



ref:hp/f/ubl 2015

**UNION BANK LIMITED**

*Bahela Tower, 72, Gulshan Avenue, Gulshan-1, Dhaka-1212.*

**UNION BANK LIMITED**  
**AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2015**

<b>CONTENTS</b>	
	<b>Pages</b>
* Auditors' Report	01-02
* Balance Sheet	03-04
* Profit and Loss Account	05
* Cash Flow Statement	06
* Statement of Changes in Equity	07
* Liquidity Statement	08
* Notes to the Financial Statements	09 - 41
* Annexure A	42
* Annexure B	43

*K. M. HASAN & CO*  
*Chartered Accountants*  
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**AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF  
UNION BANK LIMITED**

We have audited the accompanying financial statements of **Union Bank Limited** (the “bank”), which comprise the balance sheet as at 31 December 2015 and profit and loss account, statements of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management’s Responsibility for the Financial Statements and Internal Controls**

Management is responsible for the preparation of financial statements of the bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements of the bank that are free from material misstatement, whether due to fraud or error. The Bank Company (Amendment) Act, 2013 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.

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements of the Bank give a true and fair view of the financial position of the Bank as at 31 December 2015, and financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and other applicable rules and regulations.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Bank Company (Amendment) Act, 2013 and rules and regulations issued by Bangladesh Bank, we also report the following:

- a) We have obtained all the information and explanation, which to the best of our knowledge and belief were

necessary for the purposes of our audit and made due verification thereof;

- b) 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:
  - (i) internal audit, internal control and risk management arrangements of the Bank as disclosed in Note 2 of the financial statements appeared to be materially adequate;
  - (ii) 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;
- c) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- d) The balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;
- e) The financial statements of the Bank have been drawn up in conformity with Bank Companies Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank and the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- f) The financial position of the Bank as at 31 December 2015 and the profit for the year then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards(BFRSs);
- g) Adequate provisions have been made for Investments which are, in our opinion, doubtful of recovery;
- h) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- i) The expenditures incurred during the year were for the purposes of the business of the Bank;
- j) The information and explanation required by us have been received and found satisfactory;
- k) Adequate capital of the bank as required by law, has been maintained during the period under audit;
- l) We have reviewed over 80% of the Risk Weighted Assets of the Bank; and
- m) We have spent approximately 2,520 person hours for the audit of books and accounts of the Bank.

**Place: Dhaka**

Date: 29 February 2016

**K. M. HASAN & CO.**

Chartered Accountants

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2015

	<u>Notes</u>	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
<b><u>PROPERTY AND ASSETS</u></b>			
<b>Cash</b>	3	<b>4,328,454,716</b>	<b>2,947,255,480</b>
Cash in hand (Including foreign currencies)	3.1	373,322,352	182,258,022
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	3.2	3,955,132,364	2,764,997,458
<b>Balance with other Banks and Financial Institutions</b>	4	<b>7,089,867,254</b>	<b>6,780,123,150</b>
In Bangladesh	4.A	6,834,554,162	6,755,752,963
Outside Bangladesh	4.B	255,313,092	24,370,187
<b>Placement with Banks and other Financial Institutions</b>		-	-
<b>Investments in Shares and Securities</b>	5	<b>3,106,187,398</b>	<b>1,440,040,651</b>
Government		2,700,000,000	1,400,000,000
Others		406,187,398	40,040,651
<b>Investments</b>	6	<b>45,592,869,263</b>	<b>28,277,787,234</b>
General Investment (Bai-Murabaha, Bai-Muajjal, HPSM etc.)	6.A	37,548,628,509	22,097,263,399
Bills Purchased and Discounted	6.B	8,044,240,754	6,180,523,835
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures</b>	7	<b>679,198,080</b>	<b>411,280,682</b>
<b>Other Assets</b>	8	<b>2,263,384,368</b>	<b>1,095,042,270</b>
<b>Non-banking Assets</b>		-	-
<b>Total Assets</b>		<b>63,059,961,079</b>	<b>40,951,529,467</b>
<b><u>LIABILITIES AND CAPITAL</u></b>			
<b>Liabilities</b>			
<b>Placement from Banks and other Financial Institutions</b>	9	-	-
<b>Deposits and Other Accounts</b>	10	<b>55,568,427,147</b>	<b>34,767,309,800</b>
Al-Wadia Current Accounts and Other Deposit Accounts	10.1	2,860,229,073	1,624,214,086
Bills Payable	10.2	59,264,040	171,196,226
Mudaraba Savings Bank Deposits	10.3	923,535,744	283,401,329
Mudaraba Term Deposits including other Banks	10.4	45,296,112,256	30,163,305,765
Mudaraba Deposits under Schemes	10.5	6,429,286,034	2,525,192,394
<b>Other Liabilities</b>	11	<b>2,379,576,074</b>	<b>1,560,575,508</b>
<b>Total Liabilities</b>		<b>57,948,003,221</b>	<b>36,327,885,308</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	12	4,280,000,000	4,280,000,000
Statutory Reserve	13	233,241,638	75,578,898
Other Reserve	14	145,749,665	145,749,665
Retained Earnings	15	452,966,555	122,315,596
<b>Total Shareholders' Equity</b>		<b>5,111,957,858</b>	<b>4,623,644,159</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>63,059,961,079</b>	<b>40,951,529,467</b>

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2015

	<u>Notes</u>	<u>2015</u> <u>Taka</u>	<u>2014</u> <u>Taka</u>
<b>OFF- BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptances and Endorsements		2,012,432,593	273,600,000
Letters of Guarantee	16	612,755,013	606,973,300
Irrevocable Letters of Credit	17	1,785,325,197	446,172,018
Bills for Collection	18	232,272,000	147,748,000
Other Contingent Liabilities		-	-
<b>Total</b>		<b>4,642,784,803</b>	<b>1,474,493,318</b>
<b>Other Commitments</b>			
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 & other commitments		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off -Balance Sheet Items Including</b>			
<b>Contingent Liabilities</b>		<b>4,642,784,803</b>	<b>1,474,493,318</b>

The annexed notes form an integral part of these financial statements

\_\_\_\_\_  
**Managing Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

Signed in terms of our separate report of even date

**Place: Dhaka**  
Date: 29 February 2016

**K. M. HASAN & CO.**  
Chartered Accountants

**UNION BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2015

	<b>Notes</b>	<b>2015 Taka</b>	<b>2014 Taka</b>
Investment Income	19	6,163,131,029	3,366,101,694
Profit paid on Deposits	20	(4,213,350,665)	(2,444,287,200)
<b>Net Investment Income</b>		<b>1,949,780,364</b>	<b>921,814,494</b>
Income from Investment in Shares and Securities	21	13,052,070	19,060,545
Commission, Exchange and Brokerage	22	85,111,934	16,362,482
Other Operating Income	23	13,342,014	25,103,103
		<b>111,506,018</b>	<b>60,526,130</b>
<b>Total Operating Income</b>		<b>2,061,286,382</b>	<b>982,340,624</b>
<b>Less: Operating Expenses</b>			
Salary and Allowances	24	466,672,261	212,570,623
Rent, Taxes, Insurances, Electricity etc.	25	166,492,896	97,772,175
Legal Expenses	26	573,589	448,100
Postage, Stamps, Telecommunication etc.	27	12,601,836	6,646,148
Stationery, Printings, Advertisements etc.	28	34,926,334	39,407,318
Managing Director's Salary and Fees	29	8,800,000	8,800,000
Directors' Fees	30	5,521,150	4,049,059
Sharia'h Supervisory Committee's Fees and expenses	31	278,300	34,500
Auditors' Fees		200,000	200,000
Depreciation and Repair of Bank's Assets	32	127,828,491	68,595,331
Zakat Expenses		6,000,000	4,625,000
Other Expenses	33	186,577,826	83,740,789
<b>Total Operating Expenses</b>		<b>1,016,472,683</b>	<b>526,889,043</b>
<b>Profit before Provision and Tax</b>		<b>1,044,813,699</b>	<b>455,451,581</b>
Provisions for Classified Investments	11.2.a	1,000,000	-
Provisions for Unclassified Investments including off-B/S items	11.2.a	208,500,000	244,900,000
Provisions for diminution in value of Investments in Shares		47,000,000	-
<b>Total Provisions</b>		<b>256,500,000</b>	<b>244,900,000</b>
<b>Total Profit/(Loss) before Tax</b>		<b>788,313,699</b>	<b>210,551,581</b>
Provision for Taxation			
Current tax	2.8.1.1	310,751,939	100,447,573
Deferred tax	2.8.1.2	(10,751,939)	(447,573)
		300,000,000	100,000,000
<b>Net Profit/(Loss) after Tax for the year</b>		<b>488,313,699</b>	<b>110,551,581</b>
Retained Earnings brought forward from Previous Year		122,315,596	53,874,331
		<b>610,629,295</b>	<b>164,425,912</b>
<b>Appropriations:</b>			
Statutory Reserve		157,662,740	42,110,316
Retained Earnings		452,966,555	122,315,596
		<b>610,629,295</b>	<b>164,425,912</b>
<b>Earnings Per Share (EPS)</b>	34	<b>1.14</b>	<b>0.26</b>

