

ref:hp/f/ubl 2013

**UNION BANK LIMITED**

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

**UNION BANK LIMITED**  
**AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
For the period ended 31 December 2013

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

Chartered Accountants

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**AUDITORS' REPORT  
TO THE SHAREHOLDERS  
OF  
UNION BANK LIMITED**

We have audited the accompanying financial statements of **Union Bank Limited** ("the bank"), as at December 31, 2013 which comprise the balance sheet, profit and loss account, statement of changes in equity, statement of cash flows and statement of liquidity for the period then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Financial Statements***

Management of the **Union Bank Limited** is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards along with Rules & Regulation issued by the Bangladesh Bank. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

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 referred to above, which have been prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) in the form prescribed by Bangladesh Bank vide Circular # 14 dated June 25, 2003, give a true and fair view of the state of the affairs of the Bank as at December 31, 2013 and of the results of its operations and its cash flows for the period then ended and comply with Banking Companies Act, 1991 as amendments up to 2013, Companies Act, 1994 and rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

### ***Report on Other Legal and Regulatory Requirements***

We also report that;

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of account as required by law has 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;

c) The records and statements submitted by the branches have been properly maintained and the financial statements;

d) The Balance Sheet and Profit and Loss Account together with dealt with by this report are in agreement with the books of account and returns;

e) The financial statements 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 December 31, 2013 and the profit for the period then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards;

g) The records and statements submitted by the branches have been maintained and consolidated in the financial statements.

h) The expenditures incurred during the period were for the purposes of the business of the Bank;

i) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;

j) As far as it was revealed from our test checks, the existing rules and regulation for loan sanctioning and disbursements have been followed properly;

k) It appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;

l) Adequate capital of the Bank, as required by law, has been maintained during the period under audit;

m) We were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank;

n) 80% of the Risk Weighted Assets have been reviewed by us;

o) We have spent approximately 1795 man hours for the audit of books and account of the Bank.

**Place: Dhaka**  
**Date: 25 February 2014**

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

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2013

	<u>Notes</u>	<u>2013</u> <u>Taka</u>
<b><u>PROPERTY AND ASSETS</u></b>		
<b>Cash</b>	3	<b>2,063,851,312</b>
In hand (Including foreign currencies)	3.1	108,280,763
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	3.2	1,955,570,549
<b>Balance with other Banks and Financial Institutions</b>	4	<b>6,445,848,472</b>
In Bangladesh		6,445,848,472
Outside Bangladesh		-
<b>Investments in Shares &amp; Securities</b>	5	<b>330,484,738</b>
Government		300,000,000
Others		30,484,738
<b>Investments</b>	6	<b>7,308,820,728</b>
General Investment (Bai-Murabaha, Bai-Muajjal, HPSM) etc.	6.A	7,308,820,728
Bills Purchased and Discounted	6.B	-
<b>Fixed Assets Including Premises, Furniture &amp; Fixtures</b>	7	<b>86,290,695</b>
<b>Other Assets</b>	8	<b>845,845,297</b>
<b>Non-banking Assets</b>		-
<b>Total Assets</b>		<b>17,081,141,242</b>
<b><u>LIABILITIES AND CAPITAL</u></b>		
<b>Liabilities</b>		
<b>Placement from Banks &amp; other Financial Institutions</b>	9	-
<b>Deposits and Other Accounts</b>	10	<b>12,165,198,711</b>
Al-Wadia Current Accounts and Other Deposit Accounts	10.1	411,500,008
Bills Payable	10.2	5,392,842
Mudaraba Savings Bank Deposits	10.3	37,159,132
Mudaraba Term Deposits including other Banks	10.4	11,536,460,529
Mudaraba Deposits under Schemes	10.5	174,686,200
<b>Other Liabilities</b>	11	<b>402,849,953</b>
<b>Total Liabilities</b>		<b>12,568,048,664</b>
<b>Capital/Shareholders' equity</b>		
Paid-up Capital	12	4,280,000,000
Statutory Reserve	13	33,468,582
Other Reserve	14	145,749,665
Retained Earnings	15	53,874,331
<b>Total Shareholders' Equity</b>		<b>4,513,092,578</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>17,081,141,242</b>

