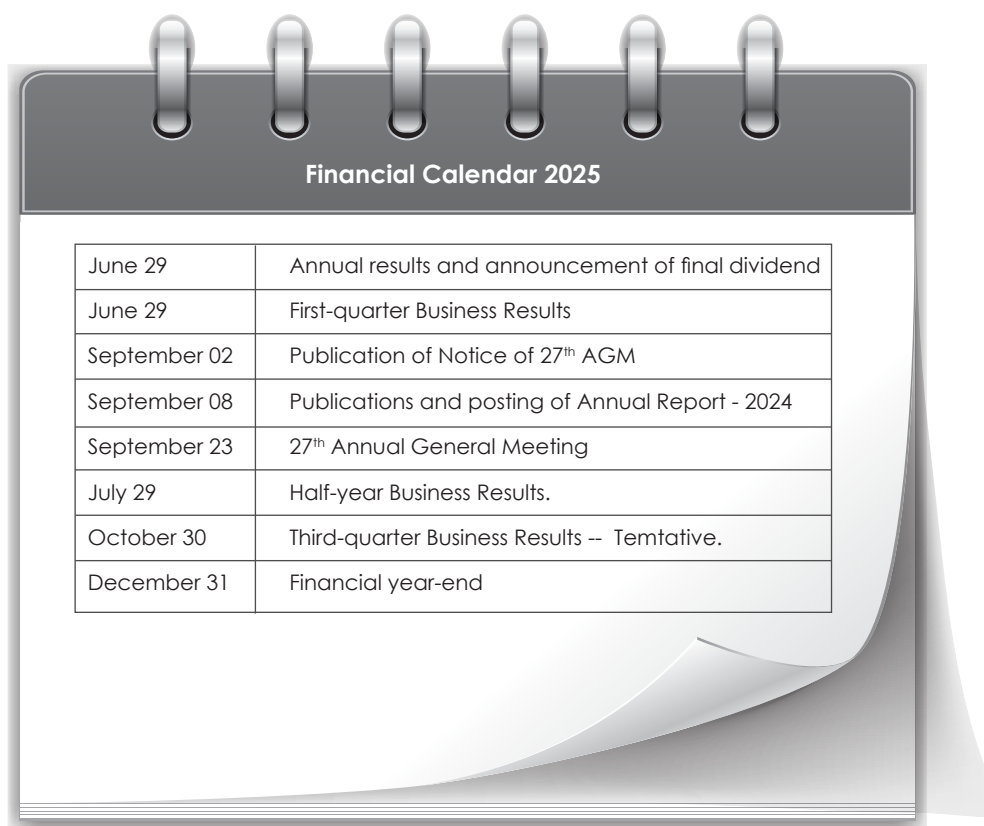


FINANCIAL CALENDAR



A graphic of a spiral-bound notebook with a dark grey cover. The cover has the text "Financial Calendar 2024" in white. The notebook is open to a page with a table of financial events for 2024. The page is slightly curled at the bottom right corner.

June 27	Annual results and announcement of final dividend
June 27	First-quarter Business Results
August 20	Publication of Notice of 26 th AGM
August 25	Publications and posting of Annual Report - 2023
September 10	26 th Annual General Meeting
July 30	Half-year Business Results.
October 30	Third-quarter Business Results -- Tentative.
December 31	Financial year-end



A graphic of a spiral-bound notebook with a dark grey cover. The cover has the text "Financial Calendar 2025" in white. The notebook is open to a page with a table of financial events for 2025. The page is slightly curled at the bottom right corner.

June 29	Annual results and announcement of final dividend
June 29	First-quarter Business Results
September 02	Publication of Notice of 27 th AGM
September 08	Publications and posting of Annual Report - 2024
September 23	27 th Annual General Meeting
July 29	Half-year Business Results.
October 30	Third-quarter Business Results -- Tentative.
December 31	Financial year-end

INVESTORS RELATIONS

INVESTOR RELATION AND CORPORATE COMMUNICATIONS

Transparent reporting on our operations and performance is the key to the credibility of our public reporting and Investor Relation's activities. We are therefore committed to keep the market informed of relevant information, allowing both existing and potential shareholders to evaluate our business, our performance and our prospects. We believe this commitment to communicating with the public not only reinforce investors' understanding of UCL and its development, but also enhance shareholder value. Our Shareholder Communications Policy is available on our website and is regularly reviewed to ensure its effectiveness.