The annexed notes form an integral part of these financial statements

\_\_\_\_\_  
**Managing Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

Signed in terms of our separate report of even date

**Place: Dhaka**  
Date: 29 February 2016

**K. M. HASAN & CO.**  
Chartered Accountants

**UNION BANK LIMITED**  
**CASH FLOW STATEMENT**  
For the year ended 31 December 2015

	<u>Notes</u>	<b>2015</b>	<b>2014</b>
		<b>Taka</b>	<b>Taka</b>
<b>A. Cash Flow from Operating Activities</b>			
Investments income receipts		6,497,505,983	3,355,747,173
Profit paid on deposit		(3,806,347,406)	(1,870,781,618)
Fee and Commission receipts		85,111,934	16,362,482
Dividend receipts		393,800	347,800
Payments to employees		(419,388,629)	(237,308,670)
Payments to suppliers		(34,926,334)	(39,407,318)
Income tax paid		(222,680,138)	(133,245,653)
Receipts from other operating activities	35	13,342,014	25,103,103
Payments for other operating activities	36	(413,628,927)	(210,155,376)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b><u>1,699,382,297</u></b>	<b><u>906,661,923</u></b>
<b>Changes in Operating Assets &amp; Liabilities</b>			
(Increase)/ Decrease Investments to Customers		(17,315,082,029)	(20,968,966,506)
(Increase)/ Decrease of Other Assets	37	(1,256,626,705)	(86,436,481)
Increase/ (Decrease) Deposits from Customers		20,801,117,347	22,602,111,089
Increase/ (Decrease) of Other Liabilities	38	(211,338,264)	254,810,447
<b>Cash Flow from Operating Assets and Liabilities</b>		<b><u>2,018,070,349</u></b>	<b><u>1,801,518,549</u></b>
<b>Net Cash Flow from Operating Activities</b>		<b><u>3,717,452,646</u></b>	<b><u>2,708,180,472</u></b>
<b>B. Cash Flow from Investing Activities</b>			
Payments to Investment in Shares and Securities		(1,666,146,747)	(1,109,555,913)
Purchases of Property, Plant and Equipment		(360,362,559)	(380,945,713)
<b>Net Cash Used in Investing Activities</b>		<b><u>(2,026,509,306)</u></b>	<b><u>(1,490,501,626)</u></b>
<b>C. Cash Flow from Financing Activities</b>			
Increase/(Decrease) in Share Capital		-	-
Increase/(Decrease) in Other reserve		-	-
Increase/(Decrease) in Placement from Banks & FI		-	-
<b>Net Cash Flow from Financing Activities</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>1,690,943,340</b>	<b>1,217,678,846</b>
E. Add/(Less): Effect of Exchange Rate on Cash & Cash Equivalents		-	-
<b>F. Beginning Cash &amp; Cash Equivalents</b>		<b><u>9,727,378,630</u></b>	<b><u>8,509,699,784</u></b>
<b>G. Ending Cash &amp; Cash Equivalents (D+E+F)</b>		<b><u>11,418,321,970</u></b>	<b><u>9,727,378,630</u></b>
<b>The above closing Cash and Cash Equivalents include:</b>			
Cash in hand (Including Foreign Currencies)		373,322,352	182,258,022
Balance with Bangladesh Bank, other Banks & FI		11,044,999,618	9,545,120,608
		<b><u>11,418,321,970</u></b>	<b><u>9,727,378,630</u></b>

The annexed notes form an integral part of these financial statements

\_\_\_\_\_  
**Managing Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

Signed in terms of our separate report of even date

**Place: Dhaka**  
Date: 29 February 2016

**K. M. HASAN & CO.**  
Chartered Accountants

**UNION BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2015

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 2015	4,280,000,000	75,578,898	145,749,665	122,315,596	4,623,644,159
Changes in Accounting Policy	-	-	-	-	-
Surplus/Deficit on account of Revaluation of Investments	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-
Net Profit for the year	-	-	-	488,313,699	488,313,699
Dividends	-	-	-	-	-
Transfer to Statutory Reserve	-	157,662,740	-	(157,662,740)	-
Issue of Share Capital during the year	-	-	-	-	-
<b>Balance as on 31 December 2015</b>	<b>4,280,000,000</b>	<b>233,241,638</b>	<b>145,749,665</b>	<b>452,966,555</b>	<b>5,111,957,858</b>
<b>Balance as on 31 December 2014</b>	<b>4,280,000,000</b>	<b>75,578,898</b>	<b>145,749,665</b>	<b>122,315,596</b>	<b>4,623,644,159</b>

\_\_\_\_\_  
**Managing Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Director**

\_\_\_\_\_  
**Chairman**

Signed in terms of our separate report of even date

**Place: Dhaka**

Date: 29 February 2016

**K. M. HASAN & CO.**

Chartered Accountants



**UNION BANK LIMITED**  
**LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)**  
As at 31 December 2015

Particulars	Up to 01 Month Taka	01-03 Months Taka	03-12 Months Taka	01-05 Years Taka	More than 05 years Taka	Total Taka
<b>Assets</b>						
Cash	373,322,352	-	-	-	-	373,322,352
Balance with other Banks and FI	4,445,802,360	3,474,811,230	-	3,124,386,028	-	11,044,999,618
Investments in Shares and Securities	606,187,398	500,000,000	2,000,000,000	-	-	3,106,187,398
Investments	1,922,600,000	5,621,800,000	34,494,600,000	3,553,869,263	-	45,592,869,263
Fixed Assets including Premises, Furniture & Fixtures	-	-	-	-	679,198,080	679,198,080
Other Assets	62,100,000	154,900,000	491,000,000	1,544,632,429	-	2,252,632,429
Non-banking Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>7,410,012,110</b>	<b>9,751,511,230</b>	<b>36,985,600,000</b>	<b>8,222,887,720</b>	<b>679,198,080</b>	<b>63,049,209,140</b>
<b>Liabilities</b>						
Placement from Banks & Other Financial Institutions	-	-	-	-	-	-
Deposits and Other Accounts	3,183,400,000	17,782,200,000	26,919,400,000	7,683,427,147	-	55,568,427,147
Other Liabilities	399,300,000	1,112,600,000	520,800,000	336,124,135	-	2,368,824,135
<b>Total Liabilities</b>	<b>3,582,700,000</b>	<b>18,894,800,000</b>	<b>27,440,200,000</b>	<b>8,019,551,282</b>	<b>-</b>	<b>57,937,251,282</b>
<b>Net Liquidity Gap</b>	<b>3,827,312,110</b>	<b>(9,143,288,770)</b>	<b>9,545,400,000</b>	<b>203,336,438</b>	<b>679,198,080</b>	<b>5,111,957,858</b>

Managing Director

Director

Director

Chairman

Place: Dhaka

Date: 29 February 2016

**UNION BANK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2015

**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 to carry on Sharia'h based scheduled commercial banking business. 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 forty four (44) branches in the country. The Bank has no overseas branches as at 31 December 2015.

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

**1.2 Principal Activities**

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 handle the export and import trade of Bangladesh
- (c) To take part in international banking etc.

**2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

**2.1 Basis of Accounting**

**Statements of Compliance**

The financial statements of the Bank are made up to 31 December 2015 and are prepared under the historical cost convention on a going concern basis and in accordance with the "First Schedule Section 38(4) of the Bank Companies Act, 1991, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Other Bangladesh bank Circulars, Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, The Companies Act 1994, The Bank Company Act, 1991, Income Tax Ordinance 1984, the AAOIFI and other laws and rules applicable in Bangladesh.

## **2.2 Basis of Preparation of Financial Statements**

The Financial Statements of UBL represent Balance Sheet and Profit and Loss Account, Statement of Changes in Equity and Cash Flow 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 Judgments**

In the preparation of the financial statements management is required to make judgments, 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 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.

## **2.5 Revenue Recognition**

The revenues during the year are recognized on an accrual basis, which comply with the conditions of revenue recognition as provided in IAS # 18: Revenue.

### **2.5.1 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.

### **2.5.2 Income from Investments in Securities**

- Investment in shares and securities are stated 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 BAS-18 “Revenue” dividend income from investments in shares is recognized when the “Bank’s” right to receive dividend is established. Bank recognized dividend income when:
  - I. It is probable that economic benefits, associated with transaction will flow to the entity; and
  - II. 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.

### **2.5.3 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.

### **2.5.4 Profit/Rent/Compensation Suspense Account**

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.

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.

### **2.5.5 Profit paid and Other Expenses**

In terms of the provision of IAS # 1: Presentation of Financial Statements, profit paid and other expenses are recognized on accrual basis.

### **2.5.6 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 2015 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.

## **2.6 Foreign Currency Transactions**

### **2.6.1 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.

### **2.6.2 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 2015 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.

### **2.6.3 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 2015 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2015 were as:

Currency Name	Exchange Rate (TK)
US \$	78.8500
Euro	86.1239
Yen	0.6645
ACU	78.8500
GBP	116.8766
CHF	80.1227
SGD	58.7098
AUD	57.6851
CAD	56.8482

#### 2.6.4 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.

#### 2.7 Assets and their basis of valuation

##### 2.7.1 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.

##### 2.7.2 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 BCD circular no 34, dated November 16 1989, BCD circular no 20, dated 27 December 1994, BCD circular no 12, dated September 4, 1995, BRPD circular no 16, dated December 6, 1998, BRPD circular no 09, dated May 2001, BRPD circular no 5, dated June 5, 2006, BRPD circular no 14, dated September 23, 2012, BRPD circular no 19, dated December 27, 2012, BRPD circular no. 16, dated November 18, 2014 and BRPD circular no. 08, dated August 02, 2015 respectively specific provisions are made against non performing investments are at the following rates:

Provision on Substandard Investments	20%
Provision on Doubtful Investments	50%
Provision on Bad & Loss Investments	100%

As per instruction of BRPD circular no 16, 09, 08, 05, 14 and 19 dated December 6, 1998, May 14, 2001, October 2005, June 5, 2006, September 23, 2012 and December 27, 2012 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:**

- All Unclassified Investments of Small and Medium Enterprise (SME) 0.25%
- All Unclassified Investments (Other than investments under consumer Financing, Investment to Brokerage House, Merchant Banks, Stock Dealers etc., Special Mention Account as well as SME Financing) 1%
- Unclassified Consumer Financing (Other than Housing Finance and Investment for Professionals to set up business) 5%
- Unclassified Consumer Financing (For Investments to Housing Finance and Investment for Professionals to set up business under Consumer Financing Scheme.) 2%
- Unclassified Investment to Brokerage House, Merchant Banks, Stock dealers, etc Housing Finance and Investment for Professionals to set up business under Consumer Financing Scheme 2%
- Special Mention Account (SMA) Investments 5%
- Off-Balance Sheet Exposure 1%

**Provision for Short-term Agricultural and Micro-Credits:**

- All unclassified credits (irregular & regular) 2.5%
- Classified as “Sub-Standard” & “Doubtful” 5%
- Classified as “Bad/Loss” 100%

d) 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.

e) Investment are normally written off, when there is no chance of recovery of these amounts in accordance with BRPD Circular no. 2, Dated 13 January 2003 and BRPD Circular no. 15, Dated 23 September 2012 respectively. A separate Investment Monitoring and Recovery Division (IMRD) have 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.

**2.7.3 Valuation Method**

Considerable value of Investments has been considered as follows:

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

**2.7.4 Offsetting 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.

**2.7.5 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 equipments, 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 by paragraph 73 (a-e)of 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 and building on which straight-line method is applied.

Nature of Assets	Rate of Depreciation	Method of Depreciation
Furniture and Fixtures	10%	Reducing Balance Method
Office Equipment	20%	Reducing Balance Method except Computer Equipment where used Straight Balance 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.

## 2.8 Liabilities and Provisions

### 2.8.1 Taxation

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

#### 2.8.1.1 Current Tax

Provision for corporate current income tax has been made @ 40% as prescribed in the Finance Act 2015 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.