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2013

	<u>Notes</u>	<u>2013</u> <u>Taka</u>
<b>OFF- BALANCE SHEET ITEMS</b>		
<b>Contingent Liabilities</b>		
Acceptances and Endorsements		-
Letters of Guarantee	16	7,170,000
Irrevocable Letters of Credit	17	-
Bills for Collection	18	-
Other Contingent Liabilities		-
<b>Total</b>		<b><u>7,170,000</u></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 and other commitments		-
Claims against the bank not acknowledged as debt		-
<b>Total</b>		<b><u>-</u></b>
<b>Total Off -Balance Sheet Items Including</b>		
<b>Contingent Liabilities</b>		<b><u><u>7,170,000</u></u></b>

The annexed notes form an integral part of these financial statements

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

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

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

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

Signed in terms of our per annexed report of even date

**Place: Dhaka**  
**Date: 25 February 2014**

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



**UNION BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
For the period ended 31 December 2013

	<u>Notes</u>	<u>2013</u> <u>Taka</u>
Investments Income	19	954,409,235
Profit Paid on Deposits	20	(554,950,245)
<b>Net Investment Income</b>		<b>399,458,990</b>
Income from Investment in shares and securities	21	793,582
Commission, Exchange and Brokerage	22	182,501
Other Operating Income	23	1,131,110
		<b>2,107,193</b>
<b>Total Operating Income</b>		<b>401,566,183</b>
<b>Less: Operating Expenses</b>		
Salary and Allowances	24	83,444,561
Rent, Taxes, Insurances, Electricity etc.	25	25,337,397
Legal Expenses	26	50,300
Postage, Stamps, Telecommunication etc.	27	680,574
Stationery, Printings, Advertisements etc.	28	3,653,568
Managing Director's Salary and Fees	29	7,406,452
Auditors' Fees		200,000
Directors' Fees	30	1,898,650
Shariah Committee's Fees & Expenses	31	50,000
Depreciation and Repair of Bank's Assets	32	9,779,432
Zakat Expenses		3,000,000
Other Expenses	33	19,772,336
<b>Total Operating Expenses</b>		<b>155,273,270</b>
<b>Profit before Provision and Tax</b>		<b>246,292,913</b>
Provisions for Classified Investments		-
Provisions for Unclassified Investments including off-B/S ite	11.2	75,100,000
Provisions for diminution in value of Investment in Shares		3,850,000
<b>Total Provisions</b>		<b>78,950,000</b>
<b>Total Profit before Taxes</b>		<b>167,342,913</b>
Provision for Taxation	11.1	80,000,000
<b>Net Profit after tax for the period</b>		<b>87,342,913</b>
Retained Earnings Brought Forward from Previous Year		-
		<b>87,342,913</b>
<b>Appropriations:</b>		
Statutory Reserve		33,468,582
		<b>33,468,582</b>
Retained Earnings Carried Forward		<b>53,874,331</b>
<b>Earnings Per Share (EPS)</b>	34	<b>0.20</b>

