

**Independent Auditor's Report and
Audited Financial Statements
of**

Union Bank Limited

As at and for the year ended 31 December 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF UNION BANK LIMITED**
Report on the audit of the financial statements

Opinion

We have audited the financial statements of Union bank Limited (the "Bank"), which comprise the balance sheet as at 31 December 2020, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Bank give a true and fair view of the balance sheet of the Bank as at 31 December 2020, and of its profit and loss account and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note- 2 and comply with the Bank Company Act, 1991 (as amended up to date) the Rules and Regulations issued by the Bangladesh Bank, the Companies Act, 1994 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 Bank 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 opinion.

Responsibilities of management and those charged with governance for the financial statements and internal controls

Management is responsible for the preparation of the financial statements of the Bank in accordance with International Financial Reporting Standards (IFRSs) as explained in note-2, and comply with the Bank Company Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities and Exchange Commission (BSEC) and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (as amended up to date) and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank'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 the Bank'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 and the Bank 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, 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 the Bank Company Act, 1991 (as amended up to date) the Securities and Exchange Rules, 1987, the Companies Act, 1994, and the rules and regulations issued by Bangladesh Bank, we also report that:

- (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 made due verification thereof;
- (ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti- fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - a. internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be with immaterial control deficiencies as identified in the Management Report;
 - b. nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank .
- (iii) in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper return adequate for the purpose of our audit have been received from branches not visited by us;
- (iv) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (v) the expenditures incurred were for the purpose of the Bank's business for the year;
- (vi) the financial statements of the Bank have been drawn up in conformity with the Bank Company Act, 1991 (as amended up to date) and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Bank;
- (vii) adequate provisions have been made for Investments and off-balance sheet items which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (viii) the financial statements of the Bank 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;
- (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 and deposited in the Government treasury by the Bank as per Government instructions found satisfactory based on test checking;



- (xi) nothing has come to our attention that the Bank 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 Bank is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- (xiv) the Bank has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing Investments/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 4,200 person hours for the audit of the books and accounts of the Bank;
- (xvi) the Bank has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of Profit suspense;
- (xvii) the Financial Statement have been drawn up with the conformity with prevailing rules, regulations and accounting standards as explained in Note-2 as well as with related guidelines, circulars issued by Bangladesh Bank and decision taken in tripartite meeting amongst the inspection team of Bangladesh Bank, external auditors and the management of the Union Bank Ltd. held on 26 April 2021
- (xviii) Capital to Risk Weighted Asset Ratio (CRAR) has been maintained during the year as explained in Note-12.4;
- (xix) all other issues which in our opinion are important for the stakeholders of the Bank have been adequately disclosed in the audit report.

Place: Dhaka, Bangladesh
Dated: 29 April 2021


Md. Shahidul Islam FCA
Engagement Partner
K. M. HASAN & CO.
Chartered Accountants
DVC No: 2104291758AS166641



UNION BANK LIMITED
BALANCE SHEET
As at 31 December 2020

Particulars	Notes	2020 Taka	2019 Taka
PROPERTY AND ASSETS			
Cash	3	7,195,891,435	8,843,650,636
In hand (Including foreign currency)	3.1	825,991,310	1,464,354,069
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	6,369,900,125	7,379,296,567
Balance with other Banks and Financial Institutions	4.1	232,229,412	210,276,372
In Bangladesh		93,870,582	112,118,633
Outside Bangladesh		138,358,830	98,157,739
Placement with banks & Other Financial Institutions	4.2	5,718,811,530	6,268,446,373
Investments in Shares & Securities	5	7,688,051,408	6,084,062,132
Government		7,463,970,000	5,800,000,000
Others		224,081,408	284,062,132
Investments	6	166,337,195,954	146,459,574,948
General Investments etc.	6.A	149,536,346,400	126,125,509,303
Bills Purchased and Discounted	6.B	16,800,849,554	20,334,065,645
Fixed Assets Including Premises, Furniture and Fixtures	7	3,763,215,812	3,717,790,728
Other Assets	8	19,096,180,885	8,522,344,593
Non Banking Assets		-	-
Total Assets		210,031,576,436	180,106,145,782
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & other Financial Institutions	9	9,649,997,064	6,293,852,442
Deposits and Other Accounts	10	172,710,507,951	150,219,920,854
Mudaraba Savings Deposits	10.1	7,245,509,172	5,358,117,905
Mudaraba Term Deposits	10.2	96,010,891,579	83,885,364,118
Other Mudaraba Term Deposits	10.3	42,707,178,422	35,894,498,634
Al-Wadia Current Accounts and Other Accounts	10.4	25,554,877,551	24,370,424,268
Bills Payable	10.5	1,192,051,227	711,515,929
Mudaraba Subordinated Bond		4,000,000,000	4,000,000,000
Other Liabilities	11	14,515,451,219	11,141,751,735
Total Liabilities		200,875,956,234	171,655,525,032
Capital/Shareholders' Equity			
Paid-up Capital	12.1	5,589,337,600	5,272,960,000
Statutory Reserve	13	1,968,151,671	1,523,468,581
Other Reserve	14	145,749,665	145,749,665
Retained Earnings	15	1,452,381,266	1,508,442,504
Total Shareholders' Equity		9,155,620,202	8,450,620,750
Total Liabilities and Shareholders' equity		210,031,576,436	180,106,145,782



UNION BANK LIMITED
BALANCE SHEET
As at 31 December 2020

Particulars	Notes	2020 Taka	2019 Taka
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OFF- BALANCE SHEET ITEMS

Contingent Liabilities

Acceptances and Endorsements		4,149,886,886	5,585,833,673
Letter of Guarantees	16	1,699,306,414	1,633,366,306
Irrecoverable Letters of Credit	17	1,546,252,267	2,958,520,480
Bills for Collection	18	3,174,870,684	1,395,609,592
Other Contingent Liabilities		-	-
Total		10,570,316,251	11,573,330,051

Other Commitments

Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Claims against the bank not acknowledged as debt	-	-
Other Commitments	-	-
Total	-	-

**Total Off -Balance Sheet Items Including
Contingent Liabilities**

10,570,316,251	11,573,330,051
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The annexed notes form an integral part of these financial statements.


Managing Director


Director


Director


Chairman

See annexed auditor's report of even date

Place: Dhaka, Bangladesh
Dated: 29 April 2021


Md. Shahidul Islam FCA
Engagement Partner
K. M. HASAN & CO.
Chartered Accountants
DVC No: 2104291758AS166641



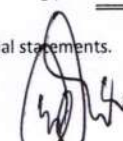
UNION BANK LIMITED
PROFIT AND LOSS STATEMENT
For the year ended 31 December 2020

Particulars	Notes	2020 Taka	2019 Taka
Investments Income	19	19,740,126,917	16,736,433,627
Profit Paid on Deposits	20	(14,291,980,638)	(12,313,172,100)
Net Investment Income		5,448,146,279	4,423,261,527
Income from Investment in Shares and Securities	21	195,066,492	301,624,089
Commission, Exchange and Brokerage	22	192,143,415	316,952,702
Other Operating Income	23	123,757,818	166,053,303
		510,967,725	784,630,094
Total Operating Income		5,959,114,004	5,207,891,621
Operating Expenses			
Salary and Allowances	24	1,407,236,899	1,305,262,590
Rent, Taxes, Insurances, Electricity etc.	25	421,773,319	366,273,964
Legal Expenses	26	7,089,692	19,325,748
Postage, Stamps, Telecommunication etc.	27	23,355,180	24,316,655
Stationery, Printings, Advertisements etc.	28	82,487,626	48,558,013
Chief Executives Salary and Fees	29	12,247,950	10,115,000
Auditor's Fees		345,000	345,000
Directors' Fees & Expenses	30	1,968,200	2,983,900
Shariah Supervisory Committee's Fees & Expenses	31	316,600	356,800
Depreciation and Repair of Bank's Assets	32	224,351,439	236,816,504
Zakat Expenses		44,000,000	36,000,000
Other Expenses	33	515,526,647	449,631,925
Total Operating Expenses		2,740,698,552	2,499,986,099
Profit/(Loss) before Provision and tax		3,218,415,452	2,707,905,522
Provisions for Classified Investments	11.2.a	-	989,980,455
Provisions for Unclassified Investments	11.2.a	600,000,000	218,100,000
Provisions for Off Balance Sheet items	11.2.a	-	5,000,000
Special General Provisions for Covid - 19		394,000,000	-
Other Provisions	11.2.4.1	1,000,000	2,059,339
Provisions for diminution in value of investment in share	11.5	-	13,300,000
Total provision		995,000,000	1,228,439,794
Total Profit/(Loss) before Tax		2,223,415,452	1,479,465,728
Provision for Income Tax			
Current Tax	11.1	1,235,275,896	923,509,909
Deferred Tax Income	8.3.1	(275,896)	(38,509,909)
		1,235,000,000	885,000,000
Net Profit/(Loss) after Tax		988,415,452	594,465,728
Retained Earnings from Previous Year		1,508,442,504	1,209,869,922
Add: Net Profit/(Loss) after Tax		988,415,452	594,465,728
Profit available for Appropriation		2,496,857,956	1,804,335,650
Appropriations:			
Statutory Reserve	13	444,683,090	295,893,146
Start-up Fund		9,884,000	-
CSR Fund		9,884,000	-
Stock Dividend		316,377,600	-
Cash Dividend		263,648,000	-
Retained earnings		1,452,381,266	1,508,442,504
		2,496,857,956	1,804,335,650
Earnings Per Share (EPS)	34	1.77	1.06

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


Managing Director


Director


Director


Chairman

See annexed auditor's report of even date

Place: Dhaka, Bangladesh
Dated: 29 April 2021


Md. Shahidul Islam FCA
Engagement Partner
K. M. HASAN & CO.
Chartered Accountants
DVC No: 2104291758AS166641



UNION BANK LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2020

Particulars	Notes	2020 Taka	2019 Taka
A. Cash Flow from Operating Activities			
Investments income receipts		20,031,311,190	17,000,391,906
Profit paid on deposit		(14,182,693,379)	(11,751,391,921)
Fee and Commission receipts		192,143,415	316,952,702
Dividend receipts		235,153	223,954
Payments to employees		(1,495,677,087)	(1,264,293,941)
Payments to suppliers		(82,487,626)	(48,558,013)
Income tax paid		(1,220,668,678)	(884,058,746)
Receipts from other operating activities	35	123,757,818	166,053,303
Payments for other operating activities	36	(1,066,426,110)	(944,157,860)
Operating Profit before changes in Operating Assets & Liabilities		2,299,494,696	2,591,161,384
Changes in Operating Assets & Liabilities			
(Increase)/ Decrease Investments to Customers		(19,877,621,006)	(26,525,189,835)
(Increase)/ Decrease of Other Assets	37	(9,594,244,553)	(689,852,965)
Increase/ (Decrease) Deposits from Customers		22,490,587,097	25,321,416,972
Increase/ (Decrease) of Other Liabilities	38	971,907,211	761,674,164
		(6,009,371,251)	(1,131,951,664)
Net Cash Flow from Operating Activities		(3,709,876,555)	1,459,209,720
B. Cash Flow from Investing Activities			
Payments to Investment in Shares and Securities		(1,603,984,020)	(970,602,591)
Purchases of Property, Plant and Equipment		(217,725,051)	(2,786,994,587)
Net Cash Used in Investing Activities		(1,821,709,071)	(3,757,597,178)
C. Cash Flow from Financing Activities			
Receipts from issuance of Mudaraba Subordinated Bond		-	4,000,000,000
Increase/(Decrease) in Placement from Banks & other Financial Institutions		3,356,144,622	(1,963,679,260)
Net Cash Flow from Financing Activities		3,356,144,622	2,036,320,740
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		(2,175,441,004)	(262,066,718)
E. Add/(Less): Effect of Exchange Rate on Cash & Cash Equivalents		-	-
F. Beginning Cash & Cash Equivalents		15,322,373,381	15,584,440,099
G. Ending Cash & Cash Equivalents (D+E+F)		13,146,932,377	15,322,373,381
The above closing Cash and Cash Equivalents include:			
In hand (Including foreign currency)	3.1	825,991,310	1,464,354,069
Balance with Bangladesh Bank and its agent bank(s)	3.2	6,369,900,125	7,379,296,567
Balance with other Banks and Financial Institutions	4.1	232,229,412	210,276,372
Placement with banks & Other Financial Institutions	4.2	5,718,811,530	6,268,446,373
		13,146,932,377	15,322,373,381

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


Managing Director


Director


Director


Chairman

Place: Dhaka, Bangladesh
Dated: 29 April 2021



UNION BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as on 01 January 2020	5,272,960,000	1,523,468,581	145,749,665	1,508,442,504	8,450,620,750
Surplus/Deficit on account of revaluation of properties	-	-	-	-	-
Surplus/Deficit on account of revaluation of investments	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-
Net Gains and Losses not Recognized in the Profit and Loss Statement	-	-	-	-	-
Net Profit for the year	-	-	-	988,415,452	988,415,452
Dividends					
Stock	316,377,600	-	-	(316,377,600)	-
Cash	-	-	-	(263,648,000)	(263,648,000)
Transfer to Statutory Reserve	-	444,683,090	-	(444,683,090)	-
Transfer to Start-up Fund	-	-	-	(9,884,000)	(9,884,000)
Transfer to CSR Fund	-	-	-	(9,884,000)	(9,884,000)
Transfer to Retained Earnings	-	-	-	-	-
Issue of Share Capital during the year	-	-	-	-	-
Balance as on 31 December 2020	5,589,337,600	1,968,151,671	145,749,665	1,452,381,266	9,155,620,202
Balance as on 31 December 2019	5,272,960,000	1,523,468,581	145,749,665	1,508,442,504	8,450,620,750


Managing Director


Director


Director


Chairman

Place: Dhaka, Bangladesh
Dated: 29 April 2021



UNION BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
As at 31 December 2020