STAKEHOLDER ENGAGEMENT

At a broad level, Company proactively engages with institutional and retail investors as well as media and other interested groups. Our stakeholders have easy access to our Online Annual Report and we revamped our website to better reach to our investors, customers and other stakeholders.

COMMUNICATION CHANNELS

We believe that the transparency encouraged by active stakeholder engagement builds recognition of our brand and ultimately enhances shareholders value. We facilitate engagement through the following channels:

Financial Reporting

- Annual and Interim Reports;
- Online Annual Report; and
- Press releases on business activities.

INVESTOR PERCEPTION STUDIES

We consulted investors and analysts for feedback on our group strategy, executive management team, Annual Report and our corporate communications, investor relations and corporate governance issues by way of telephonic and one to one discussion.

Hotline and e-mail:

Tel: +880-2-226601505-09

E-mail: mailbox@unicap-bd.com

Fax: +880-2-226601510

Our integrated online report

Our HTML-based online annual report offers our stakeholders an alternative format for accessing our annual report with downloadable data in an environmentally friendly manner that a growing number of people find more convenient. This initiative reflects another evolution in the transparency and accessibility of our reporting, which are key to the credibility of our investor relations activities. Advantages of our online report are:

- Downloadable financial data tables and other information in spreadsheet format;
- Hyperlinks to key supporting figures, breakdown analyses and further explanations; and
- Environmentally-friendly medium.

SOCIAL MEDIA COMMUNICATIONS

Company news, video clips, photos and events are published through social media sites like Facebook. Please find our official facebook page at: <http://facebook.com/union.capital.limited>.

COMPANY WEBSITE

Our corporate website and external communications now complement our intergraded reporting format. Information includes:

- Profiles of Group's main businesses;
- Board and senior management biographical data;
- Corporate Governance;
- Risk Management and CSR;
- Board Committees' Terms of Reference; and
- Financial information.

REDRESSAL OF INVESTORS' COMPLAINT

Investors' Redressal Policy

We at UCL believe that Investor service is an important imperative for sustained business growth and we want to ensure that our investors receive exemplary service across different areas of operations of the Group. Prompt and efficient service is essential for retaining existing relationships and investor satisfaction is critical to UCL. Investor complaints constitute an important voice of investor, and this policy details complaint handling through a structured grievance redressal framework. Complaint redressal is supported by a review mechanism, thus minimizes the recurrence of similar issues in future. UCL follows the following principles:

- Investors must be treated fairly at all times;
- Complaints raised by investors must be dealt with courtesy and in a timely manner;
- Investors are informed of avenues to raise their complaints within the organization;
- Complaints are treated efficiently and fairly; and
- UCL employees work in good faith and without prejudice, towards the interests of the investors.

HOW DO WE REDRESS INVESTOR COMPLAINTS

- The Company has a designated investor grievances email ID investorsrelation@unicap-bd.com on which an investor can make a complaint;

- An Investor can also lodge complaint in writing;
- The Company maintains investor grievance register in which full detail of every written complaint shall enter;
- Designated person shall login to look after the investor grievances on daily basis;
- The full detail of the written complaint must be passed to the concerned department and inform the compliance officer of the Company as soon as it is received;
- A letter or email must be written to all the investor who have submitted written complaints by the designated person or Compliance Officer acknowledging receipt of the complaint and informing them it will be dealt with;
- Audit & Compliance Department will obtain all information available on the complaint which is considered necessary for a proper investigation, look into all the necessary information and resolve these soon as possible;
- UCL must resolve investor complaint within seven days of the receipt of the same except the complicated cases;
- A serious complaint must be referred to the CEO and even to Directors of the Company if so warrants; and
- The Compliance Officer of the Company shall review the investor complaint register on weekly basis to find out whether complaint has been resolved within time or not.

OTHER INVESTORS' FRIENDLY INFORMATION

CAPITAL FORMATION HISTORY

The history of raising of share capital of UCL is given below:

Time line	Mode of raising capital	No. of Shares	Amount in Taka
09 August 1998	AS per MOA & AOA	5,050,000	50,500,000
26 June 2004	20% Bonus Share	1,010,000	10,100,000
27 July 2004	Rights Share	1,683,335	16,833,350
28 December 2004	Rights Share	5,526,235	55,262,350
17 February 2005	Rights Share	318,067	3,180,670
19 March 2005	Rights Share	118,066	1,180,660
28 May 2005	18% Bonus Share	2,388,523	23,885,230
28 May 2006	20% Bonus Share	3,218,846	32,188,460
24 July 2007	Initial Public Offer	75,00,000	75,000,000
23 July 2008	30% Bonus Share	8,043,922	80,439,220
17 May 2009	20% Bonus Share	6,971,398	69,713,980
19 May 2010	30% Bonus Share	12,548,517	125,485,170
3 May 2011	75% Bonus Share	40,782,681	407,826,810
8 April 2012	10% Bonus Share	9,515,959	95,159,590
31 March 2013	5% Bonus Share	5,233,777	52,337,770
31 March 2014	10% Bonus Share	10,990,932	109,909,320
31 March 2015	10% Bonus Share	12,090,026	120,900,260
28 April 2016	7% Bonus Share	9,309,319	93,093,190
15 June 2017	10% Bonus Share	14,229,960	142,299,600
28 June 2018	5% Bonus Share	7,826,478	78,264,780
20 June 2019	5% Bonus Share	8,217,802	82,178,020
End of the year		172,573,843	1,725,738,430

Composition of Shareholdings

Category	No. of Shareholders	No. of Shares	Percentage
Sponsors & Directors (Institutions)	3	37,154,558	21.53
Sponsors & Directors (Individuals)	6	12,793,361	7.41
General Shareholder (Institutions)	150	34,677,399	20.10
General Shareholder (Individuals)	7,688	87,948,525	50.96
Total	7,847	172,573,843	100.00

Key share information

(As on 31 December)	2024	2023	2022
Total no. of shareholders	7,847	8,946	8,273
Share Price (Taka)	06.20	8.90	9.90
No. of outstanding shares	172,573,843	172,573,843	172,573,843
Market Capitalization (Taka in million)	1,069.96	1,535.91	1,708.48

SHAREHOLDERS

At the end of 2024, there were 7,847 shareholders in UCL as against 8,946 shareholders at the end of 2023. The Sponsor & Directors hold 49,947,919 no shares of Tk.10.00 each which represent 28.94 percent of the total paid up shares of the Company.

STOCK LISTING

Bourse	Symbol	Date of Listing
DSE	UNIONCAP	24 July 2007
CSE	UNIONCAP	24 July 2007

LEGAL FORM

Public Limited Company incorporated in Bangladesh on 9 August 1998 under Companies Act, 1994 and listed with Dhaka and Chittagong Stock Exchange.

REGISTERED AND CORPORATE OFFICE

bti Landmark, Level - 08, Plot - 16,
Gulshan Avenue, Gulshan - 01, Dhaka - 1212

Tel: +880-2-226601505-09, Fax: +880-2-226601510

www.unicap-bd.com

COMPANY REGISTRATION NUMBER

C-36021(321)/98 Dated 9 August 1998

BANGLADESH BANK LICENSE NUMBER

FID(L) / 19 Dated 12 August 1998

WEBSITE

www.unicap-bd.com

BRANCH NETWORK**Head Office**

bti Landmark, Level - 08, Plot - 16,
Gulshan Avenue, Gulshan - 01, Dhaka - 1212.
Tel: +88 02 48811505-09, Fax: +88 02 48811510
www.unicap-bd.com

Principal Branch

bti Landmark, Level - 08, Plot - 16,
Gulshan Avenue, Gulshan - 01, Dhaka - 1212.
Tel: +88 02 48811505-09, Fax: +88 02 48811510
www.unicap-bd.com

Chattogram Branch

Ayub Trade Centre
1269/B Sk. Mujib Road, Agrabad C/A
Chattogram-4100, Bangladesh
Tel: +880 (31) 251 3353 - 54, Fax: +880 (31) 251 3356

Sylhet Branch

J.R Tower (2nd Floor)
23 Abas, Jail Road, Sylhet -3100, Bangladesh
Tel: +880 (821) 728438-9, Fax: +880 (821) 728437

Bogura Branch

Rabu Tower (3rd Floor)
739A Borogola, Bogura - 5800, Bangladesh
Tel: +880 (51) 71041-43, Fax: +880 (51) 71044

SUBSIDIARY COMPANY

UniCap Securities Limited
UniCap Investments Limited

STOCK BROKER/DEALER

UniCap Securities Limited
(Membership DSE - 163; CSE - 82)

PRINCIPAL BANKERS

Dutch Bangla Bank PLC
IFIC Bank PLC
United Commercial Bank PLC
Southeast Bank PLC
Mutual Trust Bank PLC
Dhaka Bank PLC

AUDITORS

UHY Syful Shamsul Alam & Co.
Chartered Accountants
Corporate Office :
Paramount Heights (Level - 6)
65/2/1, Box Calvert Road, Dhaka - 1000, Bangladesh
Phone: +880 (2) 9515431, 9555915
E-mail: ssac@ssacbd.com
Web: www.ssacbd.com