The annexed notes form an integral part of these financial statements

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

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

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

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

Signed in terms of our per annexed report of even date

**Place: Dhaka**  
**Date: 25 February 2014**

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

**UNION BANK LIMITED**  
**CASH FLOW STATEMENT**  
For the period ended 31 December 2013

	<u>Notes</u>	<b>2013</b> <b>Taka</b>
<b>A. Cash Flow from Operating Activities</b>		
Profit received		954,409,235
Profit paid		(554,950,245)
Commission, exchange & brokerage received		182,501
Payment to employees		(90,851,013)
Payment to suppliers		(8,015,412)
Income tax paid		-
Received from other operating activities	35	1,924,692
Payment for other operating activities	36	(47,789,257)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>254,910,501</b>
<b>Increase / Decrease in Operating Assets &amp; Liabilities</b>		
Investments to Customers		(7,308,820,728)
Other Assets	37	(845,836,453)
Deposits from Customers		12,165,198,711
Other Liabilities	38	240,691,109
		<b>4,251,232,639</b>
<b>Net Cash Inflow from Operating Activities</b>		<b>4,506,143,140</b>
<b>B. Cash Flow from Investing Activities</b>		
Investment in Shares and Securities		(330,484,738)
Purchase of Property, Plant and Equipment		(91,708,283)
Sale of Property, Plant and Equipment		-
<b>Net Cash Inflow from Investing Activities</b>		<b>(422,193,021)</b>
<b>C. Cash Flow from Financing Activities</b>		
Increase/(Decrease) in Share Capital		4,280,000,000
Increase/(Decrease) in Other reserve		145,749,665
Receipt from issuance of Mudaraba Subordinated Bond		-
Increase/(Decrease) in Placement from Banks & FI		-
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>4,425,749,665</b>
<b>D. Net Increase/Decrease of Cash &amp; Cash Equivalent (A+B+C)</b>		<b>8,509,699,784</b>
Effect of Exchange Rate on Cash & Cash Equivalent		-
<b>E. Opening Cash &amp; Cash Equivalent</b>		<b>-</b>
<b>F. Closing Cash &amp; Cash Equivalent (D+E)</b>		<b>8,509,699,784</b>
<b>The above closing Cash and Cash Equivalents include:</b>		
Cash in hand (Including Foreign Currencies)		108,280,763
Balance with Bangladesh Bank, other banks & FI		8,401,419,021
		<b>8,509,699,784</b>

The annexed notes form an integral part of these financial statements

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

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

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

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

Signed in terms of our per annexed report of even date

**Place: Dhaka**

**Date: 25 February 2014**

**K. M. HASAN & CO**

**Chartered Accountants**



**UNION BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
For the period ended 31 December 2013

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 07 March 2013	4,280,000,000	-	145,749,665	-	-	4,425,749,665
Changes in Accounting Policy	-	-	-	-	-	-
<b>Restated Balance</b>	<b>4,280,000,000</b>	<b>-</b>	<b>145,749,665</b>	<b>-</b>	<b>-</b>	<b>4,425,749,665</b>
Surplus/Deficit on account of Revaluation of Properties	-	-	-	-	-	-
Surplus/Deficit on account of Revaluation of Investments	-	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	87,342,913	87,342,913
Dividends	-	-	-	-	-	-
Transfer to Statutory Reserve	-	33,468,582	-	-	(33,468,582)	-
Issue of Share Capital during the year	-	-	-	-	-	-
<b>Balance as on 31 December 2013</b>	<b>4,280,000,000</b>	<b>33,468,582</b>	<b>145,749,665</b>	<b>-</b>	<b>53,874,331</b>	<b>4,513,092,578</b>

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

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

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

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

Signed in terms of our per annexed report of even date

**Place: Dhaka**  
**Date: 25 February 2014**

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

**UNION BANK LIMITED**  
**LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)**  
As at 31 December 2013

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	2,063,851,312	-	-	-	-	2,063,851,312
Balance with other Banks and FI	195,848,472	3,950,000,000	2,300,000,000	-	-	6,445,848,472
Investments in Shares and Securities	30,484,738	-	-	300,000,000	-	330,484,738
Investments	-	-	40,626,116	7,268,194,612	-	7,308,820,728
Fixed Assets including Premises, Furniture and Fixtures	-	-	-	-	86,290,695	86,290,695
Other Assets	-	220,800,000	272,500,000	352,545,296	-	845,845,296
Non-banking Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>2,290,184,522</b>	<b>4,170,800,000</b>	<b>2,613,126,116</b>	<b>7,920,739,908</b>	<b>86,290,695</b>	<b>17,081,141,241</b>
<b>Liabilities</b>						
Placement from Banks & Other Financial Institutions	-	-	-	-	-	-
Deposits and other Accounts	598,186,028	6,046,203,811	5,346,122,671	174,686,200	-	12,165,198,710
Other Liabilities	-	-	65,000,000	337,849,953	-	402,849,953
<b>Total Liabilities</b>	<b>598,186,028</b>	<b>6,046,203,811</b>	<b>5,411,122,671</b>	<b>512,536,153</b>	<b>-</b>	<b>12,568,048,663</b>
<b>Net Liquidity Gap</b>	<b>1,691,998,494</b>	<b>(1,875,403,811)</b>	<b>(2,797,996,555)</b>	<b>7,408,203,755</b>	<b>86,290,695</b>	<b>4,513,092,578</b>