Particulars	Up to 01 month	01-03 months	03-12 months	01-05 years	More than 05 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Assets						
Cash	1,234,091,435	-	-	-	5,961,800,000	7,195,891,435
Balance with banks & Other Financial Institutions	232,229,412	-	-	-	-	232,229,412
Placement with banks & Other Financial Institutions	3,103,911,530	2,328,600,000	286,300,000	-	-	5,718,811,530
Investments in Shares and Securities	900,000,000	2,530,000,000	3,904,151,408	353,900,000	-	7,688,051,408
Investments	46,718,700,000	34,431,300,000	73,612,095,954	4,452,900,000	7,122,200,000	166,337,195,954
Fixed Assets including	-	-	-	441,785,062	3,321,430,750	3,763,215,812
Premises, Furniture & Fixtures	-	-	-	-	-	-
Other Assets	13,491,400,000	844,100,000	4,637,200,000	123,480,885	-	19,096,180,885
Non-banking Assets	-	-	-	-	-	-
Total Assets	65,680,332,377	40,134,000,000	82,439,747,362	5,372,065,947	16,405,430,750	210,031,576,436
Liabilities						
Placement from Banks & Other Financial Institutions	157,900,000	4,538,300,000	4,953,797,064	-	-	9,649,997,064
Deposits and Other Accounts	46,429,507,951	39,185,200,000	44,897,800,000	37,519,800,000	4,678,200,000	172,710,507,951
Mudaraba Subordinated Bond	-	-	-	-	4,000,000,000	4,000,000,000
Other Liabilities	816,400,000	1,084,400,000	6,163,600,000	6,451,051,219	-	14,515,451,219
Total Liabilities	47,403,807,951	44,807,900,000	56,015,197,064	43,970,851,219	8,678,200,000	200,875,956,234
Net Liquidity Gap	18,276,524,426	(4,673,900,000)	26,424,550,298	(38,598,785,272)	7,727,230,750	9,155,620,202


Managing Director


Director


Director


Chairman

Place: Dhaka, Bangladesh
Dated: 29 April 2021



UNION BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. The Bank and its activities

1.1 Status of the Bank

Union Bank Limited (UBL) was incorporated (No.C-107837/13) in Bangladesh on 07 March 2013 as a banking company under Companies Act 1994. The Bank is one of the interest-free Shariah based banks in the country and its modus-operandi are substantially different from other conventional Banks. It obtained permission from Bangladesh Bank on 10 March 2013 to commence its business (Ref: BRPD (P-3)/745(60)/2013-1153). Presently the Bank carries banking activities through its 95 (Ninety Five) branches and 14 (Fourteen) sub-branches operating as per Islamic Shariah prevailing in the country. The Bank has no overseas branches as at 31 December 2020.

The registered office of the Bank is located at Bahela Tower, 72 Gulshan Avenue, Gulshan-1, Dhaka-1212.

1.2 Nature of business/principal activities of the Bank

All kinds of commercial banking services are provided by the Bank to the customers following the principles of Islamic Sharia'h, the provisions of the Bank Company Act 1991 and Bangladesh Bank's directives.

The bank renders commercial banking services to all types of customers. The range of services offered by the bank includes accepting deposit, making investment, discounting bills, conducting domestic and international money transfer, carrying out foreign exchange transactions in addition to international money transfers, and offering other customer services such as safe keeping, collections and issuing guarantees, acceptances and letters of credit. Core business of the bank includes deposit mobilization and investing activities comprising short-term, long-term, import and export financing. Financing activities are extended to different sectors of the economy that could be grouped into several sectors including Rural & Agriculture, Garments & Textiles, Jute, Cement & Bricks, Tannery, Steel & Engineering, Food & Beverage, Chemical & Pharmaceuticals, Printing & Packaging, Glass & Ceramics and Miscellaneous.

At a glance, the principal activities of the bank are:

- (a) To facilitate and handle all kinds of commercial banking services to its customers authorized by Bangladesh Bank.
- (b) To facilitate the export and import business of Bangladesh.
- (c) To take part in international banking services etc.

2 Significant accounting policies and basis for preparation of Financial Statements

2.1 Statements of Compliance

The financial statements of the Bank are made up to 31 December 2020 and are prepared under the historical cost convention on a going concern basis and in accordance with the BRPD Circular # 15 dated 09 November 2009, with reference to the " First Schedule of Section 38(4) of the Bank Company Act 1991 as amended and by Bangladesh Bank BRPD Circular # 14 dated 25 June 2003, Other Bangladesh Bank Circulars, International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), The Companies Act 1994, The Bank Company Act 1991, The Income Tax Ordinance 1984, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and other laws and rules applicable in Bangladesh.

2.1.1 Departures from IAS/IFRS

In case the requirements of guidelines and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and International Financial Reporting Standards (IFRSs), the guidelines and circulars issued by Bangladesh Bank prevails. As such the Bank has departed from those requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:



i. Provision on investments and off-balance sheet exposures

IAS/IFRS: As per IAS 39 "Financial Instruments: Recognition and Measurement" an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No. 16 dated 18 November 2014 a general provision at 0.25% to 5% under different categories of unclassified investments (good/standard investments) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard, doubtful and bad & loss investments have to be provided at 20%, 50% and 100% respectively (except short-term agricultural and micro-credits where 5% for sub-standard and doubtful investments and 100% for bad & loss investments) depending on the duration of overdue. Again as per BRPD Circular No.14 dated 23 September 2012 and BRPD Circular No.19 dated 27 December 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures but 0% against bills for collection under off-balance sheet exposures as per BRPD Circular no. 07 dated 21 June 2018, and circular no 13 dated October 18, 2018. Such provision policies are not specifically in line with those prescribed by "IAS 39 "Financial Instruments: Recognition and Measurement".

ii. Recognition of investment income in suspense

IAS/IFRS: Investment to customers are generally classified as 'loans and receivables' as per IAS 39 "Financial Instruments: Recognition and Measurement" and investment income is recognized through effective interest rate method over the term of the investment. Once an investment is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment is classified, investment income on such investment are not allowed to be recognized as income, rather the corresponding amount needs to be credited to profit suspense account, which is presented as liability in the balance sheet.

iii. Investment in shares and securities

IAS/IFRS: As per requirements of IAS 39 "Financial Instruments: Recognition and Measurement" investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

iv. Revaluation gains/losses on Government securities

IAS/IFRS: As per requirement of IAS 39 "Financial Instruments: Recognition and Measurement" where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortized cost method and income from investments recognized through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Profit on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.



v. Other comprehensive income

IAS/IFRS: 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 Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

vi. Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in IAS 39 "Financial Instruments: Recognition and Measurement". As such full disclosure and presentation requirements of IFRS 7 "Financial Instruments: Disclosures" and IAS 32 "Financial Instruments: Presentation" cannot be made in the financial statements.

vii. Financial guarantees

IAS/IFRS: As per IAS 39 "Financial Instruments: Recognition and Measurement", financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

viii. Balance with Bangladesh Bank: (Cash Reserve Requirement)

IAS/IFRS: Balance with Bangladesh Bank that are required to be kept as part of cash reserve requirement, should be treated as other asset as it is not available for use in day to day operations as per IAS 7 "Statement of Cash Flows".

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

ix. Cash flow statement

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow statements is to be prepared following a mixture of direct and indirect methods.

x. Non-banking asset

IAS/IFRS: No indication of Non-banking asset is found in any IFRS.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, there must exist a face item named Non-banking asset.

xi. Presentation of intangible asset

IAS/IFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38 "Intangible Assets".

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009.



xii. Recognition of Lease Rent of the Office premises

IAS/IFRS: As per IFRS 16, specifies single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a leased liability representing its obligation to make lease payments.

Bangladesh Bank : As per BRPD circular no. 14 dated 25 June 2003 (First Schedule of under section 38 of Banking Company Act, 1991, lease rent of the office Premises must be shown in the Profit and Loss account under "Rent, taxes, insurance, electricity etc."

Income Tax Ordinance 1984: According to section 53A of the act, where any specified person is a tenant/lessee in respect of a house property, the tenant has obligation to deduct tax from the rent of such house property which is preclude to treat it's shown Asset (right-of-use asset) and the lease liability instead of as direct expense.

VAT act, 2012 : According to VAT S-074 (Place and establishment renter) refer to any person, Organization or Corporation, who or whose has got the right to use of the place and establishment for certain period or renewal after period expire against consideration. VAT will be payable on basis of use of place and establishment for such period.

xiii. Off-balance sheet items

IAS/IFRS: 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.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 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.

xiv. Investments net of provision

IAS/IFRS: Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, provision on investments is presented separately as liability and cannot be netted off against investments.

xv. Revenue

As per IFRS 15 "Revenue from Contract with Customers", revenue should be recognized on accrual basis but due to the unique nature of Islamic Banks, income from investment under Mudaraba, Musharaka, Bai-Salam, Bai-as-Sarf and Ijarah modes is accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

2.1.2 Authorization of the financial statements for issue

The financial statements of the Bank have been authorized for issue by the Board of Directors on 29 April 2021.

2.1.3 Changes in accounting standards

No new International Financial Reporting Standards (IFRSs) have been adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Financial Reporting Standards (BFRSs) during the year that are effective for the first time for the financial year 2018 that have a significant impact on the Bank Company and accordingly no new accounting standards have been applied in preparing these financial statements.

2.1.4 Prior period adjustments

Prior period adjustments, if any, is recognized respectively as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2.2 Basis of Preparation of Financial Statements

The Financial Statements of Union Bank Limited (UBL) represent Balance Sheet and Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and Liquidity Statement which comprise of the financial information/ transaction of all branches. All significant inter-branches transactions are eliminated on preparation of these financial statements.



2.3 Use of estimates and Judgements

In the preparation of the financial statements management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future periods affected.

2.4 Going concern

When preparing financial statements, management makes an assessment of the Bank's ability to continue as a going concern. The Bank prepares financial statements on a going concern basis.

2.5 Accruals and Deferrals

Accruals and deferrals have been made as per the guidance of IAS # 1: Presentation of Financial Statements. In order to meet their objectives, financial statements except for Cash Flow Statement and related information are prepared on accrual basis of accounting. Under this basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in accounts and reported in the financial statements of the year to which they relate.

2.6 Revenue Recognition

The revenues during the year are recognized on an accrual basis, which comply with the conditions of revenue recognition as provided in IFRS 15 "Revenue from Contract with Customers".

2.6.1 Income from Investments

Income from investments has been accounted for on accrual basis except investment under Musharaka, Mudaraba and Bai-Salam. Income in case of Musharaka is accounted for on realization basis. The bank does not charge any rent during the gestation/interim period of investment under hire purchase, but it fixes the rent of the assets at a higher price in such a way to cover its expected rate of return. Such income is recognized on realization basis.

Income was calculated on daily product basis and charged periodically.

2.6.2 Income from Investments in Share and Securities

Investment in shares and securities are recorded at cost. Provisions have been made against probable losses on the basis of year end reviewed by the management and in compliance with Bangladesh Bank circulars.

As per IFRS 15 "Revenue from Contract with Customers" dividend income from investments in shares is recognized when the "Bank's" right to receive dividend is established. Bank recognized dividend income when:

- a. It is probable that economic benefits, associated with transaction will flow to the entity; and
- b. The amount of the revenue can be measured reliably.

Gain on sale of shares transferred to other income on realization basis.

Profit on investment in Bangladesh Govt. Islamic Investment Bond is recognized on accrual basis.

2.6.3 Commission Income

Commission and discount on Bills Purchased and Discounted are recognized at the time of realization. Commission charged to customers on letter of credit and guarantees are credited to income at the time of effecting the transactions.



2.6.4 Profit/Rent/Compensation Suspense Account prohibited by Sharia'h

Profit/rent/compensation accrued on classified investments are suspended and accounted for as per circulars issued by the Bangladesh Bank. Moreover, income which are irregular (doubtful) as per Sharia'h are not included in the distributable income of the Bank.

Compensation on unclassified overdue Bai-Murabaha investments is charged as per Islamic Sharia'h such compensation is not shown as income of the Bank. This fund is transferred to Union Bank Foundation as per policy of the Bank.

Profit received from the balances held with foreign banks and foreign currency charging account with Bangladesh Bank are also not credited to regular income since it is not permissible as per Sharia'h.

2.6.5 Profit paid and Other Expenses

Profit paid and other expenses incurred by the Bank are recognized on accrual basis.

2.6.6 Dividend Payments

Interim dividend is recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders. The proposed dividend for the year ended 31 December 2020 has not been recognized as a liability in the balance sheet in accordance with the IAS # 10: Events After the Balance Sheet Date.

Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

2.7 Foreign Currency Transactions

2.7.1 Foreign Currency

Items included in the financial statements of each entity of the bank are measured using the currency of the primary economic environment in which entity operates i.e. functional currency. The financial statements of the bank are presented in Taka which is bank's functional and presentation currency.

2.7.2 Foreign Currency Translations

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per IAS # 21. Assets and liabilities in foreign currencies as at 31 December 2020 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD(R) 717/2004-959 dated 21 November 2004.

2.7.3 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date. The outstanding balances for the same as at 31 December 2020 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2020 were as:

Currency Name	Exchange Rate (Taka)
US \$	84.4500
Euro	105.3427
JPY	0.8297
ACU	84.4500
GBP	114.8996
CHF	98.2715
SGD	64.9919
AUD	66.1613
CAD	67.3379



2.7.4 Translation gains and losses

As per provision of IAS # 21: The Effects of Changes in Foreign Exchange Rates, foreign currency transactions are translated into Taka at rates prevailing on the dates of such transactions. The resulting exchange transaction gains and losses arising through foreign currency buying and selling transactions effected on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

2.8 Assets and their basis of valuation

2.8.1 Cash and Cash Equivalents

As per provision of IAS # 7 Cash Flow Statements of Banks and Similar Financial Institutions for the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks, treasury bills, and other eligible bills, amounts due from other banks and dealing securities other than those which are not available to finance the UBL day to day operations.