#### 2.8.1.2 Deferred Tax

As per IAS # 12 Deferred Tax Asset are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred Tax Liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred Tax Assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred Tax is provided using the liability method for all temporary difference arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. The tax rate @ 40% prevailing at the balance sheet date is used to determine deferred tax.

### 2.8.2 Retirement Benefits of Employees

Required in IAS # 19: Employee Benefit, provident fund and gratuity benefits are given to eligible staff 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.

#### 2.8.2.1 Provident Fund

Provident fund benefits are given to staffs of 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 vide their letter # PFR(UBL)/LTU/2013-2014/1057(1-3) dated 30/04/2014.

### **2.8.2.2 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. Actual valuation of gratuity scheme had been made to assess the adequacy of the liabilities provided for the scheme as per IAS # 19 ‘Employee Benefits’.

### **2.8.2.3 Social Security Benevolent Fund**

The Bank operates a social security benevolent fund by all employees’ contribution for the sake of death and disability of employees.

### **2.8.3 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.

### **2.8.4 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.

### **2.8.5 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.

### **2.8.6 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.

## **2.9 Others**

### **2.9.1 Cash Flow Statement**

Cash flow statement is prepared as it provides information about cash flows of the Union Bank Limited which is useful in providing users of financial statements with a basis to assess the ability of the Union Bank Limited to generate cash and cash equivalents and the needs of the Union Bank Limited to utilize those cash flows. Cash flows statement has been prepared under the direct method for the year, classified by operating, investing and financing activities as prescribed in paragraph 10 and 18 (a) of IAS # 7.

### **2.9.2 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;
- Investments are on the basis of their 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.



### **2.9.3 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.

### **2.9.4 Earnings Per Share (EPS)**

#### **2.9.4.1 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. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

#### **2.9.4.2 Diluted Earnings Per Share**

No diluted earnings per share is required to calculate for the year as there was no scope for dilution during the year under review.

### **2.9.5 Functional and Presentation Currency**

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

## **2.10 Risk Management**

In the ordinary course of business, the bank is exposed to a variety of risks the most important of which are investments risk, liquidity risk, market risk, operational risk, legal risk, and profit rate risk. These risks should be identified, measured and monitored through various control mechanisms across the bank in order to price its products and services on a risk-adjusted basis and to prevent undesirable concentrations. The policies and procedures for managing these risks are outlined in the notes below. The Bank has designed and implemented a framework of controls to identify, monitor and manage these risks, which are as follows:

### **2.10.1 Investments Risk**

Investments risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of investments risk arises when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. To manage investments risk, the bank applies credit limits to its customers and obtains adequate collaterals. Investments risk in the Union Bank's portfolio is monitored, reviewed and analyzed by the Investments Risk Management (IRM).

Union Bank Ltd. established Asset-Liability Management Committee (ALCO) to screen out the banks/financial institutions and determine the maximum risk exposure on each of them. ALCO also assesses recommends and controls cross border/country risk. To manage the Non-Performing Investments (NPI), Union Bank Ltd. has in place comprehensive remedial management policy, which includes a framework of controls to identify weak investments and monitoring of these accounts.

### **2.10.2 Foreign Exchange Risk**

Since Foreign Exchange Risk involves purchase and sale of any national currency against other national currency, thus Foreign Exchange Risk is the chance of loss due to unexpected movement of market price of the currencies of different countries or the price of the assets denominated by foreign currencies. The Foreign Exchange Risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying Foreign Exchange transactions.

Treasury Division independently conducts the transactions and the Back Office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Market-to-Market rate as determined by Bangladesh Bank at the month end. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by the Management for their settlement.

### **2.10.3 Asset Liability Management**

Asset Liability Management is the key success of any financial intermediary especially for Banks. 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 risk 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. Asset Liability Committee (ALCO) reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposits and investments pricing strategy and the Liquidity contingency plan. The primary objective of the Asset Liability Committee (ALCO) is to monitor and avert significant volatility in Net Investments Income (NII), investment value and exchange earnings for the purpose of taking future action plan for better interest of the organization.

### **2.10.4 Prevention of Money Laundering**

Money Laundering is the criminal practice of filtering ill-gotten gains or dirty money through a series of transaction so as to give the money a clean look that it appears to have originated from legal activities. It is a process of filtering money obtained through predicate offence such as corruption, fraud, drug trafficking etc. through the financial system. Money Laundering now a days is one of the greatest challenges that the Governments, Banks and Financial Institutions face in the globalize financial system.

Union Bank Limited identified the money laundering as one of its core risk areas and has been making all out efforts to prevent money laundering. For mitigating the risk, the bank has a designated Chief Anti-Money Laundering Compliance Officer (CAMLCO) at Central Compliance Unit under Anti-Money Laundering Division, Head Office, who has sufficient authority to implement and enforce corporate wide AML policy, procedure & measure and who is reporting directly to the Senior Management and the Board of Directors. Moreover, every branch of our bank has a designated Branch Anti-Money Laundering Compliance Officer (BAMLCO) under Branch Anti-Money Laundering Compliance Unit, who independently reviews the transaction of accounts, with verification of Know Your Customer (KYC) and Suspicious Transaction Report (STR). They are also sending Cash Transaction Report (CTR) to the Central Compliance Unit, Head Office on monthly basis by using FIU Reporting System Software provided by Bangladesh Bank and finally we send the same to Anti-Money Laundering Department of Bangladesh Bank. The Central Compliance Unit has also arranged Training/Workshop for developing awareness and skill regarding AML activities of Executives and Officers of the bank and conducting inspection regarding AML activities of our branch. Bank has established a Manual for Prevention of Money Laundering and issues circulars time to time giving specific guidelines in accordance with Bangladesh Bank guidelines, regulations, Anti-Money Laundering Act, 2009 & Anti Terrorism Act, 2009. All the guidelines and circulars issued by Bangladesh Bank from time to time are being strictly complied with by Central Compliance Unit and branches of the Bank.

### **2.10.5 Internal Control and Compliance**

Internal Control & Compliance is considered as an eye of an organization. It is a mirror of operations and keeps record of the same. The primary objectives of internal control system are to help the bank to perform in a better height through the use of its resources & under the guidance of Internal Control system; bank identifies its weakness and takes appropriate measures to overcome the same. 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.

Operational loss arises for the cause of errors and fraud due to lack of internal control and compliance. Internal Control & Compliance Division undertakes periodical and special audit & inspection of its branches and departments/divisions of Head Office for reviewing its operation and compliance of the statutory requirement. The Audit Committee of the Board of Directors 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.

### **2.10.6 Guideline on Information & Communication Technology**

Banks are increasingly using sophisticated digital technology for banking activities with a view to achieving more customer satisfaction with less cost. In addition, it increases the efficiency of the banking and payment system, benefiting consumers and merchants leading to bring additional risks. These risks must be balanced against benefits i.e. must be controlled. Under this advanced and highly technical ICT environment banks must ensure that critical systems are not threatened by the risk exposures the banks take. For this purpose, a risk management process consisting of assessing risks, controlling risk exposure, 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.

In this context bank is implementing a core banking software (Ababil) ensuring adequate security. To protect sensitive information of core banking software and other software in the event of any disaster, the bank implementing a disaster recovery site. 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.

The Bank has developed fault tolerance plan of human resources with detail job description for each IT personnel, segregation of duties of IT tasks and system support in respect of severity. Training is a key component of ICT Risk Management. The Bank has been continuously conducting training sessions on sensitive IT tasks (i.e. operational procedure, Business Continuity Planning, Disaster Recovery Planning etc.) for relevant employees. The Bank management has been putting continuous efforts to improve IT Operation Management, Problem Management, Change Management, Asset Management and Request Management to maintain maximum uptime of automated banking business. The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resources. 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 Head Office divisions to ensure proper implementation of the ICT policies.

## **2.11 Risk Based Capital Adequacy**

Basel III (or the Third Basel Accord) is a global, voluntary regulatory framework on bank capital adequacy, stress testing and market risk. Basel III has introduced to strengthen bank's capital requirements by increasing bank liquidity and decreasing bank leverage, to improve the banking sector's ability to absorb shocks arising from financial and economic stress; reducing the risk of spillover from the financial sector to the real economy; to improve risk management and governance as well as strengthen bank's transparency and disclosures. Bangladesh Bank BRPD circular no – 18 dated December 21, 2014, Bangladesh Bank issued a roadmap for implementation Basel – III in Bangladesh. From 2015 bank started its reporting under Basel – III. Each year bank has to maintain additional capital conservation buffer 0.625%, this way after 2019 bank has to maintain capital conservation buffer 2.50%. So, after 2019 every bank must maintain Capital to Risk Weighted Assets Ratio (CRAR) 12.50%.

## **2.12 Stress Testing**

Stress testing is one of the sophisticated risk management techniques that have been used to determine the reactions of different financial institution under a set of exceptional, but plausible assumptions through a series of test. At institutional level, stress testing techniques provide a way to quantify the impact of change in a number of risk factors on the assets and liabilities portfolio of the institution. Presently stress testing is being done by considering five different risk factors namely interest rate, sale value of collateral, non-performing loans, stock price and foreign exchange rate.

UBL supplements their analysis of risk with stress testing. They perform stress tests because value-at-risk calculations are based on relatively recent historical data and only purport to estimate risk up to a defined confidence level. Therefore, they only reflect possible losses under relatively normal market conditions.

## **2.13 Reporting Period**

The accounting year is 01 January to 31 December. The reporting year of 2015 from 01 January 2015 to 31 December 2015.