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

Place: Dhaka  
Date: 25 February 2014

**Union Bank Limited**  
**Notes to the Financial Statements**  
**For the period ended 31 December 2013**

**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 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 eleven (11) branches in the country. The Bank have no overseas branches as at December 31, 2013.

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 Shari'ah, 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 the Bank are made up to December 31, 2013 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, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

## **2.2 Basis of Consolidation**

The Financial Statements of UBL represent consolidated Statement of Affairs and Statement of Profit and Loss of all branches. All significant inter-branches transactions are eliminated on consolidation.

## **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 period in which the estimate is revised and in any future periods affected.

## **2.4 Accruals & 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 Statement of Cash Flows 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 periods to which they relate.

## **2.5 Revenue Recognition**

The revenues during the period 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 sale price 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 period end reviewed by the management and in compliance with Bangladesh Bank circulars.
- Dividend income on shares of joint stock companies is accounted for when it is received.
- 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 December 31 2013 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 2013 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 2013 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2013 were as:

Currency Name	Exchange Rate (TK)
US \$	77.7500
Euro	106.8363
Yen	0.7384
ACU	77.7500
GBP	128.0854
CHF	87.0953
SGD	61.2301
AUD	68.8243
CAD	72.5754

#### 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) Income on investment calculated on daily product basis and charged yearly.
- c) 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 and BRPD circular no 19, dated December 27, 2012 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 credits except "Bad/Loss"	5%
▪ 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 do not undermine or affect the amount claimed against the borrower by the bank.

**2.7.3 Valuation Method**

Considerable value of Investments have 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 par 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 period 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 Equipments	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 the year of acquisition, while no depreciation is charged in the year of disposal as per policy of UBL.

## 2.8 Liabilities and Provision

### 2.8.1 Taxation

Provision for corporate current income tax has been made @ 42.50% as prescribed in the Finance Act 2013 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 BAS-12: Income Taxes.

### 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 recognition is under process.

#### 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 length of service is eight (08) 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 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 Statement of Cash Flows**

Cash flow statement is to be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with a basis to assess the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows. Cash flows statement has been prepared under the direct method for the period, 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, money at call and short notice, etc. 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 period'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 "Earning 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 period.

#### **2.9.4.2 Diluted Earnings per Share**

No diluted earnings per share is required to calculate for the period as there was no scope for dilution during the period 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 Mark-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 review 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 achieve more customer satisfaction with less cost. In addition, it increases the efficiency of the banking and payment system, benefiting consumers and merchants leading to bringing 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 has implemented 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 ( Basel-II )**

To comply with the international best practice and to make the bank's capital more risk sensitive as well as to build the banking industry more shock absorbent and stable, Bangladesh Bank is aimed to implement Basel-II reporting from 2010. As per the directive of Bangladesh Bank, all schedule banks in Bangladesh are now reporting risk based capital adequacy for banks under Basel-II. All scheduled banks are also required to disclose capital adequacy in both quantitative terms.

## **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 January to December. However, this reporting period is from 07 March 2013 to 31 December 2013.

## **2.14 General**

The figures have been rounded off to the nearest taka.