2.8.2 Investments

- a) Investments are stated in the balance Sheet at the net amount excluding unearned income and profit receivable.
- b) Provision for Investments Impairment:

As per instructions contained in Bangladesh Bank's BRPD circular no. 14, dated September 23, 2012, BRPD circular no. 05, dated May 29, 2013, BRPD circular no. 16, dated November 18, 2014, BRPD circular no. 08, dated August 02, 2015, BRPD circular no. 12, dated August 20, 2017, BRPD circular no. 15, dated September 27, 2017, BRPD Circular no. 01, dated January 03, 2018, BRPD Circular no. 01, dated February 20, 2018, BRPD Circular no. 07, dated June 21, 2018, BRPD Circular no. 13, dated October 18, 2018, BRPD Circular no. 03, dated April 21, 2019, BRPD Circular no.16, dated July 21, 2020, BRPD Circular no. 17, dated September 28, 2020 and BRPD Circular no. 52, dated October 20, 2020 respectively specific provisions are made against non performing investments are at the following rates:

Particulars	Rates
Provision on Substandard Investments:	
Cottage, Micro, Small and Medium Enterprise (CMSME)	5%
Other than Cottage, Micro, Small and Medium Enterprise (CMSME)	20%
Provision on Doubtful Investments:	
Cottage, Micro, Small and Medium Enterprise (CMSME)	20%
Other than Cottage, Micro, Small and Medium Enterprise (CMSME)	50%
Provision on Bad & Loss Investments	100%

As per instructions of BRPD circular nos. 14, 05, 16, 08, 12, 15, 01, 01, 07, 13, 03, 16, 17 and 52 dated September 23, 2012, May 29, 2013, November 18, 2014, August 02, 2014, August 02, 2015, August 20, 2017, September 27, 2017, January 03, 2018, February 20, 2018, June 21, 2018, October 18, 2018, April 21, 2019, July 21, 2020, September 28, 2020 and October 20, 2020 respectively an amount has been set aside up of the total unclassified investments as on the balance sheet date at the following rates:



General Provision on:

Particulars	Rates
• All Unclassified Investments of Small and Medium Enterprise (SME)	0.25%
• All Unclassified Investments (Other than investments under Consumer Financing, SME Financing, Housing Finance, Investment to professionals to set up business, Investment to Brokerage Houses, Merchant Banks, Stock Dealers etc.,)	1.00%
• Unclassified Consumer Financing (Other than Housing Finance and Investment for Professionals to set up business)	2.00%
• Unclassified Investment to Housing Finance	1.00%
• Unclassified Investment for Professionals to set up business under Consumer Financing Scheme	2.00%
• Unclassified Investment to Brokerage House, Merchant Banks, Stock dealers, etc.	2.00%
• Off-Balance sheet Exposure (Except inward and outward bills for collection)	1.00%

Provision for Short-term Agricultural and Micro-Credits:

Particulars	Rates
• All unclassified investments (irregular & regular)	1.00%
• Classified as "Sub-Standard" & "Doubtful"	5.00%
• Classified as "Bad/Loss"	100.00%

c) When an investment is deemed to be uncollectible, it is written off against the related provision for impairments. Subsequent recoveries of such investments are credited to the income statement.

d) Investment are normally written off, when there is no chance of recovery of these amounts in accordance with BRPD Circular no. 01, Dated 06 February 2019. A separate Investment Monitoring and Recovery Division (IMRD) has been set up at the Head Office, which monitors investment Written-off and legal action through the Money Court. The process of Write-offs does not undermine or affect the amount claimed against the borrower by the Bank.

2.8.3 Investment in shares and securities

Investment in shares and securities (other than government treasury securities) are initially measured at fair value (which is actually the cost) and subsequently accounted for depending on their classification as either held to maturity, fair value through profit or loss, or available for sale.

Investment in Bangladesh Government Islamic Investment Bond (BGIIB) is measured both initially and subsequently at cost, which is also the fair value.

2.8.3.1 Valuation Method

Considerable value of Investments has been considered as follows:

Particulars	Valuation Method
Bangladesh Government Islamic Investment Bonds	Cost Price
Shares	Cost Price

2.8.4 Off setting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.



2.8.5 Property, Plant and Equipment

All property and equipment are classified and grouped on the basis of their nature as required in as per provision of IAS # 16: Property, Plant and Equipment.

The major categories of property and equipment held by the bank are furniture and fixtures, office equipment's, motor vehicles and books.

As guided in paragraph 30 of IAS # 16 Property Plant and Equipment: all property and equipment are stated at historical cost less accumulated depreciation. The opening and closing carrying amounts of all property and equipment are presented including the amount of additions, disposals and depreciation charged during the year as required IAS # 16. Maintenance expenses that does not increase the value of assets is charged to profit & loss account.

Depreciation on Property, Plant and Equipment

As required in paragraph 43 of IAS # 16 Property Plant and Equipment depreciation has been charged on property and equipment at the following rates using reducing balance method, except on office equipment, motor vehicles on which straight-line method is applied.

Nature of Assets	Rate	Method of Depreciation
Land	Nil	Not Applicable
Furniture and Fixtures	10%	Reducing Balance Method.
Office Equipment	20%	Reducing Balance Method except Computer Equipment where used Straight Line Method.
Vehicles	20%	Straight Line Method.
Books	20%	Reducing Balance Method.

Depreciation on addition to fixed assets is charged in compliance with International Accounting Standard (IAS) # 16.

2.9 Statutory Reserve

As per section 24 of Bank Company Act 1991 (amended up to 2013), at least 20% of the profit before tax is transferred to the statutory reserve each year until the balance of the reserve equates with the paid-up capital.

2.10 Liabilities and Provisions

2.10.1 Taxation

Tax expenses represent the sum of the tax which are payable during the current period.

2.10.1.1 Current Tax

Provision for corporate current income tax has been made @ 40% as prescribed in the Finance Act 2020 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS # 12: Income Taxes.

2.10.1.2 Deferred Tax

Deferred tax is recognized in compliance with IAS 12 "Income Taxes" and BRPD Circular no. 11 dated 12 December 2011, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of balance sheet. Deferred tax assets and liabilities are offset as 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 is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each date of balance sheet and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. As shown in note no. 8.3.1



2.10.2 Retirement Benefits of Employees

Required in IAS # 19: Employee Benefit, provident fund and gratuity benefits are given to eligible employee of the bank in accordance with the locally registered rules and the entity shall disclose the amount recognized as an expense for defined contribution plan.

2.10.2.1 Provident Fund

Provident fund benefits are given to employees of Union Bank Limited (UBL) in accordance with the locally registered Provident Fund Rules. The employees' provident fund is administered by a Board of Trustees and is funded by contributions of employees and the Bank at predetermined rates in equal proportion. These contributions are invested separately from the assets of UBL and the profit on such contributions credited to the members' account. The Fund is recognized by the National Board of Revenue (NBR) vide their letter # PFR(UBL)/LTU/2013-2014/1057(1-3) dated 30/04/2014.

2.10.2.2 Gratuity

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits if his/her length of service is at least six (06) years. Adequate provision has been made for gratuity in line of IAS # 19 "Employee Benefits". The Fund is recognized by the National Board of Revenue (NBR) vide their letter No. 08.01.0000.035.02.0043.2016/28 dated 02/04/2017.

2.10.2.3 Employees' Social Security & Benevolent Fund (ESSBF)

The Bank operates a Employees' Social Security & Benevolent Fund (ESSBF) by all regular employees' contribution for the sake of death and disability of employees.

2.10.2.4 Employees Group Life Insurance Fund

The bank makes Employees Group Life Insurance Fund commence with effect from 01 January 2020. The purpose of the fund is to provide medical and death cum survival benefit in lieu of group insurance (death cum endowment). The fund shall be subscribed by the employees on early basis and with the contribution of the Bank.

2.10.2.5 Death Risk Coverage Scheme (DRCS)

The bank operates a Death Risk Coverage Scheme (DRCS) in Employee House Building Investment Scheme (EHBIS) with following objectives:

- a). To ensure 100% repayment of EHBIS of the Bank even in the case of death/disability, staying the Bank away from the threat of any financial loss due to non-repayment hazards.
- b). To cushion the bereaved/disabled families of the employees of the Bank from the burden of paying EHBIS installment from their own in the event of death/disability case.

2.10.2.6 Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labour Act, 2006 as amended in 2013 all companies fall within the scope of WPPF (which includes Bank) are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. But the provision for WPPF as per Bangladesh Labour Act 2006 as amended 2013 contradicts with the Bank Company Act 1991, section 11 sub section b(ii). As such the Bank did not make any provision during the year for WPPF.

2.10.3 Deposits and Other Accounts

Deposit include non-profit bearing deposits, saving deposits, term deposits etc. They are brought to account at the gross value of the outstanding balance. Profit paid is charged to the Income Statement.

2.10.4 Contingent Liabilities, Commitments and Other Off-Balance Sheet items

As required in IAS # 37, Contingent Liabilities, commitments and other Off-Balance Sheet items are presented in details in the financial statements as per BB Circular no. BRPD 14 Dated 25 June 2003 and BRPD -15 Dated 09 November 2009.

2.10.5 Sharing of Investment Income

In case of investments, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of Mudaraba fund is shared by the bank and the Mudaraba depositors at the pre-determined ratio fixed by the bank.



2.10.6 Zakat

Zakat is paid by the bank at the rate of 2.58% (instead of 2.50% as the bank maintains its account following Gregorian year) on the closing balances of share premium, statutory reserve, general reserve and exchange equalization account. Payment of zakat on paid up capital and deposits is the responsibility of the shareholders and depositor's respectively.

2.11 Others

2.11.1 Cash Flow Statement

Cash Flow Statement is prepared in accordance with IAS 7 "Statement of Cash Flows", and as per "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009 and BRPD Circular No.14 dated 25.06.2003. The Statement shows the structure of changes in cash and cash equivalents during the financial year.

2.11.2 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 basis:

- Balance with other Banks and financial institutions are on the basis of their maturity term;
- Investments are on the basis of their respective maturity and repayment schedule;
- Fixed assets are on the basis of their useful lives;
- Other assets are on the basis of their realization / amortization;
- Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity / repayment term;
- Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;
- Provisions and other liabilities are on the basis of their payment / adjustments schedule.

2.11.3 Comparative Information

As guided in paragraph 36 and 38 of IAS # 1 presentation of financial statements, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current year's financial statements.

2.11.4 Earnings Per Share (EPS)

2.11.4.1 Basic Earnings Per Share

Earnings per share have been calculated in accordance with IAS # 33 "Earnings Per Share" (EPS) which has been shown on the face of profit and loss account. These have been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

2.11.4.2 Diluted Earnings Per Share

No diluted earnings per share are required to calculate for the year as there was no such component existed during the year under review.

2.11.5 Functional and Presentation Currency

The financial statements are presented in Bangladesh Taka (BDT).

2.12 Risk Management

Risk is an inherent part of banking business. Through issuing and adopting risk management policies, UBL continues to focus on improving its risk management systems and practicing same in its day to day business operation. UBL conducts its risk management activities by following Bangladesh Bank risk management guidelines, circulars, instructions, core risk management guidelines, bank's internal comprehensive risk management guidelines and Basel-III accord; etc. as amended from time to time. As per directive of Bangladesh Bank, UBL established a separate Risk Management Division (RMD) to identify, monitor and manage evolving risks effectively and efficiently.

Key risk management areas of the bank are described below:



2.12.1 Investments Risk

Investment risk is one of the major risks of the banks which can be described as potential losses arising from the failure of counterparty to perform according to the agreed terms. The failure may result from unwillingness of the counterparty or decline due to economic condition, market situation etc. Macro level investment risk management issues cover sectoral concentration, industry-wise concentration, area concentration, non-performing/classified investments, provisioning, top-20 borrower concentration, single borrower exposure limit, forced investment, status of top-20 defaulters, status of law suit, status of provisioning against classified investments, error in valuation of collateral, documentation lapses, recovery from overdue investments, rescheduled/restructured/ written-off investment, status of credit rating of eligible corporate and SME clients; etc. To manage investments risk, the bank applies investment limits to its customers and obtains adequate collaterals. Investments risks are monitored, reviewed and analyzed by the Investment Committee (IC), Investment Risk Management Committee (IRMC), Executive RISK Management Committee (ERMC), Board Risk management committee (BRMC) and Board of Directors at a regular interval in its meetings.

2.12.2 Foreign Exchange Risk

Foreign Exchange Risk is defined as the potential change in earnings arising due to change in market prices. Foreign exchange risk arises due to unexpected movement of market price of the holding of currencies or the price of the assets denominated in foreign currencies. Macro level FEx risk covers open position risk, exchange rate, violation of dealer's limit and loss for the violation, un-reconciled nostro account, non-repatriation of export bills and overdue accepted bills; etc. Union Bank Limited has a well-developed and structured Foreign Exchange Risk Manual for effective and efficient risk management. In order to mitigate the risk, bank follows related directives as issued by Bangladesh Bank from time to time.

2.12.3 Asset Liability Management Risk

Asset Liability Management is the key success of any financial intermediary especially for Banks. Asset Liability Management (ALM) can be defined as a mechanism to address the risk faced by a bank due to a mismatch between rate sensitive assets and liabilities either due to liquidity or changes in profit/interest rates. Asset-Liability Committee (ALCO) of the bank monitors balance sheet risk and liquidity risks of the bank. The balance sheet risk encompasses most part of the asset-liability and deal with change in earnings due to change in rate of profit, foreign exchange rates which are not of trading nature. On the other hand, liquidity risk can be defined as the risk or chance of failure to meet up any withdrawal /disbursement request by a counterparty/customer. ALCO reviews source of fund and application of fund, day to day liquidity requirement, the maturity of assets and liabilities, deposits and investments pricing strategy and the liquidity contingency plan. The primary objective of the ALCO is to monitor and avert significant volatility in Net Investment Income (NII), investment value and exchange earnings for the purpose of taking future action plan for better interest of the Bank.