## **2.14 General**

**2.14.1** The figures have been rounded off to the nearest Taka.

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

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>3 CASH</b>		
<b>3.1 Cash in Hand</b>		
In Local Currency	372,935,237	180,706,229
In Foreign Currencies	387,115	1,551,793
	<b><u>373,322,352</u></b>	<b><u>182,258,022</u></b>
<b>3.2 Balance with Bangladesh Bank and its Agent Bank</b>		
In Local Currency	3,898,518,327	2,734,081,394
In Foreign Currencies	56,614,037	30,916,064
	<b><u>3,955,132,364</u></b>	<b><u>2,764,997,458</u></b>
	<b><u>4,328,454,716</u></b>	<b><u>2,947,255,480</u></b>
<b>3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)</b>		
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, MPD circular # 04 & 05 dated 01 December 2010 and MPD circular # 01 dated 23 June 2014.		
<b>3.4 Cash Reserve Ratio (CRR): 6.50% of Average Demand and Time Liabilities</b>		
Required Reserve	3,110,319,277	1,825,553,440
Actual Reserve maintained	3,895,326,446	2,485,702,553
<b>Surplus/(Short)</b>	<b><u>785,007,169</u></b>	<b><u>660,149,113</u></b>
<b>3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:</b>		
Required Reserve	2,631,808,619	3,370,252,440
Actual Reserve held	3,856,746,031	4,066,217,000
<b>Surplus/(Short)</b>	<b><u>1,224,937,412</u></b>	<b><u>695,964,560</u></b>
<b>4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</b>		
<b>A. Inside Bangladesh</b>		
<b>Al-Wadiah Current Accounts</b>		
Janata Bank Ltd.	<u>23,035</u>	<u>537,831</u>
<b>Others Accounts:</b>		
<b>Mudaraba Short Notice Deposits</b>		
First Security Islami Bank Ltd.	130,120,712	193,477,519
Prime Bank Ltd.	25,000	25,000
Sonali Bank Ltd.	602,640	-
Islami Bank Bangladesh Ltd.	8,050,000	-
	<b><u>138,798,352</u></b>	<b><u>193,502,519</u></b>
<b>Mudaraba Term Deposits</b>		
Reliance Finance Limited	6,605,732,775	6,471,712,613
Phoenix Finance and Investments Ltd.	90,000,000	90,000,000
	<b><u>6,695,732,775</u></b>	<b><u>6,561,712,613</u></b>
	<b><u>6,834,554,162</u></b>	<b><u>6,755,752,963</u></b>

				<b>2015</b>	<b>2014</b>
				<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>B. Outside Bangladesh</b>	<b><u>Currency</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>		
<b>Current Account</b>					
Sonali Bank (UK) Limited, UK	EURO	567.33	86.1239	48,861	4,766,015
Sonali Bank (UK) Limited, UK	GBP	796.00	116.8766	93,034	2,101,779
Sonali Bank (UK) Limited, UK	USD	935,081.63	78.8500	73,731,187	10,718,152
Habib Bank Limited, New York, USA	USD	1,850,430.98	78.8500	145,906,483	1,028,084
Habib Bank Limited, Karachi, Pakistan	ACU	9,788.99	78.8500	771,862	804,415
AB Bank Ltd., Mumbai, India	ACU	211,354.13	78.8500	16,665,273	2,478,773
United Bank of India, Kolkata, India	ACU	225,423.19	78.8500	17,774,618	2,461,818
National Australia Bank	AUD	4,832.00	57.6851	278,734	-
Mizuho Bank Ltd. Tokyo, Japan	JPY	64,400.00	0.6645	42,369	-
National Bank of Pakistan, Tokyo, Japan	JPY	1,010.00	0.6645	671	11,152
				<b><u>255,313,092</u></b>	<b><u>24,370,187</u></b>
<b>Total (A+B)</b>				<b><u>7,089,867,254</u></b>	<b><u>6,780,123,150</u></b>

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>C. Maturity-wise Grouping ( Inside and Outside Bangladesh)</b>		
Payable on Demand	394,134,479	218,410,537
Up to Three Months	6,695,732,775	4,036,300,000
Three Months to One Year	-	2,525,412,613
One Year to Five Years	-	-
Above Five Years	-	-
	<b><u>7,089,867,254</u></b>	<b><u>6,780,123,150</u></b>
<b>5 INVESTMENTS IN SHARES AND SECURITIES</b>		
<b>Government Securities</b>		
Bangladesh Govt. Islamic Investment Bonds	<b><u>2,700,000,000</u></b>	<b><u>1,400,000,000</u></b>
<b>Others</b>		
Quoted Shares (Note - 5.1)	<b><u>406,187,398</u></b>	<b><u>40,040,651</u></b>
	<b><u>3,106,187,398</u></b>	<b><u>1,440,040,651</u></b>
<b>5.1 Quoted Shares</b>		
<b>Name of Companies</b>	<b>Acquisition cost</b>	<b>Acquisition cost</b>
CVO Petrochemical Refinery Limited	18,693,911	18,048,657
Confidence Cement Ltd.	-	673,845
Grameenphone Ltd.	2,392,092	-
RAK Ceramics (Bangladesh) Ltd.	1,895,371	-
Heidelberg Cement Bangladesh	617,460	-
Lafarge Surma Cement Ltd.	14,297,535	16,175,946
Legacy Footwear Ltd.	-	5,820
Matin Spinning Mills Ltd.	-	369,030
National Bank Ltd.	365,696,892	-
Shahjibazar Power Co. Ltd.	488,213	-
Rahima Food Corporation Ltd.	1,446,907	4,051,341
Tallu Spinning Mills Ltd.	659,017	716,012
	<b><u>406,187,398</u></b>	<b><u>40,040,651</u></b>
<b>5.2 Market Value of Quoted Shares</b>	<b><u>359,200,980</u></b>	<b><u>53,423,855</u></b>
<b>5.3 Maturity Grouping of Investments in Shares and Securities</b>		
On Demand	606,187,398	40,040,651
One Month to three Months	500,000,000	-
Three Months to One Year	2,000,000,000	300,000,000
One Year to Five Years	-	1,100,000,000
More than Five Years	-	-
	<b><u>3,106,187,398</u></b>	<b><u>1,440,040,651</u></b>
<b>6 INVESTMENTS (All Inside Bangladesh)</b>		
General Investments (Bai-Murabah, Bai-Muajjal, HPSM etc.) (Note-6.A)	37,548,628,509	22,097,263,399
Bills Purchased and Discounted (Note - 6.B)	8,044,240,754	6,180,523,835
	<b><u>45,592,869,263</u></b>	<b><u>28,277,787,234</u></b>

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>6.A General Investment ( Bai-Murabaha, Bai-Muajjal, HPSM etc.)</b>		
<b>Inside Bangladesh</b>		
Bai Murabaha (Hypo)	1,544,427,878	1,449,227,826
Bai Murabaha against MTDR	3,324,237,489	3,821,189,619
Bai Murabaha TR	13,457,181,155	2,498,324,223
Bai Murabaha (Post Import) TR	418,271,296	5,066,470
Bai Murabaha (TR) SME	795,267,157	214,786,050
Bai Murabaha Agriculture	464,004,392	431,972,381
Bai Murabaha (TR) Agriculture	4,474,802	18,858,679
Bai Murabaha (TR) Women Entrepreneur	2,404,717	-
Bai Murabaha General	14,814,863,298	11,110,528,036
Bai Muajjal	81,118,686	52,516,500
HPSM (Real Estate)	583,407,285	943,760,428
HPSM (Transport)	16,146,564	7,647,929
HPSM (SME)	967,158	580,465
HPSM House Building Staff	74,889,113	17,244,382
HPSM House Building General	31,399,557	21,955,783
HPSM Industrial Term	837,726,946	692,474,413
HPSM Machinery	358,102,803	118,969,887
HPSM Machinery Women Entrepreneur	1,384,000	-
Quard against MTDR	636,644,075	633,387,530
Car Leasing Scheme Staff	49,887,826	28,543,735
Murabaha EDF Investment	13,148,175	-
HPSM Consumer Durables (Scheme)	38,674,137	30,229,063
	<b>37,548,628,509</b>	<b>22,097,263,399</b>
<b>Outside Bangladesh</b>	-	-
	<b>37,548,628,509</b>	<b>22,097,263,399</b>
<b>6.B Bills Purchased and Discounted</b>		
Payable in Bangladesh	8,044,240,754	6,180,523,835
Payable outside Bangladesh	-	-
	<b>8,044,240,754</b>	<b>6,180,523,835</b>
	<b>45,592,869,263</b>	<b>28,277,787,234</b>
<b>6.1 Maturity Grouping of Investments</b>		
Payable on Demand	1,922,600,000	2,101,200,000
Up to Three Months	5,621,800,000	5,451,600,000
Three Months to One Year	34,494,600,000	13,000,320,000
One Year to Five Years	3,553,869,263	7,724,667,234
Above Five Years	-	-
	<b>45,592,869,263</b>	<b>28,277,787,234</b>
<b>6.2 Analysis to disclose the following Significant Concentration including Bills Purchased &amp; Discounted</b>		
Investments to Directors of other Banks	5,113,066,046	4,314,507,663
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	32,554,640,894	18,715,291,036
Investments to Industry	7,770,141,761	5,178,612,998
Investment to staff	155,020,562	69,375,537
	<b>45,592,869,263</b>	<b>28,277,787,234</b>
<b>6.3 Investments to Customers amounting to 10% or more of UBL's Total Regulatory Capital</b>		
Number of Clients	<b>13</b>	<b>07</b>
Amount of Outstanding Investments:		
Funded	7,155,100,000	4,026,800,000
Non-funded	2,936,900,000	781,000,000
	<b>10,092,000,000</b>	<b>4,807,800,000</b>



	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>6.4 Economic Sector wise Investments</b>		
<b>Agriculture:</b>		
Fishing	497,074	-
Tea	-	-
Others	467,982,120	450,831,059
	<b>468,479,194</b>	<b>450,831,059</b>
<b>Textile and Readymade Garments:</b>		
Garments	-	-
Readymade Garments - Export	602,513,279	520,398,649
Textile and Textile Products- Import	2,839,554,412	6,169,713,199
Others -Export	-	-
Others -Import	-	-
Medicine - Import	-	-
Chemical - Import	133,085,223	-
Contractor Finance	-	-
Transport	8,228,917	-
Bricks	13,080,304	6,006,667
Cold Storage	-	-
Steel and Engineering	-	-
	<b>3,596,462,135</b>	<b>6,696,118,515</b>
<b>Internal Trade Finance:</b>		
Whole Sale Trading	25,518,041,616	14,222,916,780
Retail Trading	2,869,318,340	577,763,513
Others	7,954,454,075	-
	<b>36,341,814,031</b>	<b>14,800,680,293</b>
<b>House Building:</b>		
Commercial	2,809,656,533	2,598,760,796
Staff	74,889,113	69,375,537
	<b>2,884,545,646</b>	<b>2,668,136,333</b>
<b>Special Program:</b>		
Consumer Finance and Hire Purchase Scheme	178,931,282	136,782,479
Others	2,122,636,975	3,525,238,555
	<b>2,301,568,257</b>	<b>3,662,021,034</b>
	<b>45,592,869,263</b>	<b>28,277,787,234</b>
<b>6.5 Geographical Location-wise Investments</b>		
<b><u>Urban</u></b>		
Dhaka	26,827,872,319	17,350,475,754
Chittagong	16,239,175,952	9,991,895,842
Barisal	-	-
Rajshahi	32,131,508	4,151,926
Khulna	14,329,157	2,340,155
Rangpur	-	-
Sylhet	31,291,881	4,344,408
	<b>43,144,800,817</b>	<b>27,353,208,085</b>
<b><u>Rural</u></b>		
Dhaka	84,942,327	118,447,816
Chittagong	2,318,205,225	791,731,362
Khulna	-	-
Barisal	-	-
Rangpur	36,254,643	13,051,558
Sylhet	8,666,251	1,348,413
	<b>2,448,068,446</b>	<b>924,579,149</b>
	<b>45,592,869,263</b>	<b>28,277,787,234</b>