	<b>2013</b>
	<b><u>Taka</u></b>
<b>3 CASH</b>	
<b>3.1 Cash in Hand</b>	
In Local Currency	108,280,763
In Foreign Currencies	-
	<b>108,280,763</b>
<b>3.2 Balance with Bangladesh Bank and its Agent Bank</b>	
In Local Currency	1,955,570,549
In Foreign Currencies	-
	<b>1,955,570,549</b>
	<b>2,063,851,312</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.	
<b>3.3 Cash Reserve Ratio (CRR): 6.00% of Average Demand and Time Liabilities:</b>	
Required Reserve	268,127,000
Actual Reserve maintained	1,887,295,000
	<b>1,619,168,000</b>
<b>3.4 Statutory Liquidity Ratio (SLR): 11.50% of Average Demand and Time Liabilities:</b>	
Required Reserve (including CRR)	513,909,000
Actual Reserve held (including CRR)	2,295,575,000
<b>Surplus/(Short)</b>	<b>1,781,666,000</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.	3,005,022
	<b>3,005,022</b>
<b>Others Accounts</b>	
<b>Mudaraba Short Notice Deposits</b>	
First Security Islami Bank Ltd.	192,843,450
	<b>192,843,450</b>
<b>Mudaraba Term Deposits</b>	
Reliance Finance Limited	6,050,000,000
Peoples Leasing and Financial Services Ltd.	200,000,000
	<b>6,250,000,000</b>
	<b>6,445,848,472</b>

		<b>2013</b>
		<b><u>Taka</u></b>
<b>C. Maturity-wise Grouping ( Inside and Outside Bangladesh)</b>		
Payable on Demand		195,848,472
Up to Three Months		3,950,000,000
Three Months to One Year		2,300,000,000
One Year to Five Years		
Above Five Years		
		<b><u>6,445,848,472</u></b>
<b>5 INVESTMENTS IN SHARES AND SECURITIES</b>		
<b>Government Securities</b>		
Bangladesh Govt. Islamic Investment Bonds		300,000,000
		<b>300,000,000</b>
<b>Others</b>		
<b>Quoted/Unquoted Shares (Note - 5.1)</b>		<b>30,484,738</b>
		<b><u>330,484,738</u></b>
<b>5.1 Quoted/Unquoted Shares</b>		
<b>Name of Companies</b>	<b>Acquisition cost (Taka)</b>	
<b>Quoted:</b>		
CVO Petrochemical Refinery Limited	12,774,595	
Fuwang Ceramic Industry Limited	291,060	
Global Heavy Chemicals Limited	277,857	
Grameenphone Ltd.	946,150	
Jamuna Oil Company Ltd.	949,995	
JMI Syringes & Medical Devices Ltd.	1,975,169	
Lafarge Surma Cement Ltd.	1,926,676	
Malek Spinning Mills Ltd.	613,745	
Meghna Petroleum Limited	4,448,443	
Orion Pharma Ltd.	616,376	
Paramount Textile Ltd.	424,768	
Rahima Food Corporation Ltd.	3,471,731	
Singer Bangladesh Ltd.	381,530	
Titas Gas Transmission & Distribution Co. Ltd.	588,103	
Unique Hotel & Resorts Ltd.	412,177	
Usmania Glass Sheet Factory Ltd.	386,363	
	<b><u>30,484,738</u></b>	
<b>5.2 Market Value of Quoted Shares</b>		<b><u>25,846,692</u></b>
<b>5.3 Maturity Grouping of Investments in Shares and Securities</b>		
On Demand	30,484,738	
Within One Month	-	
One Month to three Months	-	
Three Months to One Year	-	
One Year to Five Years	300,000,000	
More than Five Years	-	
	<b><u>330,484,738</u></b>	
<b>6 INVESTMENTS (All Inside Bangladesh)</b>		
General Investments (Bai-Murabaha, Bai - Muajjal, HPSM, etc.)(Note - 6.A)	7,308,820,728	
Bills Purchased and Discounted (Note - 6.B)	-	
	<b><u>7,308,820,728</u></b>	