2.12.4 Money Laundering and Terrorist Financing Risk

Money Laundering now a day is one of the greatest challenges that the Governments, Banks and Financial Institutions face in the globalize financial system. Identifying, assessing, and understanding ML/TF risks is an essential part of the implementation and development of a national anti-money laundering / Combating Financing Terrorism (AML/CFT) regime, which includes laws, regulations, enforcement and other measures to mitigate ML/TF risks. The Central Compliance Committee (CCC) looks after the overall compliance related to AML/CFT regulations. Main functions of Anti-Money Laundering & Terrorist Financing Divisions are to formulate, monitor, review and enforce the Bank's Anti-Money Laundering/Combating Financing Terrorism Policy & ML/TF Risk Assessment Guideline in line with BFIU of Bangladesh Bank, creation of awareness among the officers/employees about the internal AML/CFT policies, procedures and programs, conduct inspection on branches regarding anti-money laundering compliance, conducting of CCC meeting quarterly, ensure timely anti-money laundering reporting and compliance to Bangladesh Bank.



2.11.5 Internal Control and Compliance Risk

An internal control system oversees the whole process in relation with the policies, processes, laws, regulations, tasks, behaviors and other aspects of a banking company to facilitate its effective and efficient operation. It is a continuing series of activities planned, implemented and monitored by the Board of Directors, Board Audit Committee and Management at all levels within an organization. Effective internal controls strengthen the base of safe and sound banking. The main objectives of Internal Control are to ascertain the efficiency and effectiveness of activities, reliability, completeness and timeliness of financial and management information, compliance with applicable laws and regulations.

Audit & Inspection Unit undertakes periodical and special audit & inspection of its branches and departments/divisions of Head Office for reviewing its operation and compliance in line with the regulatory and internal policies and procedures. Compliance Unit ensures regulatory and internal compliances and Monitoring Unit monitors the operational lapses & other defined activities of the unit. The Board Audit Committee plays a vital role in providing a bridge between the Board and Management. The Committee reviews the financial reporting process, audit process and the bank's process for compliance with laws, regulations and code of conduct.

2.12.6 Information & Communication Technology Risk

Integration of information and communication technologies helps banks to develop and maintain their competitive advantages which bring numerous benefits including faster business transactions, increasing automation, improved customer service through several innovative products in the ground-breaking new forms of internet banking, mobile banking, ATM facility etc. The importance of information security for the banks has gained much importance, and it is of the critical essence for us to ensure that the ICT risks are being properly identified measured and adequate mitigation strategies are in place. For this purpose, a risk management process consisting of assessing, controlling and monitoring risks should be in place.

Information assets are critical to the services provided by the Bank to its customers. Protection and maintenance of these assets are vital to its sustainability. In order to ensure protection of critical IT assets from unauthorized access modification, disclosure and destruction, the Bank has already taken initiatives, which safeguard the interest of customers. The basic functions regarding ICT risk management is safeguarding the interest of the bank, establishing, implementing, operating, monitoring, reviewing, exercising, maintaining and improving a documented Information and Communication Technology Assets within the context of managing the overall business risks. ICT Risk covers business disruption and system failures, execution, delivery and process management, data entry errors, vendor disputes, data security, physical security, network security and other potential risks; etc. The Bank has already developed its own ICT policies for various operation and services which are closely in line with the ICT guidelines of Bangladesh Bank and continuously conducting training sessions on sensitive IT tasks (i.e. operational procedure, Business Continuity Planning, Disaster Recovery Planning etc.) for relevant employees. The Bank is strictly following the Information Security Standard of Bangladesh Bank covering Password Control, User ID Maintenance, Input Control, Network Security, Data Encryption, Virus Protection and Access Control to Internet and Emailing. The bank is regularly conducting internal ICT audit to all its' branches and divisions at Head Office to ensure proper implementation of the ICT policies.



2.13 Internal audit

Internal Audit is used as an important element to ensure good governance within the bank. Internal Audit activity is effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/guidelines of regulatory authority; etc.

During the year 2020, Audit & Inspection Unit conducted inspection a number of the branches/divisions of Head Office of the bank and submitted reports covering the findings of the audits/inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations provided in these reports. The reports or key points of the reports have also been discussed in the meetings of the Board Audit Committee and necessary steps have been taken according to the decision of the Committee to mitigate the risks in time.

2.14 Fraud and forgeries

Fraud means wrongful or criminal deception intended to result in financial or personal gain. UBL continuously pays attention to implement and improve the anti-fraud internal controls for prevention of frauds and forgeries. Moreover, UBL has developed own fraud detection and management process policy guideline and assesses/evaluates the effectiveness of its anti-fraud internal control measures. During the year 2020, no incident of fraud has been detected by the related organs.

2.15 Stress Testing

Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. It has become an essential and very prominent tool in the analysis to measures the shock absorbing capability of a bank. Stress testing framework is being used to assess risk absorbing capacity of the bank considering its impact on bank's capital adequacy by using minor, moderate & major level of shock in terms of investment risk, exchange rate risk, equity price risk, profit rate risk and liquidity risk on quarterly basis and communicate the results of stress test to the Senior Management and Board to ensure maintenance of adequate capital for absorbing any unforeseen losses.

2.16 Reporting Period

The accounting year is 01 January to 31 December. The reporting year of 2020 is from 01 January 2020 to 31 December 2020.

2.17 Regulatory and legal compliance

Among others, the Bank complied with the requirements of the following circular, rules and regulations:

- a) The Bank Company Act, 1991 as amended
- b) The Companies Act, 1994
- c) "Guidelines for Islamic Banking" and BRPD Circular No. 14 dated 25.06.2003 issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009.
- d) Other circulars, rules and regulations issued by Bangladesh Bank from time to time.
- e) Income Tax Ordinance, 1984
- f) Income Tax Rules, 1984
- g) VAT Act, 1991
- h) Value Added Tax and Supplementary Duty Act, 2012 as passed 13 June 2019,
- i) Value Added Tax and Supplementary Duty Rules, 2016 as passed 13 June 2019,
- j) Standards issued by AAOIFI
- k) The Stamp Act, 1899
- l) The Customs Act, 1969
- m) The Money Laundering Prevention Act, 2012
- n) The Anti-Terrorism (Amendment) Act, 2012 etc.



2.18 Compliance with Financial Reporting Standards as applicable in Bangladesh subject to departure described in note-2.1, where we have followed Bangladesh Bank guideline:

Sl. No.	IFRS No.	IFRS Title	Compliance Status
01	1	First-time adoption of International Financial Reporting	Not Applicable
02	2	Share-based Payment	Not Applicable
03	3	Business Combinations	Not Applicable
04	4	Insurance Contracts	Not Applicable
05	5	Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
06	6	Exploration for and Evaluation of Mineral Resources	Not Applicable
07	7	Financial Instruments: Disclosures	Complied
08	8	Operating Segments	Complied
09	9	Financial Instruments	Complied
10	10	Consolidated Financial Statements	Not Applicable
11	11	Joint Arrangements	Not Applicable
12	12	Disclosure of Interests in other Entities	Not Applicable
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	Complied
15	15	Revenue from Contract with Customers	Complied
16	16	Lease	Narrated in note 8.1
17	17	Insurance Contracts	Complied
Sl. No.	IAS No.	IAS Title	Compliance Status
01	1	Presentation of Financial Statements	Complied
02	2	Inventories	Not Applicable
03	7	Statement of Cash Flows	Complied
04	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
05	10	Events after the Reporting Period	Complied
06	12	Income Taxes	Complied
07	16	Property, Plant & Equipment	Complied
08	19	Employee Benefits	Complied
09	20	Accounting for Government Grants and Disclosure of Government Assistance	Not Applicable
10	21	The Effects of Changes in Foreign Exchange Rates	Complied
11	23	Borrowing Costs	Not Applicable
12	24	Related Party Disclosures	Complied
13	26	Accounting and Reporting by Retirement Benefit Plans	Complied
14	27	Separate Financial Statements	Not Applicable
15	28	Investments in Associates and Joint Ventures	Not Applicable
16	29	Financial Reporting in Hyperinflationary Economics	Not Applicable
17	32	Financial Instruments: Presentation	Complied
18	33	Earnings per Share	Complied
19	34	Interim Financial Reporting *	Complied
20	36	Impairment of Assets	Complied
21	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
22	38	Intangible Assets	Complied
23	39	Financial Instruments: Recognition and Measurement	Complied
24	40	Investment Property	Not Applicable
25	41	Agriculture	Not Applicable

(*) Complied while the quarterly and half-yearly interim financial reports were prepared during the year.

2.19 General

2.19.1 The figures have been rounded off to the nearest Taka.

2.19.2 Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison.



	2020 Taka	2019 Taka
3 CASH		
3.1 Cash in Hand		
In Local Currency	824,369,870	1,462,825,524
In Foreign Currencies	1,621,440	1,528,545
	825,991,310	1,464,354,069
3.2 Balance with Bangladesh Bank and its Agent Bank		
In Local Currency	6,032,719,018	7,323,912,428
In Foreign Currencies	337,181,107	55,384,139
	6,369,900,125	7,379,296,567
	7,195,891,435	8,843,650,636
3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act, 1991 and subsequent BCD Circular No.13 dated May 24,1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010, DOS Circular # 01 dated 19 January 2014, MPD circular # 04 & 05 dated 01 December 2010, MPD circular # 01 dated 23 June 2014, MPD circular # 01 dated 03 April 2018, DOS Circular # 26 dated 19 August 2019 and MPD Circular # 03 dated 09 April 2020.		
3.4 Cash Reserve Ratio (CRR): 4.00 % (Bi-Weekly) of Average Demand and Time Liabilities		
Required Reserve	5,659,936,811	6,267,689,835
Actual Reserve maintained	6,067,965,716	7,243,240,282
Surplus/(Shortfall)	408,028,905	975,550,447
3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:		
Required Reserve	7,782,413,115	6,267,689,836
Actual Reserve	8,848,907,757	8,327,245,429
Surplus/(Shortfall)	1,066,494,642	2,059,555,593
4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS AND PLACEMENT		
4.1 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
A. Inside Bangladesh		
Al-Wadiah Current Accounts		
Janata Bank Ltd.	18,431	10,560
Others Accounts:		
Mudaraba Short Notice Deposits		
First Security Islami Bank Ltd.	68,552,190	102,762,257
NRB Global Bank Ltd.	6,353,450	3,759,597
AB Bank Ltd.	673,323	1,250
Trust Bank Ltd.	16,746,185	2,934,495
Islami Bank Bangladesh Ltd.	1,527,003	2,650,474
	93,852,151	112,108,073
	93,870,582	112,118,633



B. Outside Bangladesh

Particulars	Currency	Amount	Rate	31.12.2020 Taka	31.12.2019 Taka
Current Account					
Banco De Sabadell S.A., Spain	EURO	215344.18	105.34	22,684,937	14,188,964
Sonali Bank (UK) Limited, UK	GBP	114.00	114.90	13,099	-
Sonali Bank (UK) Limited, UK	USD	12713.37	84.45	1,073,644	1,073,644
Sonali Bank (UK) Limited, UK	ACU	8628.34	84.45	728,663	-
Habib American Bank, New York, USA	USD	378622.95	84.45	31,974,708	63,540,977
Kookmin Bank, Korea	USD	548770.12	84.45	46,343,637	2,532,183
Axis Bank Limited, Kolkata	ACU	27521.36	84.45	2,324,179	8,692,229
Meezan Bank Limited, Karachi	ACU	145833.00	84.45	12,315,597	162,461
AB Bank Ltd., Mumbai, India	ACU	147074.54	84.45	12,420,445	1,831,575
United Bank of India, Kolkata, India	ACU	99648.38	84.45	8,415,306	1,565,779
Sonali Bank Limited, Kolkata	ACU	-	-	-	4,508,730
National Bank of Pakistan, Tokyo, Japan	JPY	77878.00	0.83	64,615	61,197
				138,358,830	98,157,739
Total (A+B)				232,229,412	210,276,372



4.1.1 Maturity-wise Grouping (Inside and Outside Bangladesh)

Payable on Demand
Up to Three Months
Three Months to One Year
One Year to Five Years
Above Five Years

2020 Taka	2019 Taka
232,229,412	210,276,372
-	-
-	-
-	-
-	-
232,229,412	210,276,372

4.2 Placement with banks & Other Financial Institutions

Aviva Finance Limited
Phoenix Finance and Investments Ltd.
International Leasing and Financial Services Ltd.
Islamic Finance and Investment Ltd.