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>6.6 Classification of Investments as per Bangladesh Bank (BRPD) Circular</b>		
<b><u>Unclassified</u></b>		
Standard	45,586,497,608	28,277,787,234
Special Mention Account	5,484,518.00	-
	<b>45,591,982,126</b>	<b>28,277,787,234</b>
<b><u>Classified:</u></b>		
Sub-standard	396,938	-
Doubtful	490,199	-
Bad & Loss	-	-
	<b>887,137</b>	-
	<b>45,592,869,263</b>	<b>28,277,787,234</b>
<b>6.7 Particulars of Required Provision for Investments</b>		
<b><u>Classification status</u></b>		
<b><u>Unclassified</u></b>		
Standard	514,996,197	313,018,462
Special Mention Account	81,845	-
	<b>515,078,042</b>	<b>313,018,462</b>
<b><u>Classified:</u></b>		
Sub - Standard	76,323	-
Doubtful	225,672	-
Bad and Loss	-	-
	<b>301,995</b>	-
	<b>515,380,037</b>	<b>313,018,462</b>
Required Provision for Investments	515,380,037	313,018,462
Total Provision Maintained	529,500,000	320,000,000
<b>Provision Excess/ (Shortfall)</b>	<b>14,119,963</b>	<b>6,981,538</b>

\* Details of provision may kindly be in note 2.7.2

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>6.8 Particulars of Investments</b>		
i) Investments considered good in respect of which the Bank Company is fully secured	32,633,107,990	21,746,747,439
ii) Investments considered good for which the bank holds no Security other than the debtors personal security	2,613,810,101	4,633,663,487
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	10,345,951,172	1,897,376,308
iv) Investments adversely classified; provision not maintained there against	-	-
	<b><u>45,592,869,263</u></b>	<b><u>28,277,787,234</u></b>
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	-	-
a. Movement of classified Investments		
Opening balance	-	-
Increase/ (Decrease) during the year	887,137	-
	<b><u>887,137</u></b>	<b><u>-</u></b>
b. Amount of provision kept against investment classified as 'bad/loss' on the reporting date of Balance Sheet	-	-
c. Profit credited to the profit/Rent/Compensation Suspense Account	-	-
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.	-	-

	<b>2015</b> <b><u>Taka</u></b>	<b>2014</b> <b><u>Taka</u></b>
<b>6.9 Security against Investments including bills purchased &amp; discounted:</b>		
Collateral of movable/immovable assets	22,239,920,341	11,111,646,445
Local banks & financial institutions guarantee	-	-
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	7,881,825,440	6,180,523,845
Fixed deposits receipts:		
Own MTDR	3,960,881,564	4,454,577,149
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	11,510,241,918	6,531,039,795
Other security	-	-
Unsecured	-	-
	<b><u>45,592,869,263</u></b>	<b><u>28,277,787,234</u></b>

#### **6.10 Maturity Grouping of Bills Purchased and Discount**

Payable within one month	432,415,314	1,236,104,767
Over one month but less than three months	1,764,125,440	927,078,575
Over three months but less than six months	5,847,700,000	4,017,340,493
Six Months and Above	-	-
	<b><u>8,044,240,754</u></b>	<b><u>6,180,523,835</u></b>

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

Furniture & Fixtures	412,535,627	174,174,691
Office Equipment	328,953,739	226,873,557
Vehicles	91,486,719	71,601,822
Books	40,470	3,926
	<b><u>833,016,555</u></b>	<b><u>472,653,996</u></b>
Less: Accumulated Depreciation	153,818,475	61,373,314
	<b><u>679,198,080</u></b>	<b><u>411,280,682</u></b>

#### **8 OTHER ASSETS**

Inter - branch Transaction Account (*)	42,188,869	20,822,214
Accrued Income on MTDR	142,150,582	463,867,266
Advances, Deposits and Prepayment (Note - 8.1)	1,565,231,726	270,468,916
Advance Income Tax	384,755,231	162,075,093
Stock of Stationery	5,814,921	4,620,541
Suspense Account (Note - 8.2)	111,665,302	172,546,487
Stamps on Hand	378,225	194,180
Deferred tax asset (Note - 2.8.1.2)	11,199,512	447,573
	<b><u>2,263,384,368</u></b>	<b><u>1,095,042,270</u></b>

(\*) Inter-branch transaction account represents outstanding Inter-branch and Head Office transaction (net) originated but yet to be responded at the balance sheet date. However, the status of non respondent entries on 31.12.2015. have been reconciled on 25.02.2016.

#### **8.1 Advance, Deposits and Prepayment**

Advance against Rent - Office	299,896,894	269,964,499
Prepayment	1,265,334,832	504,417
	<b><u>1,565,231,726</u></b>	<b><u>270,468,916</u></b>

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>8.2 Suspense Account</b>		
Sundry Debtors	108,381,342	122,383,252
Advance against TA/DA	60,300	20,500
Advance against New Branch	3,223,660	50,142,735
	<b><u>111,665,302</u></b>	<b><u>172,546,487</u></b>
<b>9 PLACEMENT FROM BANK AND OTHER FINANCIAL INSTITUTIONS</b>		
<b>Inside Bangladesh</b>		
Bangladesh Bank	-	-
	-	-
<b>Outside Bangladesh</b>	-	-
	-	-
<b>A. Security- wise grouping</b>		
Secured Placement	-	-
Unsecured Placement	-	-
	-	-
<b>B. Repayment Nature wise Grouping</b>		
Repayable on demand	-	-
Others	-	-
	-	-
<b>C. Maturity Analysis</b>		
Repayable on Demand	-	-
Repayable within One Month	-	-
One Month to Six Months	-	-
Six Month to One Year	-	-
One Year to Five Years	-	-
Five Years to Ten Years	-	-
Unclaimed Deposits Ten Years and Over	-	-
	-	-
<b>10 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>A. Deposits received from Banks (Note A-1 )</b>	<b><u>2,000,000,000</u></b>	<b><u>4,601,000,000</u></b>
<b>B. Other than Bank</b>		
Payable on Demand (Note B-1)	2,540,484,768	1,177,921,051
Other Deposits (Note B-2 )	51,027,942,379	28,988,388,749
	<b><u>53,568,427,147</u></b>	<b><u>30,166,309,800</u></b>
	<b><u>55,568,427,147</u></b>	<b><u>34,767,309,800</u></b>
<b>C. Maturity wise Grouping of Deposits and Other Accounts</b>		
Repayable within One Month	3,183,400,000	2,309,200,000
One Month to Three Months	17,782,200,000	15,701,800,000
Three Months to One Year	26,919,400,000	14,636,200,000
One Year to Five Years	7,683,427,147	2,120,109,800
Repayable over Five Years	-	-
	<b><u>55,568,427,147</u></b>	<b><u>34,767,309,800</u></b>
<b>A-1 Deposits Received from Banks</b>		
AB Bank Limited	-	450,000,000
Islami Bank Bangladesh Ltd.	1,850,000,000	3,500,000,000
Trust Bank Ltd.	-	200,000,000
Exim Bank Ltd.	-	200,000,000
Bank Asia Ltd.	150,000,000	250,000,000
Sonali Bank Ltd.	-	1,000,000
	<b><u>2,000,000,000</u></b>	<b><u>4,601,000,000</u></b>

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>Maturity wise Grouping of Deposits Received from Banks</b>		
Repayable on Demand	-	-
Repayable within One Month	400,000,000	1,550,000,000
Repayable over One Month but within Six Months	1,600,000,000	3,050,000,000
Repayable over Six Months but within one Year	-	1,000,000
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	<b><u>2,000,000,000</u></b>	<b><u>4,601,000,000</u></b>
<b>B-1 Payable on Demand</b>		
Al-wadiah Current Deposits	1,993,573,378	908,481,252
Mudaraba Saving Deposits (9%) (Note-10.3)	83,118,217	25,506,120
Bills Payable (Note-10.2)	59,264,040	171,196,226
Sundry Deposits (Note-10.1.1)	404,529,133	72,737,453
	<b><u>2,540,484,768</u></b>	<b><u>1,177,921,051</u></b>
<b>B- 2 Other Deposits</b>		
Mudaraba Saving Deposits (91%) (Note-10.3)	840,417,527	257,895,209
Mudaraba Term Deposits	43,296,112,256	25,562,305,765
Mudaraba Short Notice Deposits	462,126,562	642,995,381
Mudaraba Deposit under Schemes (Note-10.5)	6,429,286,034	2,525,192,394
	<b><u>51,027,942,379</u></b>	<b><u>28,988,388,749</u></b>
<b>10.1 Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>		
Al-wadiah Current Deposits	1,993,573,378	908,481,252
Mudaraba Short Notice Deposits	462,126,562	642,995,381
Sundry Deposits (Note-10.1.1)	404,529,133	72,737,453
	<b><u>2,860,229,073</u></b>	<b><u>1,624,214,086</u></b>
<b>10.1.1 Sundry Deposits</b>		
Security Deposit	120,020,540	30,128,283
Sundry Creditors	32,607,386	6,571,147
Income Tax Deduction at Source -Profit on Deposit	27,359,032	27,182,757
Income Tax on Local L/C	10,256	69,350
Income Tax on Export bill	1,017,592	179,887
Excise Duty on Deposit & Investment	33,047,997	5,551,488
VAT on Online Charge	1,120	1,036
VAT on Commission TT/DD/PO/LG	13,093	186
VAT on Service Charge and Others	834,982	463,820
VAT Deduction Bills Paid	1,090,005	405,118
VAT Deduction from advertisement Bill	115,898	401,877
VAT on Rent and Others	508,272	191,807
VAT on Directors Fee	-	1,500
VAT on L/C	674,131	146,408
VAT on Postage	865	45
VAT on Security Service	23,397	55,199
VAT on Swift Charge	23,973	17,667
VAT on L/C Advising Charge	2,034	452
VAT on EXP Issue Charge	600	270
VAT on Acceptance Commission	215,608	41,634
VAT on Bank Guarantee Commission	386,278	-
VAT on ADD Confirmation charge	14,891	-