TAX CONSULTANTS

K. M. Hasan & Co.
Chartered Accountants
Hometown Apartment
87 New Eskaton Road, Dhaka-1000
Phone: +880 (2) 9351457, 9351564
Fax: +880 (2) 9345792
E-mail: kmh_co@yahoo.com
Web: www.kmhasan.com

LEGAL ADVISOR

A. Hossain & Associates
3/B Outer Circular Road
Moghbazer, Dhaka.

AGM SCRUTINIZER

Suraiya Parveen & Associates
Chartered Secretaries

MEMBERSHIP

Bangladesh Leasing & Finance Companies Association (BLFCA)
Bangladesh Association of Finance Companies (BAFC)
Dhaka Chamber of Commerce and Industry (DCCI)
Bangladesh Association of Publicly Listed Companies (BAPLC)
Federation of Bangladesh Chamber of Commerce & Industry (FBCCI)
The Institute of Bankers, Bangladesh (IBB)

INVESTORS INQUIRIES

Department of Corporate Affairs
Tel: +880-2-22660150-09
Email: investorsrelation@unicap-bd.com

FORM OF PROXY



Union Capital Limited
(Incorporated in Bangladesh)
(Registration number: C-36021 (321/98))
(Share code: UNIONCAP)

I of
..... being member of **Union Capital Limited**, hereby
appoint Mr./Ms.....of
as my proxy to attend and vote for me and on my behalf at the 27th Annual General Meeting of the Company to be held
on Hybrid System on Tuesday, 23 September 2025 at 11:00 a.m. or at any adjustment thereof.

Signed this Signature of Proxy

Day of, 2025

Revenue Stamp
Tk. 100.00

Signature of Shareholder

BO ID

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No. of Shares

Note:

- i) This Proxy Form, duly completed, must be deposited at least 72 hours before the meeting at the Company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
- ii) Signature of the shareholders should agree with the specimen signature registered with the Company.

ATTENDANCE SLIP



Union Capital Limited
(Incorporated in Bangladesh)
(Registration number: C-36021 (321/98))
(Share code: UNIONCAP)

I hereby record my attendance at the 27th Annual General Meeting of the Shareholders of Union Capital Limited will be held
on Hybrid System on Tuesday, 23 September 2025 at 11:00 a.m.

Name of Member/Proxy

BO ID

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Signature

Date:

Note: Shareholders attending in the meeting in person or by proxy are requested to complete the attendance slip and deposit the same at the registration counter on the day of the meeting.

NOTES TO FORM OF PROXY

Summary of the rights of a shareholder to be represented by proxy as contained in Section 85 of the Companies Act, 1994 and notes to the Form of Proxy.

1. Each holder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, participate in, speak and vote or abstain from voting in place of that holder at the Annual General Meeting.
2. A proxy appointment must be in writing, dated and signed by the holder appointing the proxy.
3. A holder's instructions to the proxy have to be indicated by the insertion of the relevant number of votes exercisable by that holder in the appropriate box provided. Failure to comply with this will be deemed to vote in favor of the ordinary resolutions at the Annual General Meeting.
4. A holder or his/her/its/their proxy is not obliged to vote in respect of all the ordinary shares held by such holder or represented by such proxy, but the total number of votes for or against the ordinary resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the holder or his/her/its/their proxy is entitled.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the Company Secretary. Examples of satisfactory identification include a valid National ID/ Smart Card, a valid driving license or a valid passport.
6. Any alterations or corrections to this form of proxy must be initiated by the authorized signatory/signatories.
7. The completion and lodging of this form of proxy will not preclude the original shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so, in which case this proxy will be suspended accordingly.
8. Form of Proxy have to be lodged with or posted to the Company Secretary, Union Capital Limited, bti Landmark, Level - 08, Plot - 16, Gulshan Avenue, Gulshan - 01, Dhaka - 1212 before a proxy may exercise any voting rights of a holder at the Annual General Meeting. The Form of Proxy is requested to be received no later than 6:00 p.m. on 20 September 2025.
9. Holders attending the Annual General Meeting will be offered the opportunity of putting questions to the Directors and Management.



Union Capital Limited

Corporate Head Office:

bti Landmark, Level - 08, Plot - 16, Gulshan Avenue, Gulshan - 01, Dhaka - 1212.
Tel: +88 02 48811505-09, Fax: +88 02 48811510, www.unicap-bd.com