4,028,629,530	3,678,446,373
80,000,000	90,000,000
110,182,000	1,100,000,000
1,500,000,000	1,400,000,000
5,718,811,530	6,268,446,373

4.2.1 Maturity-wise Grouping (Placement with banks & other FI)

Payable on Demand
Up to Three Months
Three Months to One Year
One Year to Five Years
Above Five Years

3,103,911,530	-
2,328,600,000	3,678,446,373
286,300,000	2,500,000,000
-	90,000,000
-	-
5,718,811,530	6,268,446,373

5 INVESTMENTS IN SHARES AND SECURITIES**Government Securities**

Bangladesh Govt. Islamic Investment Bonds
Bangladesh Govt. Investment Sukuk (Ijarah Sukuk)

7,200,000,000	5,800,000,000
263,970,000	-
7,463,970,000	5,800,000,000

Others

Subordinated Bond
Quoted Shares (Note - 5.1)

180,000,000	240,000,000
44,081,408	44,062,132
224,081,408	284,062,132
7,688,051,408	6,084,062,132

5.1 Quoted Shares

Name of Companies	Acquisition cost	Acquisition cost
Al-Haj Textile Mills Limited	2,329,280	2,329,280
Bengal Windsor Thermoplastics Ltd.	5,838,069	5,838,069
Bashundhara Paper Mills Ltd.	5,285,540	5,285,540
Miracle Industries Ltd.	12,678,319	12,678,319
Navana CNG Ltd.	4,363,516	4,363,517
Oimex Electrode Limited	-	227,707
SAIF Powertec Ltd.	5,232,089	4,985,105
Shasha Denims Limited	2,241,495	2,241,495
Tallu Spinning Mills Ltd.	2,488,526	2,488,526
Western Marine Shipyard Ltd.	1,473,931	1,473,931
Zaheen Spinning Ltd.	2,150,643	2,150,643
	44,081,408	44,062,132

5.2 Market Value of Quoted Shares

27,103,889	22,306,860
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5.3 Maturity Grouping of Investments in Shares and Securities

On Demand
One Month to three Months
Three Months to One Year
One Year to Five Years
More than Five Years

2020 Taka	2019 Taka
900,000,000	-
2,530,000,000	2,400,000,000
3,904,151,408	3,444,062,132
353,900,000	240,000,000
-	-
7,688,051,408	6,084,062,132

6 INVESTMENTS (All Inside Bangladesh)

General Investments etc. (Note-6.A)
Bills Purchased and Discounted (Note - 6.B)

149,536,346,400	126,125,509,303
16,800,849,554	20,334,065,645
166,337,195,954	146,459,574,948

6.A General Investment etc.**Inside Bangladesh**

Bai Murabaha (Hypo)
Bai Murabaha against MTDR
Bai Murabaha TR (Non INST)
Bai Murabaha TR (INST)
Bai Murabaha (Post Import) TR
Bai Murabaha (TR) SME
Bai Murabaha Agriculture
Bai Murabaha (TR) Agriculture
Bai Murabaha (TR) Women Entrepreneur
Bai Murabaha Import Bill (MIB)
Bai Murabaha under Stimulus Package
Bai Muazzal Real Estate (Short Term)
Bai Muazzal (Guarantee)
Bai Muazzal TR
Bai Muazzal against BG (Bid Bond)
Bai Muazzal against Import Bill
Bai Muazzal Back to Back Bill
Mudaraba Investment
HPSM (Real Estate)
HPSM (Transport)
HPSM (SME)
HPSM House Building Staff
HPSM Rural Housing
HPSM House Building General
HPSM Industrial Term
HPSM Machinery
HPSM Machinery Women Entrepreneur
Quard Investment
Car Leasing Scheme Staff
Murabaha EDF Investment General
Murabaha EDF Investment
Bai Istisna
HPSM Consumer Durables (Scheme)

621,371,231	675,193,549
31,372,695,654	33,557,561,122
86,781,767,423	68,824,669,803
2,191,442,816	2,079,280,217
2,843,833,832	3,638,442,363
5,179,936,620	3,897,621,701
838,384,733	810,782,944
109,042,535	102,476,394
13,400,965	12,679,399
-	24,066,844
1,746,522,524	-
683,864,432	613,015,800
65,332,868	57,586,003
1,000,580,000	-
23,018,177	11,105,993
3,490,020,825	1,965,390,571
1,041,644,531	805,135,983
517,479,664	-
3,126,524,441	2,733,679,031
278,172,252	191,958,006
50,720,701	744,593
534,037,733	460,617,155
1,391,970	1,758,785
271,980,524	246,060,840
1,336,754,375	1,024,965,159
3,394,626,532	3,038,535,446
1,624,037	1,510,571
165,265,150	164,925,150
46,275,319	59,500,338
134,685,160	1,028,424,335
1,512,607,984	-
122,548,241	60,635,687
38,793,151	37,185,521
149,536,346,400	126,125,509,303

Outside Bangladesh

-	-
149,536,346,400	126,125,509,303

6.B Bills Purchased and Discounted

Payable in Bangladesh
Payable outside Bangladesh

16,800,849,554	20,334,065,645
-	-
16,800,849,554	20,334,065,645
166,337,195,954	146,459,574,948



2020 Taka	2019 Taka
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6.1 Maturity Grouping of Investments

Payable on Demand	46,718,700,000	21,992,900,000
Up to Three Months	34,431,300,000	41,070,900,000
Three Months to One Year	73,612,095,954	72,713,374,948
One Year to Five Years	4,452,900,000	3,041,700,000
Above Five Years	7,122,200,000	7,640,700,000
	166,337,195,954	146,459,574,948

6.2 Analysis to disclose the following Significant Concentration including Bills Purchased & Discounted

Investments to Directors of other Banks	11,757,160,334	10,090,159,479
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	111,267,351,721	103,309,896,504
Investments to Industry	42,707,641,517	32,512,992,138
Investment to staff	605,042,382	546,526,827
	166,337,195,954	146,459,574,948

6.3 Investments to Customers amounting to 10% or more of UBL's Total Regulatory Capital

Number of Clients	18	15
Amount of Outstanding Investments:		
Funded	15,146,400,000	9,621,400,000
Non-funded	3,281,100,000	3,285,200,000
	18,427,500,000	12,906,600,000

6.4 Sector wise Investments

Agriculture	992,644,446	915,030,656
Ready Made Garments (RMG)	3,086,122,456	2,525,887,246
Textile	10,153,069,584	7,714,889,107
Ship Building	5,560,981	155,838,143
Other Manufacturing industry	8,390,714,351	4,222,581,263
SME Investment	5,431,842,020	3,912,556,264
Construction	5,683,862,096	4,720,778,268
Power, Gas	1,657,709,174	1,407,672,118
Transport, Storage and Communication	373,375,444	148,086,450
Trade Service	115,861,118,631	104,397,570,539
Commercial real estate financing	7,132,275,007	4,472,203,666
Residential real estate financing	832,677,549	543,257,500
Consumer investment	100,801,246	5,051,827
Capital market	1,312,374,216	1,003,254,481
Non Banking Financial Institutions (NBFI)	132,822,500	-
Others	5,190,226,253	10,314,917,420
	166,337,195,954	146,459,574,948



6.5 Geographical Location-wise Investments

Urban

Dhaka
Chattogram
Barishal
Rajshahi
Khulna
Rangpur
Sylhet
Mymensingh

2020 Taka	2019 Taka
90,610,764,664	73,902,120,177
50,045,660,525	50,301,620,736
72,110,724	73,088,742
150,241,786	187,203,166
125,956,232	113,750,882
98,466,722	12,686,990
50,275,115	45,607,577
25,120,944	53,557,604
141,178,596,712	124,689,635,874

Rural

Dhaka
Chattogram
Barishal
Rajshahi
Khulna
Rangpur
Sylhet
Mymensingh

412,178,183	471,822,827
24,451,154,150	21,008,893,348
-	-
72,495,845	81,742,829
-	10,286,080
183,068,127	165,298,091
39,702,937	31,895,899
-	-
25,158,599,242	21,769,939,074
166,337,195,954	146,459,574,948

6.6 Classification of Investments as per Bangladesh Bank (BRPD) Circular

Unclassified

Standard
Special Mention Account

161,055,882,690	139,413,230,421
1,079,959,401	1,709,518,524
162,135,842,091	141,122,748,945

Classified

Sub-standard
Doubtful
Bad & Loss

834,049,751	1,727,767,884
2,335,340,842	2,165,332,032
1,031,963,270	1,443,726,087
4,201,353,863	5,336,826,003
166,337,195,954	146,459,574,948

6.7 Particulars of Required Provision for Investments and Off Balance Items

Classification status

Unclassified (a)

Standard
Special Mention Account

2,107,014,885	1,388,870,200
115,651,677	40,672,800
2,222,666,562	1,429,543,000

Classified (b)

Sub - Standard
Doubtful
Bad and Loss

41,847,505	115,992,171
801,991,302	696,310,149
537,272,235	702,683,680
1,381,111,042	1,514,986,000

Off Balance Items (c)

Special General Provisions for Covid - 19 (d)

73,954,461	101,777,205
393,968,000	-
4,071,700,065	3,046,306,205

Required Provision for Investments (a+b+c+d)

Total Provision Maintained

Provision Excess/ (Shortfall)

4,071,700,065	3,046,306,205
4,109,000,000	3,115,000,000
37,299,935	68,693,795

* Details of provision is shown in note 2.8.2



	2020 Taka	2019 Taka
6.8 Particulars of Investments		
i) Investments considered good in respect of which the Bank Company is fully secured.	137,880,173,979	117,159,257,495
ii) Investments considered good for which the bank holds no Security other than the debtors personal security.	28,457,021,975	29,300,317,453
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors.	-	-
iv) Investments considered bad or doubtful not provided for	-	-
Total	166,337,195,954	146,459,574,948
v) Investments due by directors or executives of the banking company or any of them taken either severally or jointly with any other person.	-	-
vi) Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-
vii) Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.	-	-
viii) Maximum total amount of investments, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
ix) Investment due from other banking companies	-	-
x) Total amount of classified Investments on which profit is not credited to income	-	4,172,042,329
a. Movement of classified Investments		
Opening balance	5,336,826,004	1,164,783,675
Increase/ (Decrease) during the year	(1,135,472,141)	4,172,042,329
	4,201,353,863	5,336,826,004
b. Amount of provision kept against investment classified as 'bad/loss' on the reporting date of Balance Sheet	537,272,235	702,683,680
c. Profit credited to the profit/Rent/Compensation Suspense	995,350,547	396,930,595
xi) Amount of written off Investment:		
a. Cumulative amount	-	-
b. Amount written off during the period	-	-
c. Total amount of written off (a+b)	-	-
d. Amount recovered against such written- off up to this year	-	-
e. Amount of investment written- off against which suit has been filled to recover the same.	-	-

2020 Taka	2019 Taka
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6.9 Security against Investments including bills purchased & discounted

Collateral of movable/immovable assets	106,507,478,328	83,460,044,934
Local banks & financial institutions guarantee	-	-
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	16,800,849,554	20,334,065,645
Fixed deposits receipts:		
Own MTDR	31,372,695,654	33,699,212,561
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	-	-
Other security	11,656,172,418	8,966,251,808
Unsecured	-	-
	166,337,195,954	146,459,574,948

6.10 Maturity Grouping of Bills Purchased and Discounted

Payable within one month	14,225,349,554	40,965,645
Over one month but less than three months	154,000,000	2,959,800,000
Over three months but less than six months	2,421,500,000	17,333,300,000
Six Months and Above	-	-
	16,800,849,554	20,334,065,645

7 FIXED ASSETS INCLUDING PREMISES, FURNITURE & FIXTURES AT COST LESS ACCUMULATED DEPRECIATION (ANNEXURE-A)

Land	2,666,750,340	2,666,750,340
Furniture & Fixtures	983,051,823	847,899,813
Office Equipment	941,063,120	858,563,838
Vehicles	101,228,719	111,471,719
Books	426,567	352,807
	4,692,520,569	4,485,038,517
Less: Accumulated Depreciation	929,304,757	767,247,789
	3,763,215,812	3,717,790,728

8 OTHER ASSETS

Inter - branch Transaction Account (Note - 8.a)	13,393,588,068	3,790,159,506
Accrued Income on MTDR	475,995,064	572,347,998
Advances, Deposits and Prepayment (Note - 8.1)	485,427,099	400,764,548
Advance Income Tax	4,506,637,715	3,430,969,038
Stock of Stationery	14,834,826	10,740,985
Suspense Account (Note - 8.2)	134,745,902	233,099,624
Deferred tax asset (Note - 8.3)	82,475,251	82,199,355
Stamps on Hand	2,476,960	2,063,539
	19,096,180,885	8,522,344,593

8.a Inter-branch transaction account represents outstanding Inter-branch and Head Office transaction (net) originated but yet to be responded at the balance sheet date.



	2020 Taka	2019 Taka
8.1 Advance, Deposits and Prepayment		
Advance against Rent - Office	183,420,751	232,488,602
Prepayment	302,006,348	168,275,946
	485,427,099	400,764,548

* According to the paragraph 47 of International Reporting Standards (IFRS) - 16 a lessee shall either present in the statement of financial position, or disclose in the notes and according to the paragraph 5 (b) a lessee may elect not to apply the requirements leases for which the underlying asset is low value. The amount of advance rent agreement of various landlord is immaterial of total assets as a result IFRS - 16 is not to applicable for us for the year 2020.