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
VAT on FDD collection charge	116,032	-
VAT on commission on export bill	171,293	-
VAT on income from ATM	55,969	-
VAT in Misc. Earnings	3,227	-
Income Tax Deduction at Source - Office rent	282,166	106,760
Income Tax Deduction at Source - Bills	688,887	382,887
Income Tax Deduction at Source - Advertising Bill	30,906	64,112
Income Tax Deduction at Source-Employee's	890,743	773,763
Govt. Tax on Export (Garments)	5,348,284	-
Marginal Deposit Export	468,857	-
F.C. Held against B.B. L/c	106,899,842	-
F.C. Held against EDF L/c (Dollar)	12,990,443	-
Sundry Deposit - Swift charge	30,908	-
Sundry Deposit LAC (Export)	2,635,532	-
S/D/A/C ATM Charge collection Account	57,563	-
D&B Credit report collection fee	27,161	-
ATM Charge (NPSB)	14,580	-
S/D/A/C VAT on Polli Bidyut Samity	427,201	-
NR. USD A/C Wall street Finance	826,042	-
NR. Taka A/C Wall street Finance	680,055	-
Security Deposit A/C Wall Street	1,946,250	-
S/D Cash incentive against export	170,070	-
NR. Tk. A/C Transfast Remittance	49,849,172	-
SD. A/C Transfast Remittance	1,950,000	-
	<b><u>404,529,133</u></b>	<b><u>72,737,453</u></b>
<b>10.2 Bills Payable</b>		
Pay Order Issued	<b><u>59,264,040</u></b>	<b><u>171,196,226</u></b>
<b>10.3 Mudaraba Savings Bank Deposits</b>		
As per BRPD Circular No. 06, dated 24 June 2007, total saving bank deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Bank Deposits	83,118,217	25,506,120
91% of total Mudaraba Savings Bank Deposits	840,417,527	257,895,209
	<b><u>923,535,744</u></b>	<b><u>283,401,329</u></b>
<b>10.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping</b>		
Payable on Demand	102,300,000	156,300,000
Up to Three Months	19,784,345,831	15,743,592,009
From Three Months to Six Months	10,654,412,090	3,985,595,574
Above Six Months to One Year	14,741,084,335	10,272,618,182
Above One Year to Two Years	5,900,000	350,000
Above Two Years	8,070,000	4,850,000
	<b><u>45,296,112,256</u></b>	<b><u>30,163,305,765</u></b>
<b>10.5 Mudaraba Deposit under Schemes</b>		
Mudaraba Monthly Savings Scheme	248,308,530	62,513,660
Mudaraba Double Benefit Deposits Scheme	3,432,194,132	1,582,686,308
Mudaraba Monthly Profit Scheme	2,574,339,942	840,104,418
Mudaraba Millionaire Savings Scheme	139,864,258	33,318,204
Mudaraba Kotipoti Deposit Scheme	12,973,679	403,500
Mudaraba Marriage Scheme	2,593,228	703,832
Mudaraba Pension Scheme	205,644	86,605
Mudaraba Hajj Deposit Scheme	164,500	67,000
Mudaraba Pension Scheme	17,571,101	5,308,867
Mudaraba Muhor Savings Scheme	39,000	-
Mudaraba Corepoty Sanchaya Scheme	1,032,020	-
	<b><u>6,429,286,034</u></b>	<b><u>2,525,192,394</u></b>

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>11 OTHER LIABILITIES</b>		
Inter - branch Transaction Account	-	-
Provision for Taxation (Note-11.1)	491,199,512	180,447,573
Accumulated Provision against Investments (Note-11.2)	529,500,000	320,000,000
Accrued Profit and Expenses Payable (Note-11.3)	1,194,981,670	787,978,411
Provision for Gratuity	16,060,000	4,060,000
Provisions for diminution in value of Investments in share	50,850,000	3,850,000
Provision for Zakat	6,025,000	7,625,000
Provident Fund	188,695	125,677
Benevolent Fund	868,504	1,329,446
Provision for Incentive Bonus	50,000,000	5,979,386
Provision for Audit fee	200,000	200,000
Clearing adjustment account	18,391,607	248,068,439
Compensation Realized	930,308	-
ATM Adjustment (NPSB)	4,620,260	-
Settlement A/C Foreign Remittance	3,199,632	-
Profit Rent Suspense	54,179	-
Compensation Receivable	8,145,442	-
Others	4,361,265	911,576
	<b><u>2,379,576,074</u></b>	<b><u>1,560,575,508</u></b>
<b>11.1 Provision for Taxation during the year</b>		
Opening balance	180,447,573	80,000,000
Add : Provision made during the year	310,751,939	100,447,573
Less: Adjustment/settlement during the year	-	-
Closing balance	<b><u>491,199,512</u></b>	<b><u>180,447,573</u></b>
Assessment for the year 2013 and 2014, return have been submitted u/s 82BB of Income Tax Ordinance 1984 but not yet completed and assessment for the year 2015 not yet due.		
<b>11.2 Accumulated Provision against Investments</b>		
Specific Provision for Classified Investments (Note -11.2.1)	1,000,000	-
General Provision including off-B/S exposure (Note -11.2.2)	528,500,000	320,000,000
	<b><u>529,500,000</u></b>	<b><u>320,000,000</u></b>
<b>11.2.1 Movement in Specific Provision for Classified Investments</b>		
Provision held at the beginning of the year	-	-
Fully Provided Debts written off	-	-
Recoveries of amounts previously written off	-	-
Specific Provision for the year (Note-11.2.a)	1,000,000	-
Recoveries and Provisions no longer required	-	-
Net Charge to Profit and Loss Account	-	-
<b>Provision held at the end of the year</b>	<b><u>1,000,000</u></b>	<b><u>-</u></b>
<b>11.2.2 General Provision including off-balance sheet exposure</b>		
Provision held at the beginning of the year	320,000,000	75,100,000
Addition/transfer during the year (Note-11.2.a)	208,500,000	244,900,000
<b>Provision held at the end of the year</b>	<b><u>528,500,000</u></b>	<b><u>320,000,000</u></b>
<b>11.2.a Provision for Investments during the year</b>		
Specific Provision for Classified Investments	1,000,000	-
General Provision including off-B/S exposure	208,500,000	244,900,000
	<b><u>209,500,000</u></b>	<b><u>244,900,000</u></b>



	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>11.3 Accrued Profit and Expenses Payable</b>		
Mudaraba Term Deposit Receipt (MTDR)	979,440,873	716,857,831
Mudaraba Monthly Benefit Savings Scheme	9,889,772	2,042,903
Mudaraba Double Benefit Savings Scheme	184,628,158	61,995,606
Mudaraba Monthly Profit Scheme	13,270,153	5,649,317
Mudaraba Pension Prokolpa	848,796	221,093
Mudaraba Marriage Deposit Scheme	80,811	14,928
Mudaraba Hajj Deposit Scheme	7,388	1,592
Mudaraba Millionaire Savings Scheme	6,318,455	1,182,573
Mudaraba Kotipoti Deposit Scheme (MKDS)	474,106	8,249
Mudaraba Pension deposit Scheme	14,585	4,319
Mudaraba Mohor Saving Scheme	645	-
Mudaraba Corepoty Sanchaya Prokalpa	7,928	-
	<b><u>1,194,981,670</u></b>	<b><u>787,978,411</u></b>

## 12 CAPITAL

### AUTHORISED CAPITAL

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

**10,000,000,000**

**10,000,000,000**

### 12.1 Issued, Subscribed and Paid-Up Capital

428,000,000 Ordinary Shares of Taka 10 each issued

**4,280,000,000**

**4,280,000,000**

### 12.2 Category of shareholding as at 31 December 2015

#### Name of Category

**Percentage(%)**

**Percentage(%)**

Sponsors/Directors

100.00

100.00

Financial Institutes

-

-

Non-Resident Bangladeshi

-

-

General Public

-

-

**100.00**

**100.00**

### 12.3 Classification of Shareholders by holding position as at 31 December 2015

#### Shareholding Range

**No. of Shares**

**Percentage (%)**

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

4,000,000

0.93

Over 1,000,001 Shares

424,000,000

99.07

**428,000,000**

**100.00**

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>12.4 <u>Regulatory Capital Requirement in line with Basel-III</u></b>		
<b><u>I. Tier - 1 Capital</u></b>		
<b><u>a. Common Equity Tier-1 Capital (CET-1)</u></b>		
Paid up Capital	4,280,000,000	4,280,000,000
Statutory Reserve	233,241,638	75,578,898
Other Reserve	145,749,665	145,749,665
Retained Earnings	452,966,555	122,315,596
	<b><u>5,111,957,858</u></b>	<b><u>4,623,644,159</u></b>
<b><u>b. Additional Tier –1 Capital (AT-1)</u></b>	-	-
	-	-
<b>Total Tier 1 Capital (a + b)</b>	<b><u>5,111,957,858</u></b>	<b><u>4,623,644,159</u></b>
<b><u>II. Tier –2 Capital</u></b>		
General Provision	495,924,976	320,000,000
	<b><u>495,924,976</u></b>	<b><u>320,000,000</u></b>
<b>A. Total Regulatory Capital (I+II)</b>	<b><u>5,607,882,834</u></b>	<b><u>4,943,644,159</u></b>
<b>B. Total Risk Weighted Assets</b>	42,247,723,691	34,552,800,000
<b>C. Minimum Capital Requirement</b>	4,224,772,369	3,455,280,000
<b>D. Surplus/(Deficiency)....(A - C)</b>	<b><u>1,383,110,465</u></b>	<b><u>1,488,364,159</u></b>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b><u>13.27%</u></b>	<b><u>14.31%</u></b>
<b>Capital to Risk Weighted Assets Ratio (CRAR):</b>	<b><u>Held</u></b>	<b><u>Held</u></b>
a. Common Equity Tier-1 Capital to Risk Weighted Assets	12.10%	13.38%
b. Tier - 1 Capital to Risk Weighted Assets	12.10%	13.38%
c. Tier - 2 Capital to Risk Weighted Assets	1.17%	0.93%
<b>Total (b+c)</b>	<b><u>13.27%</u></b>	<b><u>14.31%</u></b>
<b>13 STATUTORY RESERVE</b>		
Opening Balance	75,578,898	33,468,582
Transferred during the year from Profit & Loss A/C	157,662,740	42,110,316
Closing Balance	<b><u>233,241,638</u></b>	<b><u>75,578,898</u></b>
This has been done according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until it equals to Paid-up Capital.		
<b>14 OTHER RESERVE</b>	<b><u>145,749,665</u></b>	<b><u>145,749,665</u></b>
This represents profit prior to incorporation i.e. 07 March 2013.		
<b>15 RETAINED EARNINGS</b>		
Opening Balance	122,315,596	53,874,331
Add: Net Profit after tax for the year	488,313,699	110,551,581
Less: Transferred to Statutory Reserve	157,662,740	42,110,316
Closing Balance	<b><u>452,966,555</u></b>	<b><u>122,315,596</u></b>