8.2 Suspense Account

Sundry Debtors	130,969,017	233,099,624
Advance against New Branch	3,776,885	-
	134,745,902	233,099,624

8.3 Deferred Tax Assets

Opening Balance	82,199,355	43,689,446
Add: Addition during the year	275,896	38,509,909
	82,475,251	82,199,355
Less: Adjustment during the year	-	-
Closing Balance	82,475,251	82,199,355

8.3.1 Deferred tax income Recognized in Profit and Loss Account:

	Accounting base	Tax base	Deductible temporary difference
As on 31 December 2020			
Property, plant and equipment	3,763,215,812	3,919,086,522	155,870,710
Deferred liability - Gratuity	50,317,415	-	50,317,415
			206,188,125
Current tax rate			40.00%
Deferred tax Asset at closing			82,475,250
Deferred tax Asset at beginning			82,199,355
Deferred tax income Recognized during the year			275,896

9 PLACEMENT FROM BANK AND OTHER FINANCIAL INSTITUTIONS

Inside Bangladesh

Bangladesh Bank (Refinance Scheme)	74,606,020	9,228,442
Bangladesh Govt. Islami Investment Bond Funds	8,000,000,000	6,000,000,000
Bangladesh Bank Cover Fund against QSF	547,512,000	-
Bangladesh Bank Export Development Fund (EDF)	1,027,879,044	284,624,000
	9,649,997,064	6,293,852,442

Outside Bangladesh

	9,649,997,064	6,293,852,442
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A. Security- wise grouping

Secured Placement	-	-
Unsecured Placement	9,649,997,064	6,293,852,442
	9,649,997,064	6,293,852,442

B. Repayment Nature wise Grouping

Repayable on demand	-	-
Others	9,649,997,064	6,293,852,442
	9,649,997,064	6,293,852,442

C. Maturity Analysis

Repayable on Demand	-	-
Repayable within One Month	157,900,000	1,064,600,000
One Month to Six Months	4,538,300,000	5,229,252,442
Six Month to One Year	4,953,797,064	-
One Year to Five Years	-	-
Five Years to Ten Years	-	-
Unclaimed Deposits Ten Years and Over	-	-
	9,649,997,064	6,293,852,442



	2020 Taka	2019 Taka
10 DEPOSITS AND OTHER ACCOUNTS		
Mudaraba Savings Deposits (Note-10.1)	7,245,509,172	5,358,117,905
Mudaraba Term Deposits (Note-10.2)	96,010,891,579	83,885,364,118
Other Mudaraba Term Deposits (Note-10.3)	42,707,178,422	35,894,498,634
Al-Wadia Current Accounts and Other Accounts (Note-10.4)	25,554,877,551	24,370,424,268
Bills Payable (Note-10.5)	1,192,051,227	711,515,929
	172,710,507,951	150,219,920,854
10.1 Mudaraba Savings Deposits		
As per BRPD Circular No. 06, dated 24 June 2007, total saving bank deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Deposits	652,095,825	482,230,611
91% of total Mudaraba Savings Deposits	6,593,413,347	4,875,887,294
	7,245,509,172	5,358,117,905
10.2 Mudaraba Term Deposits- Maturity wise Grouping		
Payable on Demand	1,920,829,881	754,853,611
Up to Three Months	38,717,720,320	36,643,593,322
From Three Months to Six Months	26,381,525,025	22,939,854,811
Above Six Months to One Year	27,901,791,263	22,472,523,489
Above One Year to Two Years	1,062,380,732	1,060,411,221
Above Two Years	26,644,358	14,127,664
	96,010,891,579	83,885,364,118
10.3 Other Mudaraba term Deposits		
Mudaraba Monthly Savings Scheme	5,405,030,834	4,182,480,661
Mudaraba Double Benefit Deposits Scheme	9,910,201,039	10,521,497,493
Mudaraba Monthly Profit Scheme	24,975,912,375	19,245,071,523
Mudaraba Millionaire Savings Scheme	1,368,611,149	1,120,236,721
Mudaraba Kotipoti Deposit Scheme	67,408,273	88,329,867
Mudaraba Marriage Scheme	114,696,781	65,861,271
Mudaraba Pension Deposit Scheme	-	140,431
Mudaraba Hajj Deposit Scheme	37,936,642	29,832,262
Mudaraba Union Pension Prokolpa	127,730,530	125,495,866
Mudaraba Muhor Savings Scheme	50,551,311	25,798,474
Mudaraba Corepoty Sanchaya Scheme	602,520,034	452,648,073
Mudaraba Barakah Deposit Scheme	46,579,454	37,105,992
	42,707,178,422	35,894,498,634
10.4 Al-Wadia Current Accounts & Other Deposit Accounts		
Al-wadia Current Deposits	4,264,987,389	3,816,472,272
Mudaraba Short Notice Deposits	20,280,546,410	19,614,116,312
Sundry Deposits (Note-10.4.1)	1,009,343,752	939,835,684
	25,554,877,551	24,370,424,268
10.4.1 Sundry Deposits		
Security Deposit	416,021,194	395,686,439
Sundry Creditors	36,063,933	40,442,701
Income Tax Deduction at Source -Profit on Deposits	172,907,728	165,949,746
Income Tax on Profit Paid on Mudaraba Subordinated Bond	3,585,000	-
Income Tax on Local L/C	1,653,899	63,535
Income Tax on Export bill (Foreign)	452,982	474,263
Income Tax on Export bill (Local)	382,770	214,233
Income Tax on Local/Buying Agents Commission	218,436	156,559
Excise Duty on Deposits & Investments	186,024,318	105,064,617
Tax on Honorarium	-	11,700
VAT on Online Charge	37,734	39,585
VAT on Commission TT/DD/PO/LG	43,311	49,600
VAT on Service Charge and Others	3,751,046	3,219,641
VAT Deduction Bills Paid	717,449	336,934

	2020 Taka	2019 Taka
VAT Deduction from advertisement Bill	83,393	17,850
VAT on Rent	1,995,598	1,652,608
VAT on Director's Fee	20,400	-
VAT on Indenting Commission	318,296	347,999
VAT on L/C Commission	1,079,543	3,002,733
VAT on Postage	23,348	24,889
VAT on Security Service	634,974	499,681
VAT on Swift Charge	59,701	62,429
VAT on L/C Advising Charge	262,893	219,343
VAT on Pally Bidyut bill	1,913,068	-
VAT on Acceptance Commission	1,594,943	3,279,553
VAT on Bank Guarantee Commission	325,491	165,501
VAT on Professional Fee	4,800	525
VAT on PO/DD/FDD Collection charge	56,619	68,665
VAT on commission on export bill	3,666	827,448
VAT on income from ATM	-	26,067
VAT on Processing Fee on Investment	502,535	-
VAT in Misc. Earnings	25,739	17,547
Income Tax Deduction at Source - Office rent	682,378	557,200
Income Tax Deduction at Source - Bills	427,108	248,659
Income Tax Deduction at Source - Advertising Bill	28,870	4,760
Income Tax Deduction at Source-Employee's	3,558,135	3,762,754
Income Tax on Directors' Fee	13,600	-
Income Tax on Indenting Commission	27,501	106,471
Income Tax on Professional Fee	3,050	-
Marginal Deposit Export	13,126,603	117,751,970
F.C. Held against B.B L/C	36,462,277	42,197,870
Sundry Deposit - Swift charge	14,436,108	11,989,108
Sundry Deposit LAC (Export)	6,024,969	6,303,097
S/D/A/C ATM Charge collection Account	2,095	224,402
D&B Credit report collection fee	1,263	1,247
ATM Charge (NPSB)	5,151	1,247,966
S/D/A/C VAT on Polli Bidyut Samity	4,873,577	2,728,365
Central Fund (RMG Sector)	21,507	73,948
NR. Taka A/C Small World Finance	13,090,840	673,907
Security Deposit A/C Small World Finance	844,500	813,000
NR. Taka A/C Wall street Finance	-	222,913
NR. USD A/C Wall street Finance	-	561,943
NR. Taka A/C Xpress Money Services	841,539	4,041,654
Security Deposit A/C Xpress Money Services	844,500	837,500
Security Deposit A/C Wall Street	-	744,000
Income Tax on Cash Subsidy against export	-	13,800
S/D Cash incentive against export	53,410	25,080
NR. Tk. A/C Transfast Remittance	2,963,366	1,248,848
Settlement A/C Cash Incentive on Foreign Remittance	76,658,494	20,797,081
Mobile Top up Settlement Account	2,637,748	-
Bkash Adjustment Account	13,600	-
Pre-Registration Fee-PVT.MGT. Pilgrim	92,256	-
SD. A/C Transfast Remittance, LLC	844,500	735,750
	1,009,343,752	939,835,684
10.5 Bills Payable		
Pay Order Issued	1,192,051,227	711,515,929
Demand Draft Issued	-	-
	1,192,051,227	711,515,929



10.6 Maturity wise Grouping of Deposits and Other Accounts

Repayable within One Month
One Month to Three Months
Three Months to One Year
One Year to Five Years
Repayable over Five Years

2020 Taka	2019 Taka
46,429,507,951	9,918,520,854
39,185,200,000	47,480,200,000
44,897,800,000	46,939,400,000
37,519,800,000	37,243,300,000
4,678,200,000	8,638,500,000
172,710,507,951	150,219,920,854

10. A Deposits received from Banks (Note A-1)

32,461,182,480	29,095,322,794
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10.B Deposits received from other than Bank

Payable on Demand (Note B-1)
Other Deposits (Note B-2)

7,118,478,193	5,950,054,496
133,130,847,278	115,174,543,564
140,249,325,471	121,124,598,060
172,710,507,951	150,219,920,854

10. A.1 Deposits Received from Banks

AB Bank Limited
Bangladesh Development Bank Ltd.
Bangladesh Commerce Bank Ltd.
Janata Bank Ltd.
Islami Bank Bangladesh Ltd.
Al-arafah Islami Bank Ltd.
National Bank Ltd.
Agrani Bank Ltd.
Sonali Bank Ltd.
Social Islami Bank Ltd.
Probashi Kallayan Bank Ltd.
Rajshahi Krishi Unnayan Bank Ltd.
Rupali Bank Ltd.
Trust Bank Ltd.
NRB Commercial Bank Ltd.
South Bangla Agriculture and Commerce Bank Ltd.
Southeast Bank Ltd.
First Security Islami Bank Ltd.
Exim Bank Ltd.
NRB Global Bank Ltd.

7,853,608	5,455,433
200,000,000	400,000,000
29,055	716,500
1,300,000,000	1,300,000,000
20,258,084,217	19,972,560,742
1,000,000,000	1,000,000,000
1,280,000,000	1,280,000,000
1,530,000,000	2,000,000,000
2,121,209,372	656,473,106
3,397,466,943	1,813,644,152
40,000,000	110,598,132
200,000,000	536,906,883
1,000,000,000	-
5,912,977	5,704,548
70,000,000	-
101,393	95,815
-	470,603
2,238,050	1,752,606
1,808,538	710,258
46,478,327	10,234,016
32,461,182,480	29,095,322,794

Maturity wise Grouping of Deposits Received from Banks

Repayable on Demand
Repayable within One Month
Repayable over One Month but within Six Months
Repayable over Six Months but within one Year
Repayable over One Year but within Five Years
Repayable over Five Years but within Ten Years
Unclaimed Deposits for Ten Years and above

-	-
12,929,973,109	11,011,344,673
19,435,061,371	17,971,229,489
96,148,000	112,748,632
-	-
-	-
-	-
32,461,182,480	29,095,322,794

B-1 Payable on Demand

Al-wadiah Current Deposits
Mudaraba Saving Deposits (9%) (Note-10.1)
Bills Payable (Note-10.5)
Sundry Deposits (Note-10.4.1)

4,264,987,389	3,816,472,272
652,095,825	482,230,611
1,192,051,227	711,515,929
1,009,343,752	939,835,684
7,118,478,193	5,950,054,496



B- 2 Other Deposits

	2020 Taka	2019 Taka
Mudaraba Saving Deposits (91%) (Note-10.1)	6,593,413,347	4,875,887,294
Mudaraba Term Deposits	76,479,682,208	65,801,385,997
Mudaraba Short Notice Deposits	7,350,573,301	8,602,771,639
Other Mudaraba Term Deposits (Note-10.3)	42,707,178,422	35,894,498,634
	133,130,847,278	115,174,543,564

11 OTHER LIABILITIES

Inter - branch Transaction Account	-	-
Provision for Taxation (Note-11.1)	4,880,797,070	3,725,521,174
Accumulated Provision against Investments (Note-11.2)	4,109,000,000	3,115,000,000
Accrued Profit and Expenses Payable (Note-11.3)	3,114,604,108	3,005,316,850
Provision for Gratuity (Note-11.4)	50,317,415	85,067,446
Provisions for diminution in value of Investments in share (Note-11.5)	21,800,000	21,800,000
Provision for Zakat	44,000,000	36,000,000
Provision for Expenses on Mudaraba Subordinated Bond	63,709,545	126,198,476
Other provisions (Note-11.2.4)	12,140,349	10,678,017
Provident Fund	802,945	661,466
Benevolent Fund	168,879	76,324
Provision for Incentive Bonus	101,254,509	142,838,196
Provision for Audit fee	345,000	345,000
Clearing adjustment account	3,968,853	2,779,389
Compensation Realized	82,002,351	250,780,831
ATM Adjustment (NPSB)	6,414,790	3,755,960
Profit Rent Suspense	995,350,547	396,930,595
Compensation Receivable	621,603,357	187,687,776
Dividend Payable	263,648,000	-
Start-up Fund	9,884,000	-
CSR Fund	9,884,000	-
Others	123,755,501	30,314,235
	14,515,451,219	11,141,751,735

(*) Start-up Fund maintained during the period amount in Tk. 9,884,000 against BRPD circular no. 09 dated 26 April 2021

(*) CSR Fund maintained during the period amount in Tk. 9,884,000 against SMESPD circular no. 05 dated 26 April 2021

11.1 Provision for Taxation

Opening balance	3,725,521,174	2,802,011,265
Add : Provision made during the year	1,235,275,896	923,509,909
Less: Adjustment/settlement during the year	80,000,000	-
Closing balance	4,880,797,070	3,725,521,174

Assessment for the year 2013 has been settled. Assessment for the year 2014 is pending with Appellate Tribunal, 2015 & 2016 are pending with the commissioner of Taxes (Appeal). Assessment for the year 2017, 2018 & 2019 is not yet completed by Deputy Commissioner of Taxes and the submission of return for the year 2020 is not yet due. The Bank is confident that once these appeals are finally disposed of, there should not be any additional tax demand against the Bank and hence no further provision is required.