	<b>2015</b>	<b>2014</b>
	<b><u>Taka</u></b>	<b><u>Taka</u></b>
<b>16 LETTER OF GUARANTEES</b>		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	612,755,013	606,973,300
Letter of Guarantee - Foreign	-	-
	<b>612,755,013</b>	<b>606,973,300</b>
Less: Margin Taken on Guarantees	-	-
	<b><u>612,755,013</u></b>	<b><u>606,973,300</u></b>
<b>16.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:</b>		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	61,255,013	606,973,300
	<b>61,255,013</b>	<b>606,973,300</b>
	<b><u>61,255,013</u></b>	<b><u>606,973,300</u></b>
<b>17 IRREVOCABLE LETTERS OF CREDIT</b>		
Letters of Credit - Cash	1,458,229,907	420,984,086
Letter of Credit - Cash Inland	-	-
Back to Back Letters of Credit - Local	210,896,290	1,335,932
Back to Back Letters of Credit - Foreign	116,199,000	23,852,000
	<b>1,785,325,197</b>	<b>446,172,018</b>
	<b><u>1,785,325,197</u></b>	<b><u>446,172,018</u></b>
<b>18 BILLS FOR COLLECTION ISSUED BY THE BANK</b>		
Foreign Documentary Bills	223,786,000	394,000
Outward Bills	-	-
Inland Documentary Bills	8,486,000	147,354,000
	<b>232,272,000</b>	<b>147,748,000</b>
	<b><u>232,272,000</u></b>	<b><u>147,748,000</u></b>

	<b>2015</b> <b><u>Taka</u></b>	<b>2014</b> <b><u>Taka</u></b>
<b>19 INVESTMENT INCOME</b>		
<b>Profit Received from:</b>		
Deposit with Other Banks	1,026,752,542	943,525,592
Bai Murabaha - General	2,097,744,381	1,384,925,668
Bai Murabaha Hypothecation	306,480,720	263,238,214
Bai Murabaha against MTDR	518,829,621	389,559,019
Bai Murabaha - TR	900,416,293	95,604,356
Bai Murabaha - Agriculture	62,108,732	-
Musharaka - Agriculture	-	21,817,021
Musharaka - MDB	969,418,047	171,785,370
Bai Muajjal General	5,266,915	3,226,221
Bai Muajjal Real Estate	536,240	310,308
Bai Muajjal Agriculture	35,139	-
Bai Murabaha Post Import Bill - TR	20,852,960	23,199,998
HPSM Transport	1,610,807	708,769
HPSM Industry	107,379,477	14,354,435
HPSM Real Estate	89,568,576	41,499,550
HPSM Machinery	27,492,188	5,580,537
HPSM Consumer Durables	5,038,351	2,482,712
HPSM SME	81,034	100,985
Quard against MTDR	487,381	477,216
Bill Purchased - Inland	-	2,182,677
Bill Purchased - Foreign	-	10,768
Bai Murabaha Post Import Bill	18,248,861	298,258
Bai Murabaha EDF Investment	1,488,147	-
Back to Back Bill	3,046,979	1,043,303
Bai Istisna	247,638	170,717
	<b><u>6,163,131,029</u></b>	<b><u>3,366,101,694</u></b>
<b>20 PROFIT PAID ON DEPOSITS</b>		
<b>Profit Paid on:</b>		
Mudaraba Term Deposit	3,550,436,561	2,290,777,480
Mudaraba Double Benefit Deposits Scheme	340,500,332	63,717,411
Mudaraba Monthly Savings Scheme	16,047,073	3,266,965
Mudaraba Monthly Benefit Savings Scheme	199,560,915	62,529,856
Bangladesh Government Islami Bond	49,315,068	-
Mudaraba Savings Deposits	19,095,969	4,934,535
Mudaraba Short Notice Deposits	27,126,831	17,158,381
Mudaraba Marriage Scheme	161,925	17,082
Mudaraba Pension Deposit Scheme	1,207,160	262,317
Mudaraba Millionaire Deposit Scheme	9,341,540	1,614,924
Mudaraba Mohor Savings Scheme	645	-
Mudaraba Corepoty Savings Scheme	7,928	-
Mudaraba Kotipoti Deposit Scheme	548,718	8,249
	<b><u>4,213,350,665</u></b>	<b><u>2,444,287,200</u></b>
<b>21 INCOME FROM INVESTMENT IN SHARES AND SECURITIES</b>		
Bangladesh Govt. Islamic Investment Bond	13,750,000	18,664,929
Profit/(Loss) on sale of shares	(1,091,730)	47,816
Dividend Income	393,800	347,800
	<b><u>13,052,070</u></b>	<b><u>19,060,545</u></b>
<b>22 COMMISSION, EXCHANGE AND BROKERAGE</b>		
Commission	60,554,287	12,598,060
<b>Exchange Gain</b>	<b>24,557,647</b>	<b>3,764,422</b>
Exchange Earning	26,300,654	4,274,795
Less: Exchange Loss	1,743,007	510,373
	<b><u>85,111,934</u></b>	<b><u>16,362,482</u></b>

	<b><u>2015</u></b> <b><u>Taka</u></b>	<b><u>2014</u></b> <b><u>Taka</u></b>
<b>23 OTHER OPERATING INCOME</b>		
Account maintenance charge	7,751,043	4,013,111
Clearing cheque processing fee	81,985	25,163
Investment processing fee	1,009,593	6,641,500
Miscellaneous Earnings	4,499,393	14,423,329
	<b><u>13,342,014</u></b>	<b><u>25,103,103</u></b>
<b>24 SALARY AND ALLOWANCES</b>		
Basic Salary	168,499,007	96,164,451
Bonus	97,640,071	11,975,476
Bank's Contribution to Staff Provident Fund	10,892,212	6,879,451
Gratuity	16,000,000	3,760,000
House Rent	66,510,890	35,992,368
Conveyance Allowance	8,274,183	4,195,107
Leave Fare Allowance	34,547,003	17,674,096
Entertainment Allowance	13,139,558	7,563,938
Medical Allowance	16,009,920	9,362,096
Utility Services	16,041,397	8,632,741
House Maintenance Allowance	16,739,360	8,909,454
Other Allowances	2,378,660	1,461,445
	<b><u>466,672,261</u></b>	<b><u>212,570,623</u></b>
<b>25 RENT, TAXES, INSURANCE, LIGHTING ETC.</b>		
Rent	124,861,917	74,343,706
Insurance	22,367,861	11,363,873
Rates and Taxes	2,998,498	2,267,627
Water Charges	282,564	131,295
Gas Charges	199,580	104,388
Electric Bills	15,782,476	9,561,286
	<b><u>166,492,896</u></b>	<b><u>97,772,175</u></b>
<b>26 LEGAL EXPENSES</b>		
Law Charges	42,750	14,600
Stamp	15,086	14,570
Other Professional Charges	515,753	418,930
	<b><u>573,589</u></b>	<b><u>448,100</u></b>
<b>27 POSTAGE, STAMP AND TELECOMMUNICATION</b>		
Telephone - Office	3,009,715	1,735,779
Telegram, Telex, Internet, Fax and Email charge	5,046,763	2,533,320
Stamp	44,770	19,530
Telephone - Residence	3,019	2,817
Swift charge	3,353,080	1,902,536
Postage	1,144,489	452,166
	<b><u>12,601,836</u></b>	<b><u>6,646,148</u></b>
<b>28 STATIONERY, PRINTING AND ADVERTISEMENT</b>		
Publicity and Advertisement	26,151,009	32,797,230
Printing and Stationery	8,775,325	6,610,088
	<b><u>34,926,334</u></b>	<b><u>39,407,318</u></b>

	<b>2015</b> <b><u>Taka</u></b>	<b>2014</b> <b><u>Taka</u></b>
<b>29 MANAGING DIRECTORS' SALARY AND FEES</b>		
Basic Pay	3,600,000	3,600,000
House Rent Allowances	1,200,000	1,200,000
Leave Fare Allowance	1,200,000	1,200,000
Bonus	1,600,000	1,600,000
House Maintenance Allowance	1,200,000	1,200,000
	<b><u>8,800,000</u></b>	<b><u>8,800,000</u></b>
<b>30 DIRECTORS' FEES</b>		
Fees	1,454,750	1,477,750
Travel	4,066,400	2,571,309
	<b><u>5,521,150</u></b>	<b><u>4,049,059</u></b>
<b>31 SHARIA'H SUPERVISORY COMMITTEE'S FEES AND EXPENSES</b>		
Fees	278,300	34,500
Travel	-	-
	<b><u>278,300</u></b>	<b><u>34,500</u></b>
<b>32 DEPRECIATION AND REPAIRS OF FIXED ASSETS</b>		
Depreciation on Fixed Assets (Annexure - A)	<b>92,445,161</b>	<b>55,955,726</b>
<b>Repairs:</b>	<b>35,383,330</b>	<b>12,639,605</b>
Office equipment	12,135,731	914,338
Renovation and Maintenance of Office Premises	30,720	2,600
Furniture and Fixtures	17,255	8,250
Repair & Maintenance of Vehicle	23,199,624	11,714,417
	<b><u>127,828,491</u></b>	<b><u>68,595,331</u></b>
<b>33 OTHER EXPENSES</b>		
Car Expense	20,882,978	11,476,380
Wages	50,162,053	27,033,301
Traveling	12,274,436	5,031,803
Donation and Subscription:		
Donation	51,252,790	2,953,700
Subscription	1,534,000	622,000
Newspaper and Periodicals	292,749	183,191
Entertainment	8,574,339	4,019,768
Conveyance	2,593,323	2,139,649
Bank charges	2,864,344	1,013,971
Refreshment	1,063,843	810,253
Holiday Banking allowances	547,024	344,489
Parties and Dinner	1,177,426	378,663
Medical Expense	2,330,627	1,290,790
Training, Seminar and Workshop	2,126,569	2,259,167
Photocopy, Photograph & Toner	1,085,760	656,960
Generator Expenses	2,814,234	1,598,620
Washing and Cleaning	120,622	32,059
Upkeep Branches Premises	863,912	677,972
Online Expenses	1,976,610	1,269,099
Office Maintenance	4,866,922	3,096,210
Crockery Expense	188,808	173,258
Meeting Expenses	12,800,424	11,022,670
ATM Expenses	1,458,033	523,875
Recruitment Expense	-	2,692,077
Miscellaneous Expenses	2,726,000	2,440,864
	<b><u>186,577,826</u></b>	<b><u>83,740,789</u></b>