11.2 Accumulated Provision against Investments

Specific Provision for Classified Investments (Note -11.2.1)	1,392,000,000	1,520,000,000
General Provision for Unclassified Investment (Note -11.2.2)	2,246,000,000	1,493,000,000
General Provision for off- balance sheet exposure (Note -11.2.3)	77,000,000	102,000,000
Special General Provisions for Covid - 19	394,000,000	-
	4,109,000,000	3,115,000,000



	2020 Taka	2019 Taka
11.2.1 Movement in Specific Provision for Classified Investments		
Provision held at the beginning of the year	1,520,000,000	530,019,545
Fully Provided Debts written off	-	-
Recoveries of amounts previously written off	-	-
Transfer to Unclassified Investments	(128,000,000)	-
Specific Provision for the year (Note-11.2.a)	-	989,980,455
Recoveries and Provisions no longer required	-	-
Net Charge to Profit and Loss Account	-	-
Provision held at the end of the year	1,392,000,000	1,520,000,000
11.2.2 General Provision for Unclassified Investments		
Provision held at the beginning of the year	1,493,000,000	1,274,900,000
Addition during the year	600,000,000	218,100,000
Transfer from classified investments	128,000,000	-
Transfer from off-balance sheet exposure	25,000,000	-
Provision held at the end of the year	2,246,000,000	1,493,000,000
11.2.3 General Provision for off-balance sheet exposure		
Provision held at the beginning of the year	102,000,000	97,000,000
Transfer to Unclassified Investments	(25,000,000)	5,000,000
Provision held at the end of the year	77,000,000	102,000,000
11.2.4 Other Provisions		
Provision held at the beginning of the year	10,678,017	8,618,678
Addition/transfer during the year	1,462,332	2,059,339
Provision held at the end of the year	12,140,349	10,678,017
Other provisions consist of provision for Good Borrower, Climate Risk Fund and ICT Equipment Insurance Premium Fund.		
11.2.4.1 Provision for Good Borrower		
Provision held at the beginning of the year	8,500,000	7,500,000
Addition/transfer during the year	1,000,000	1,000,000
Provision held at the end of the year	9,500,000	8,500,000
To comply BRPD Circular no. 6 dated March 19 2015, BRPD letter no-16 dated 30 December 2015 and BRPD letter no-3 dated 16 February 2016 the Bank has been maintaining a provision of lump sum amount for incentive of good borrower.		
11.2.a Provision for Investments during the year		
Specific Provision for Classified Investments	-	989,980,455
General Provision for Unclassified Investments	600,000,000	218,100,000
General Provision for off- balance sheet exposure	-	5,000,000
Special General Provisions for Covid - 19	394,000,000	-
	994,000,000	1,213,080,455
11.3 Accrued Profit and Expenses Payable		
Mudaraba Term Deposit Receipt	2,058,757,140	2,057,652,673
Mudaraba Monthly Benefit Savings Scheme	237,859,850	184,511,776
Mudaraba Double Benefit Savings Scheme	582,403,837	574,719,896
Mudaraba Monthly Profit Scheme	112,639,875	98,201,207
Mudaraba Pension Prokolpa	5,991,196	6,301,561
Mudaraba Marriage Deposit Scheme	4,738,923	2,498,801
Mudaraba Hajj Deposit Scheme	1,584,621	1,191,950
Mudaraba Millionaire Savings Scheme	76,840,665	54,167,756
Mudaraba Kotipoti Deposit Scheme	3,331,510	4,240,972
Mudaraba Pension deposit Scheme	-	15,356
Mudaraba Mohor Saving Scheme	1,836,258	870,284
Mudaraba Corepoty Sanchaya Prokalpa	26,486,098	19,380,999
Mudaraba Barakah Deposit Scheme	2,134,135	1,563,619
	3,114,604,108	3,005,316,850



11.4 Provision for Gratuity

Opening Balance
Add: Provision made during the year

Less: Adjustment
Closing Balance

2020 Taka	2019 Taka
85,067,446	35,307,446
50,000,000	85,000,000
135,067,446	120,307,446
84,750,031	35,240,000
50,317,415	85,067,446

11.5 Provisions for diminution in value of Investments in share

Opening Balance
Add: Provision made during the year

Less: Adjustment
Closing Balance

21,800,000	8,500,000
-	13,300,000
21,800,000	21,800,000
-	-
21,800,000	21,800,000

12 CAPITAL**AUTHORISED CAPITAL**

1,000,000,000 Ordinary Shares of Taka 10 each.

10,000,000,000	10,000,000,000
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12.1 Issued, Subscribed and Paid-Up Capital

558,933,760 Ordinary Shares of Taka 10 each issued

5,589,337,600	5,272,960,000
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12.2 Category of shareholding as at 31 December 2020**Name of Category**

Sponsors/Directors
Financial Institutes
Non-Resident Bangladeshi
General Public

<u>Percentage (%)</u>	<u>Percentage (%)</u>
100.00	100.00
-	-
-	-
-	-
100.00	100.00

12.3 Classification of Shareholders by holding position as at 31 December 2020**Shareholding Range**

Less than 500 Shares
501 to 5000 Shares
5001 to 10,000 Shares
10,001 to 20,000 Shares
20,001 to 30,000 Shares
30,001 to 40,000 Shares
40,001 to 50,000 Shares
50,001 to 100,000 Shares
100,001 to 1,000,000 Shares
Over 1,000,001 Shares

<u>No. of Shares</u>	<u>Percentage (%)</u>
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
558,933,760	100.00
558,933,760	100.00



12.4 Regulatory Capital Requirement in line with Basel-III

I. Tier - 1 Capital

a. Common Equity Tier-1 Capital (CET-1)

	2020 Taka	2019 Taka
Paid up Capital	5,589,337,600	5,272,960,000
Statutory Reserve	1,968,151,671	1,523,468,581
Other Reserve	145,749,665	145,749,665
Retained Earnings	1,452,381,266	1,508,442,504
	9,155,620,202	8,450,620,750

b. Additional Tier -1 Capital (AT-1)

-	-
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Total Tier 1 Capital (a + b)

9,155,620,202	8,450,620,750
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II. Tier -2 Capital

General Provision	2,717,000,000	1,595,000,000
Mudaraba Subordinated Bond	4,000,000,000	4,000,000,000
	6,717,000,000	5,595,000,000
	15,872,620,202	14,045,620,750

A. Total Regulatory Capital (I+II)

B. Total Risk Weighted Assets

C. Minimum Capital Requirement

D. Capital Surplus/(Shortfall); (A - C)

Capital to Risk Weighted Assets Ratio (CRAR)

141,548,705,882	114,773,056,597
14,154,870,588	11,477,305,660
1,717,749,614	2,568,315,090
11.21%	12.24%

Capital to Risk Weighted Assets Ratio (CRAR):

a. Common Equity Tier-1 Capital to Risk Weighted Assets

Held	Held
6.47%	7.36%

b. Tier - 1 Capital to Risk Weighted Assets

c. Tier - 2 Capital to Risk Weighted Assets

Total (b+c)

6.47%	7.36%
4.75%	4.88%
11.21%	12.24%

The Bank has maintained Capital to Risk Weighted Assets Ratio (CRAR) at 11.21% for the year ended 31 December 2020. Noted that according to the Basel-III implementation roadmap, banks were instructed to maintain CRAR at 12.50% consists of Minimum Capital at 10% plus Capital Conservation Buffer (CCB) at 2.50%.

13 STATUTORY RESERVE

Opening Balance	1,523,468,581	1,227,575,435
Transferred during the year from Profit & Loss A/C	444,683,090	295,893,146
Closing Balance	1,968,151,671	1,523,468,581

14 OTHER RESERVE

145,749,665	145,749,665
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15 RETAINED EARNINGS

Opening Balance	1,508,442,504	1,209,869,922
Add: Net Profit after tax for the year	988,415,452	594,465,728
Less: Transferred to Statutory Reserve	(444,683,090)	(295,893,146)
Less: Transfer to Start-up Fund	(9,884,000)	-
Less: Transfer to CSR Fund	(9,884,000)	-
Less: Transferred to Dividend Payable	(263,648,000)	-
Less: Transferred to Paid up Capital	(316,377,600)	-
Closing Balance	1,452,381,266	1,508,442,504



2020 Taka	2019 Taka
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16 LETTER OF GUARANTEES

Money for which the Bank is contingently liable in respect of guarantees are given favoring:

Letters of Guarantee - Local	1,699,306,414	1,633,366,306
Letter of Guarantee - Foreign	-	-
	1,699,306,414	1,633,366,306

16.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:

Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	1,699,306,414	1,633,366,306
	1,699,306,414	1,633,366,306

17 IRREVOCABLE LETTERS OF CREDIT

Letters of Credit - Cash	1,294,346,905	2,568,111,806
Letter of Credit - Cash Inland	-	-
Back to Back Letters of Credit - Local	205,384,776	229,601,279
Back to Back Letters of Credit - Foreign	46,520,586	160,807,395
	1,546,252,267	2,958,520,480

18 BILLS FOR COLLECTION ISSUED BY THE BANK

Foreign Documentary Bills	254,901,580	228,694,018
Outward Bills	-	-
Inland Documentary Bills	2,919,969,104	1,166,915,574
	3,174,870,684	1,395,609,592

19 INVESTMENT INCOME

Profit Received from:

Deposit with Other Banks	554,363,831	559,786,607
Bai Murabaha - General	100,000	127,461,506
Bai Murabaha Hypothecation	39,802,291	12,374,016
Bai Murabaha against MTDR	4,691,098,108	4,262,505,755
Bai Murabaha - TR	9,981,711,337	8,047,415,712
Bai Murabaha - Agriculture	61,982,799	56,099,321
Bai Murabaha - Stimulus Package	31,417,969	-
Musharaka - MDB	2,780,757,597	2,410,679,717
Bai Muajjal Guarantee	5,756,772	3,160,061
Bai Muajjal Real Estate	66,488,353	76,544,074
Bai Muajjal General	11,909,966	-
Mudaraba Investment	3,662,489	-
Bai Murabaha Post Import Bill - TR	340,167,609	252,584,312
HPSM Transport	22,105,285	23,966,510
HPSM Industry	123,384,284	80,895,000
HPSM Real Estate	203,651,198	212,856,187
HPSM Employees House Building	22,219,647	18,753,232
HPSM Machinery	255,782,398	203,084,772
HPSM Consumer Durables	3,898,760	4,700,934
HPSM SME	617,408	90,388
HPSM Rural House Building	145,890	637,030
Quard against MTDR	598,011	3,750
Bill Purchased - Foreign	4,076,069	1,620,550
Bai Murabaha Import Bill (MIB)	124,406,496	157,664,060
Bai Murabaha EDF Investments	27,792,586	22,022,847
Back to Back Bill	70,488,885	79,510,619
Bai Muajjal against Import Bill	305,031,669	116,430,094
Bai Istisna	6,709,210	5,586,573
	19,740,126,917	16,736,433,627



20 PROFIT PAID ON DEPOSITS**Profit Paid on:**

Mudaraba Term Deposit
Mudaraba Double Benefit Deposits Scheme
Mudaraba Monthly Savings Scheme
Mudaraba Monthly Benefit Savings Scheme
Bangladesh Government Islami Bond
Mudaraba Savings Deposits
Mudaraba Short Notice Deposits
Mudaraba no Frill Savings Deposits
Mudaraba Marriage Scheme
Mudaraba Union Pension Prokolpo
Mudaraba Pension Deposit Scheme
Mudaraba Millionaire Deposit Scheme
Mudaraba Hajj Deposit Scheme
Mudaraba Mohor Savings Scheme
Mudaraba Corepoty Savings Scheme
Mudaraba Kotipoti Deposit Scheme
Mudaraba Non Resident F.C. Deposits
Mudaraba Barakah Deposit Scheme
Mudaraba Subordinated Bond

2020 Taka	2019 Taka
7,674,997,588	7,447,779,066
1,189,906,352	1,004,160,110
423,595,154	326,392,214
2,429,862,629	1,437,527,836
391,974,439	404,619,391
178,905,785	134,114,879
1,461,155,365	1,179,190,270
525,980	330,068
7,812,237	4,038,720
11,389,137	10,709,281
184	23,578
116,075,031	94,811,687
2,780,283	2,014,555
3,112,347	1,377,715
43,475,002	32,867,319
9,114,441	8,702,192
17,321	-
3,745,294	2,514,743
343,536,069	221,998,476
14,291,980,638	12,313,172,100

21 INCOME FROM INVESTMENT IN SHARES AND SECURITIES

Bangladesh Govt. Islamic Investment Bond
Other Bond
Profit/(Loss) on sale of shares
Dividend Income

171,716,539	275,476,897
23,111,290	25,696,210
3,510	227,028
235,153	223,954
195,066,492	301,624,089

22 COMMISSION, EXCHANGE AND BROKERAGE

Commission
Exchange Gain
Exchange Earning
Less: Exchange Loss

126,288,377	197,047,325
65,855,038	119,905,377
65,882,821	126,149,479
27,783	6,244,102
192,143,415	316,952,702

23 OTHER OPERATING INCOME

Account maintenance charge
Clearing cheque processing fee
Investment processing fee
Miscellaneous Earnings

26,793,330	27,767,643
149,816	160,518
51,566,856	100,006,155
45,247,816	38,118,987
123,757,818	166,053,303

24 SALARY AND ALLOWANCES

Basic Salary
Bonus
Bank's Contribution to Staff Provident Fund
Gratuity
House Rent Allowance
Conveyance Allowance
Leave Fare Allowance
Entertainment Allowance
Medical Allowance
Utility Services
House Maintenance Allowance
Bengali New Year Allowance
Other Allowances

557,855,085	459,142,026
194,921,299	172,258,789
52,075,763	41,314,560
50,000,000	85,000,000
305,993,203	248,972,636
36,895,573	41,595,796
30,625,370	79,801,278
16,020,770	17,493,968
78,951,409	62,621,485
28,376,693	39,011,636
38,867,677	45,246,494
9,542,690	6,692,346
7,111,367	6,111,576
1,407,236,899	1,305,262,590



25 RENT, TAXES, INSURANCE, ELECTRICITY etc.

Rent
Insurance
Rates and Taxes
Water Charges
Gas Charges
Electric Bills

2020 Taka	2019 Taka
298,337,618	276,336,229
47,362,389	38,170,843
33,153,555	10,156,606
1,051,305	1,068,428
366,433	383,618
41,502,019	40,158,240
421,773,319	366,273,964

26 LEGAL EXPENSES

Law Charges
Stamp
Other Professional Charges

213,475	344,355
58,696	42,429
6,817,521	18,938,964
7,089,692	19,325,748

27 POSTAGE, STAMP AND TELECOMMUNICATION etc.

Telephone - Office
Telegram, Telex, Internet, Fax and Email charge
Stamp
Telephone - Residence
Swift charge
Postage

4,413,700	4,342,913
9,871,061	9,891,132
5,070	5,220
400	1,900
5,368,768	5,832,489
3,696,181	4,243,001
23,355,180	24,316,655

28 STATIONERY, PRINTING AND ADVERTISEMENT etc.

Publicity and Advertisement
Printing and Stationery

61,370,085	28,148,980
21,117,541	20,409,033
82,487,626	48,558,013

29 CHIEF EXECUTIVE'S SALARY & FEES

Basic Pay
House Rent Allowances
Leave Fare Allowance
Bonus
Bengali New Year Allowance
House Maintenance Allowance
Other Allowance

5,313,334	3,900,000
1,985,833	1,500,000
793,333	1,500,000
2,455,000	1,650,000
77,000	65,000
837,500	1,500,000
785,950	-
12,247,950	10,115,000

30 DIRECTORS' FEES & EXPENSES

Fees
Travel

1,113,200	1,398,400
855,000	1,585,500
1,968,200	2,983,900

31 SHARIA'H SUPERVISORY COMMITTEE'S FEES AND EXPENSES

Fees
Travel

211,600	266,800
105,000	90,000
316,600	356,800

32 DEPRECIATION AND REPAIRS TO FIXED ASSETS

Depreciation on Fixed Assets (Annexure - A)
Repairs:
Office equipment
Renovation and Maintenance of Office Premises
Furniture and Fixtures
Repair & Maintenance of Vehicle

172,299,967	191,892,636
52,051,472	44,923,868
42,273,764	23,033,481
523,874	69,730
409,165	172,789
8,844,669	21,647,868
224,351,439	236,816,504



33 OTHER EXPENSES

Car Expense
Wages
Traveling
Donation and Subscription:
Donation
Subscription
Newspaper and Periodicals
Entertainment
Conveyance
Bank charges
Holiday Banking allowances
Medical Expense
Training, Seminar and Workshop
Photocopy, Photograph & Toner
Generator Expenses
Washing and Cleaning
Online Expenses
Office Maintenance
Crockery Expense
Meeting Expenses
ATM Expenses
Miscellaneous Expenses

2020 Taka	2019 Taka
48,997,708	49,246,833
154,690,251	153,523,645
5,047,794	10,273,096
203,522,705	139,112,870
4,250,041	3,731,163
747,893	496,347
19,144,675	21,573,790
5,603,489	5,992,917
8,327,339	7,680,676
12,964,512	1,621,911
7,331,944	8,031,387
1,855,802	4,458,729
2,046,749	2,165,590
5,496,731	5,389,860
500,990	442,113
2,056,298	2,294,257
12,835,990	11,187,242
393,868	277,475
7,780,678	13,500,059
9,242,997	5,452,276
2,688,193	3,179,689
515,526,647	449,631,925

34 EARNINGS PER SHARE (EPS)

A. Net Profit after Tax
B. Weighted Average Number of Ordinary Shares
Earnings Per Share (A/B)*

988,415,452	594,465,728
558,933,760	558,933,760
1.77	1.06

35 RECEIPTS FROM OTHER OPERATING ACTIVITIES

Account maintenance charge
Clearing cheque processing fee
Investment processing fee
Miscellaneous Earnings

26,793,330	27,767,643
149,816	160,518
51,566,856	100,006,155
45,247,816	38,118,987
123,757,818	166,053,303

36 PAYMENTS FOR OTHER OPERATING ACTIVITIES

Rent, Taxes, Insurances, Electricity etc.
Legal Expenses
Postage, Stamps, Telecommunications etc.
Directors' fees
Sharia'h Supervisory Committee's fees and expenses
Auditor's Fee
Repair of Fixed Assets
Zakat Expenses
Other Expenses

421,773,319	366,273,964
7,089,692	19,325,748
23,355,180	24,316,655
1,968,200	2,983,900
316,600	356,800
345,000	345,000
52,051,472	44,923,868
44,000,000	36,000,000
515,526,647	449,631,925
1,066,426,110	944,157,860



37 INCREASE / DECREASE OF OTHER ASSETS

Inter - branch Transaction Account
Advances, Deposits and Prepayment
Stock of Stationery
Suspense Account
Stamps on Hand

(Increase)/Decrease during the year

2020 Taka	2019 Taka
13,393,588,068	3,790,159,506
485,427,099	400,764,648
14,834,826	10,740,985
134,745,902	233,099,624
2,476,960	2,063,539
14,031,072,855	4,436,828,302
(9,594,244,553)	(689,852,965)

38 INCREASE / DECREASE OF OTHER LIABILITIES

Provision for Zakat
Benevolent Fund
Clearing Adjustment Account
Others

Increase /(Decrease) during the year

44,000,000	36,000,000
168,879	76,324
3,968,853	2,779,389
1,959,756,745	997,131,553
2,007,894,477	1,035,987,266
971,907,211	761,674,164

39 NUMBER OF EMPLOYEES

Executives and Officers
Members of Staff (Contractual)

1,341	1,265
317	315
1,658	1,580



40 RELATED PARTY TRANSACTIONS

During the year, the Bank carried out some transaction with related party in the normal course of business and on an arm's length basis. The name of this related party, nature of this transaction and total value has been set out in accordance with provisions of International Accounting Standard # 24 (IAS# 24) Related Party disclosure and as defined in the BRPD Circular no. 14 issued by the Bangladesh Bank on June 25, 2003. The significant related party transactions during the year were as follows:

i) Significant Contracts where Bank is a Party and wherein Directors have Interest

<u>Name of the Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Total Value (in Taka)</u>
Times Securities Ltd.	Trading of Share (Investment of Share)	Common Director	44,081,408
ii) Related Party Transactions			Nil
iii) Shares issued to Directors and Executives without consideration or exercisable at discount			Nil
iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991.			Nil
v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991			Nil
vi) Investment in the Securities of Directors and their related concern			Nil

41 DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES

<u>Sl. No</u>	<u>Name of the Directors</u>	<u>Status with the Bank</u>	<u>Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.</u>
1	Ahsanul Alam	Chairman	Managing Director Genesis Textiles Accessories & Apparels Ltd. C&A Fabrics Ltd. Blythe Ltd. Affinity Assets Ltd. Wesco Ltd. Western Designers Ltd. Director Norinco Engineering Ltd. Hasan Abasan (Pvt) Ltd. Proprietor M/s. Genesis Enterprise
2	Mollah Fazle Akbar	Vice Chairman	Lt. General (Retd) Bangladesh Army
3	Ms. Marzina Sharmin	Director	Managing Director Unique Investment & Securities Ltd. Times Securities Limited Chairman Kingston Flour Mills Ltd. Proprietor M/s. Marzina Trading Shareholder Infinite CR Strips Industries Ltd.



Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
4	Rashedul Alam	Director	Managing Director Ocean Resorts Ltd. Global Trading Corporation Ltd. Director Bangladesh Petro Chemical Ltd. S. Alam Hatchery Ltd. S. Alam Properties Ltd. Fatehabad Farm Ltd. Shareholder S.Alam Steels Ltd. Partner M/S. Rafi Enterprise M/S. Khorshed Paribahan Sangstha Proprietor M/S. Rashed Enterprise
5	Showkat Hossain, FCA	Director	Senior Partner M/S. Hoda Vasi Chowdhury & Co., Chartered Accountants
6	Ms. Farzana Begum	Director	Managing Director Lion Securities & Investment Ltd. Shah Amanat Prakritik Gas Co. Ltd. Director Global Trading Corporation Ltd. Infinite CR Strips Industries Ltd. Kingston Flour Mills Ltd. Proprietor M/S. Farzana Trading Enterprise
7	Mohammad Fazlay Morshed	Director	Managing Director M.R.M. Trading Ltd. Chittagong Logistics Ltd. Worth Avenue Steels Ltd. Adviser C&A Fabrics Ltd.
8	Ms. Halima Begum	Director	Proprietor M/S. Halima Trading Enterprise
9	Ms. Sarwar Jahan Maleque	Director	Director JESCO Bangladesh Ltd. Vice Chairman JESCO Capital Management Ltd.
10	Md. Abdul Quddus	Independent Director	EX- Managing Director NRB Global Bank Ltd. EX- Chief Executive Officer (CEO) First Security Islami Bank Foundation



42 AUDIT COMMITTEE

a) Constitution

Name	Status with the Bank	Status with the Committee	Educational Qualification
Showkat Hossain, FCA	Director	Chairman	B. Com, Fellow Chartered Accountant
Ms. Farzana Begum	Director	Member	B. A.
Mohammad Fazlay Morshed	Director	Member	B. Com.
Md. Abdul Quddus	Independent Director	Member	M. A. Economics

b) During the year under review, the Audit Committee of the Board conducted 06 (Six) meeting.

c) The following steps have been taken for implementation of an effective Internal Control Procedure of the Bank:

A strong powerful division formed for internal audit and inspection as well as compliance thereof.

The division is divided into three separate units i.e. Audit & Inspection, Compliance and Monitoring to implement effective internal control and compliances headed by highly experienced bankers.

Audit and Inspection unit is established with a view to carrying out comprehensive internal audit in the branch level and ensure the transparency and accountability in the banking operations in light of the guidelines of the regulatory authorities and policies set by the bank with regular intervals.

Monitoring Unit is established with a view to implementing proper banking practices in the branches. Day to day operations is the focusing area to implement the rules and procedures of the regulatory bodies, bank's policies and other prudential guidelines.

Compliance unit is established to take effective measures for collection and timely submission of compliances of internal, external and Bangladesh Bank Inspection Reports.

The committee is placing its report regularly to the Board of Directors of the bank mentioning its review and recommendations on internal system, compliance of rules and regulations and establishment of good governance within the organization.

The board has given the responsibility to implement internal control system in the bank as per requirement of core risk management and framework provided by the Bangladesh Bank.

43 EVENTS AFTER BALANCE SHEET DATE

a) The Board of Directors of the Bank in its 76th Board meeting held on 29 April 2021 approved the financial statements of the Bank for the year ended 31 December 2020 and recommended 12% cash dividend for shareholders for the year 2020 subject to the approval of Bangladesh Bank and to be approved in the next Annual General Meeting an authorized the same for issue.

b) There is no other significant event that has occurred between the balance Sheet date and the date when the financial statements were authorized for issue by the Board of Director which require adjustment in the financial statements.


Managing Director


Director


Director


Chairman

Place: Dhaka, Bangladesh
Dated: 29 April 2021



UNION BANK LIMITED
Schedule of fixed assets
As at 31 December 2020

Figure in Taka

Particulars	Cost				Depreciation				Written Down Value as on 31 December '20
	Balance as on 01 January '20	Addition during the period	Sales/Transfer during the period	Balance as on 31 December '20	Balance as on 01 January '20	Charged for the period	Adjustment on sale/transfer during the period	Balance as on 31 December '20	
Land	2,666,750,340	-		2,666,750,340	-	-	-	-	2,666,750,340
Furniture & Fixtures	847,899,813	135,152,010	-	983,051,823	265,157,161	63,214,252	-	328,371,413	654,680,410
Office Equipment	858,563,838	82,499,282	-	941,063,120	410,455,373	99,771,449	-	510,226,822	430,836,299
Vehicles	111,471,719	-	10,243,000	101,228,719	91,520,442	9,282,005	10,242,999	90,559,448	10,669,270
Books	352,807	73,760	-	426,567	114,813	32,261	-	147,074	279,493
Total Dec' 2020	4,485,038,517	217,725,052	10,243,000	4,692,520,569	767,247,789	172,299,967	10,242,999	929,304,757	3,763,215,812
Total Dec' 2019	1,698,043,930	2,786,994,587	-	4,485,038,517	575,355,153	191,892,636	-	767,247,789	3,717,790,728



UNION BANK LIMITED
FINANCIAL HIGHLIGHTS
For the year ended 31 December 2020

Figure in Taka

SL #	Particulars	2020	2019
1	Paid-up Capital	5,589,337,600	5,272,960,000
2	Total Regulatory Capital	15,872,620,202	14,045,620,750
3	Total Regulatory Capital Surplus/(deficit)	1,717,749,614	2,568,315,090
4	Total Assets	210,031,576,436	180,106,145,782
5	Total Deposits	172,710,507,951	150,219,920,854
6	Total Investments	166,337,195,954	146,459,574,948
7	Total Contingent Liabilities and Commitments	10,570,316,251	11,573,330,051
8	Investment Deposit Ratio (in %)	90.22%	92.48%
9	Percentage of Classified Investments against total Investments (in %)	2.53%	3.64%
10	Profit after Provision and Tax	988,415,452	594,465,728
11	Amount of Classified Investments	4,201,353,863	5,336,826,003
12	Provision kept against Classified Investments	1,392,000,000	1,520,000,000
13	Investments Provision Surplus/(deficit)	37,299,935	68,693,795
14	Cost of Fund	10.55%	10.77%
15	Profit Earning Assets	179,976,288,304	159,022,359,825
16	Non-profit Earning Assets	30,055,288,132	21,083,785,957
17	Income from Investment in Shares & securities	195,066,492	301,624,089
18	Return on Investment in Shares & securities (ROI)(in %)	2.54%	4.96%
19	Return on Assets (ROA)(in %)	0.51%	0.36%
20	Earnings Per Share (Tk.)	1.77	1.06
21	Net Income Per Share (Tk.)	1.77	1.06
22	Price Earnings Ratio (Times)	N/A	N/A