	<b>2015</b> <b><u>Taka</u></b>	<b>2014</b> <b><u>Taka</u></b>
<b>34 EARNINGS PER SHARE (EPS)</b>		
A. Net Profit after Tax	488,313,699	110,551,581
B. Weighted Average Number of Ordinary Shares	428,000,000	428,000,000
Earnings Per Share (A/B)	<b><u>1.14</u></b>	<b><u>0.26</u></b>
<b>35 RECEIPTS FROM OTHER OPERATING ACTIVITIES</b>		
Account maintenance charge	7,751,043	4,013,111
Clearing cheque processing fee	81,985	25,163
Investment processing fee	1,009,593	6,641,500
Miscellaneous Earnings	4,499,393	14,423,329
	<b><u>13,342,014</u></b>	<b><u>25,103,103</u></b>
<b>36 PAYMENTS FOR OTHER OPERATING ACTIVITIES</b>		
Rent, Taxes, Insurances, Electricity etc.	166,492,896	97,772,175
Legal Expenses	573,589	448,100
Postage, Stamps, Telecommunications etc.	12,601,836	6,646,148
Directors' fees	5,521,150	4,049,059
Sharia'h Supervisory Committee's fees and expenses	278,300	34,500
Auditor's Fee	200,000	200,000
Repair of Fixed Assets	35,383,330	12,639,605
Zakat Expenses	6,000,000	4,625,000
Other Expenses	186,577,826	83,740,789
	<b><u>413,628,927</u></b>	<b><u>210,155,376</u></b>
<b>37 INCREASE / DECREASE OF OTHER ASSETS</b>		
Inter - branch Transaction Account	42,188,869	20,822,214
Advances, Deposits and Prepayment	1,565,231,726	270,468,916
Stock of Stationery	5,814,921	4,620,541
Suspense Account	111,665,302	172,546,487
Stamps on Hand	378,225	194,180
	<b><u>1,725,279,043</u></b>	<b><u>468,652,338</u></b>
(Increase)/Decrease during the year	<b><u>(1,256,626,705)</u></b>	<b><u>(86,436,481)</u></b>
<b>38 INCREASE / DECREASE OF OTHER LIABILITIES</b>		
Provision for Zakat	6,025,000	7,625,000
Benevolent Fund	868,504	1,329,446
Clearing Adjustment Account	18,391,607	248,068,439
Others	21,311,086	911,576
	<b><u>46,596,197</u></b>	<b><u>257,934,461</u></b>
Increase /(Decrease) during the year	<b><u>(211,338,264)</u></b>	<b><u>254,810,447</u></b>
<b>39 NUMBER OF EMPLOYEES</b>		
Executives and Officers	666	475
Members of Staff (Contractual)	166	125
	<b><u>832</u></b>	<b><u>600</u></b>

#### 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>
a. Reliance Finance Ltd.	MTDR	Common Director	6,605,732,775
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

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.
1	Shahidul Alam	Chairman	<p><b><u>Managing Director</u></b> Galco Steel (Bangladesh) Ltd. Prasad Paradise Resorts Ltd. S. Alam Vegetable Oil Ltd.</p> <p><b><u>Director</u></b> First Security Islami Capital &amp; Investment Ltd. Reliance Brokerage Services Ltd.</p> <p><b><u>Proprietor</u></b> M/s. Tazin Enterprise Sonali Traders</p>
2	Ahsanul Alam	Vice Chairman	<p><b><u>Managing Director</u></b> Genesis Textiles Accessories &amp; Apparels Ltd. Western Designers Ltd.</p> <p><b><u>Chairman</u></b> Hasan Abasan (Pvt) Ltd.</p> <p><b><u>Proprietor</u></b> Genesis Enterprise</p> <p><b><u>Chief Executive</u></b> S. Alam &amp; Co.</p>
3	Hussain Muhammad Ershad	Director	<p><b><u>Chairman</u></b> Podagonj Cold Storage Ltd.</p>
4	Ashik Ahmed	Director	<p><b><u>Proprietor</u></b> Ashik Trading</p>



5	Ms. Marzina Sharmin	Director	<p><b><u>Managing Director</u></b> Unique Investment &amp; Securities Limited Times Securities Limited</p> <p><b><u>Director</u></b> Reliance Finance Limited</p> <p><b><u>Proprietor</u></b> M/s. Marzina Trading</p>
6	Mortuza Siddique Chowdhury	Director	<p><b><u>Chairman</u></b> Tower Aviation Ltd. Al- Sharaf Airways Ltd. MRM Trading Ltd. Marsa Fishing Ltd.</p> <p><b><u>Managing Director</u></b> Mortuza Assets Ltd.</p> <p><b><u>Director</u></b> Al- Sharaf Ltd.</p>
7	Shahedul Huq	Director	<p><b><u>Managing Partner</u></b> Crystal Bridge (Pvt) Ltd.</p> <p><b><u>Director</u></b> Xebac Trading Service</p> <p><b><u>Proprietor</u></b> S. Huq Properties Ltd.</p>
8	Ms. Shahana Ferdous	Director	<p><b><u>Director</u></b> Galco Steel (BD) Ltd. S. Alam Super Edible Oil Ltd.</p> <p><b><u>Proprietor</u></b> M/S Shahnaj Trading</p>
09	Showkat Hossain, FCA	Director	<p><b><u>Resident Partner</u></b> Hoda Vasi Chowdhury &amp; Co.</p> <p><b><u>Director</u></b> Chittagong WASA</p> <p><b><u>Director (Independent)</u></b> Chittagong Stock Exchange Ltd.</p>
10	Rashedul Alam	Director	<p><b><u>Managing Director</u></b> Global Trading Corporation Ltd.</p> <p><b><u>Director</u></b> S. Alam Steels Ltd. Bangladesh Petro Chemical Ltd. S. Alam Hatchery Ltd. Ocean Resorts Ltd. S. Alam Properties Ltd. Fatehabad Farm Ltd.</p> <p><b><u>Proprietor</u></b> Rafe Enterprise Khurshed Poribohon Sangstha</p>
11	Arif Ahmed	Director	<p><b><u>Proprietor</u></b> M/s. Arif Traders</p>
12	Mohammad Mostan Billah Adil	Director	<p><b><u>Managing Director</u></b> Platinum Endeavors Ltd</p> <p><b><u>Proprietor</u></b> M/s. Mostan Billah Adil M/s. Adil Corporation</p>
13	Ms. Farzana Begum	Director	<p><b><u>Managing Director</u></b> Shah Amanat Prakritik Gas Co. Ltd. Lion Securities &amp; Investment Ltd.</p> <p><b><u>Director</u></b> Global Trading Corporation Ltd</p> <p><b><u>Proprietor</u></b> M/s. Farzana Trading Enterprise</p>

## 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 Accountants
Mortuza Siddique Chowdhury	Director	Member	FAZIL
Shahedul Huq	Director	Member	Bachelor of Business Administration
Arif Ahmed	Director	Member	MS-CEM

b) During the year under review, the Audit Committee of the Board conducted 04 (four) 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 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 it's 29th Board meeting held on 29 February 2016 approved the financial statements of the Bank for the year ended 31 December 2015 and recommended 10% Stock Dividend for shareholders for the year 2015 to be approved in the next Annual General Meeting and 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**

Date: 29 February 2016

**UNION BANK LIMITED**  
**SCHEDULE OF FIXED ASSETS**  
As on 31 December 2015

Figure in Taka

Particulars	C O S T				D E P R E C I A T I O N				Written down value as on 31 December'15
	Balance as on 01 January'15	Addition during the year	Sales/Transfer during the year	Balance as on 31 December'15	Balance as on 01 January'15	Charged for the year	Adjustment on sale/transfer during the year	Balance as on 31 December'15	
Furniture & Fixtures	174,174,691	238,360,936	-	412,535,627	12,999,055	28,192,592	-	41,191,647	371,343,980
Office Equipment	226,873,557	102,080,182	-	328,953,739	35,905,695	47,931,503	-	83,837,198	245,116,541
Vehicles	71,601,822	19,884,897	-	91,486,719	12,467,880	16,311,754	-	28,779,634	62,707,085
Books	3,926	36,544	-	40,470	684	9,312	-	9,996	30,474
<b>Total Dec' 2015</b>	<b>472,653,996</b>	<b>360,362,559</b>	<b>-</b>	<b>833,016,555</b>	<b>61,373,314</b>	<b>92,445,161</b>	<b>-</b>	<b>153,818,475</b>	<b>679,198,080</b>
<b>Total Dec' 2014</b>	<b>91,708,283</b>	<b>380,945,713</b>	<b>-</b>	<b>472,653,996</b>	<b>5,417,588</b>	<b>55,955,726</b>	<b>-</b>	<b>61,373,314</b>	<b>411,280,682</b>

**UNION BANK LIMITED**  
**FINANCIAL HIGHLIGHTS**  
For the year ended 31 December 2015

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Paid-up Capital	4,280,000,000	4,280,000,000
Total Capital Fund	5,607,882,834	4,943,644,159
Capital Surplus/(deficit)	1,383,110,465	1,488,364,159
Total Assets	63,059,961,079	40,951,529,467
Total Deposits	55,568,427,147	34,767,309,800
Total Investments	45,592,869,263	28,277,787,234
Total Contingent Liabilities and Commitments	4,642,784,803	1,474,493,318
Investment Deposit Ratio (in %)	82.05%	81.33%
Percentage of Classified Investments against total Investments (in %)	0.0019%	0.00%
Profit before Provision and Tax	1,044,813,699	455,451,581
Amount of Classified Investments during the year	887,137	-
Provision kept against Classified Investments	1,000,000	-
Provision Surplus/(deficit)	14,119,963	6,981,538
Cost of Fund	11.82%	12.36%
Profit Earning Assets	55,788,923,915	36,497,951,035
Non-profit Earning Assets	7,271,037,164	4,453,578,432
Return on Investment in Shares & securities (ROI)(in %)	0.42%	1.32%
Return on Assets (ROA)(in %)	1.66%	1.11%
Income from Investment in Shares and Securities	13,052,070	19,060,545
Earnings Per Share (Tk.)	1.14	0.26
Net Income Per Share (Tk.)	1.14	0.26
Price Earnings Ratio (Times)	N/A	N/A