	<b>2013</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)	1,877,071,638
Bai Murabaha against MTDR	1,367,255,323
HPSM (Real Estate)	9,755,196
HPSM (Transport)	3,987,205
Bai Murabaha General	4,026,619,582
HPSM (SME)	372,969
Quard against Car Leasing Scheme - staff	18,190,875
Quard against MTDR	1,100,820
HPSM Consumer Durables (Scheme)	4,467,120
	<b>7,308,820,728</b>
<b>Outside Bangladesh</b>	-
	<b><u>7,308,820,728</u></b>
<b>6.B Bills Purchased and Discounted</b>	
Payable in Bangladesh	-
Payable outside Bangladesh	-
	-
	<b><u>-</u></b>
<b>6.1 Maturity Grouping of Investments</b>	
Payable on Demand	-
Up to Three Months	-
Three Months to One Year	40,626,116
One Year to Five Years	7,268,194,612
Above Five Years	-
	<b>7,308,820,728</b>
	<b><u>7,308,820,728</u></b>
<b>6.2 Analysis to disclose the following Significant Concentration including Bills Purchased &amp; Discounted</b>	
Investments to Directors of other Banks	1,693,169,466
Investments to Chief Executive and Other high Officials	-
Investments to Customers Group	4,401,509,508
Investments to Industry	1,191,421,684
Investment to staff	22,720,070
	<b>7,308,820,728</b>
	<b><u>7,308,820,728</u></b>
<b>6.3 Investments to Customers for more than 15% of UBL's Total Eligible Capital</b>	
Number of Clients	-
Amount of Outstanding Investments	-
Funded	-
Non-funded	-
	<b><u>-</u></b>



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**Taka**

**6.4 Economic Sector wise Investments**

**Agriculture:**

Fishing	-
Tea	-
Others	-

**Textile and Readymade Garments:**

Garments	365,754,120
Readymade Garments - Export	-
Textile and Textile Products- Import	-
Others -Export	-
Others -Import	-
Medicine - Import	-
Chemical - Import	-
Contractor Finance	-
Transport	-
Bricks	-
Cold Storage	-
Steel and Engineering	-

**Internal Trade Finance:**

Whole Sale Trading	6,447,641,918
Retail Trading	372,968
Others	-

**House Building:**

Commercial	416,944,334
Staff	22,720,070

**Special Program:**

Consumer Finance and Hire Purchase Scheme	12,418,208
Others	42,969,110
	<b><u>7,308,820,728</u></b>

**6.5 Geographical Location-wise**

**Urban**

Dhaka	7,308,220,728
Chittagong	600,000
Barisal	-
Rajshahi	-
Khulna	-
Rangpur	-
Sylhet	-
	<b><u>7,308,820,728</u></b>

**Rural**

Dhaka	-
Chittagong	-
Khulna	-
Barisal	-
Sylhet	-
	<b><u>7,308,820,728</u></b>

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**6.6 Classification of Investments as per Bangladesh Bank Circular**

**Unclassified**

Standard  
Special Mention Account

7,308,820,728
-
<b>7,308,820,728</b>

**Classified:**

Sub-standard  
Doubtful  
Bad & Loss

-
-
-
-
<b>7,308,820,728</b>

**6.7 Particulars of Required Provision for Investments**

**Classification status**

**Unclassified**

Standard  
Special Mention Account

74,491,076
-
<b>74,491,076</b>

**Classified:**

Sub - Standard  
Doubtful  
Bad and Loss

-
-
-
-
<b>74,491,076</b>

Required Provision for Investments  
Total Provision Maintained  
**Provision Excess/ (Shortfall)**

74,491,076
75,100,000
<b>608,924</b>

\* Details of provision may kindly be in note 2.7.2

**6.8 Particulars of Investments**

i)	Investments considered good in respect of which the Bank Company is fully secured	1,312,109,497
ii)	Investments considered good for which the bank holds no Security other than the debtors personal security	5,996,711,231
iii)	Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	-
iv)	Investments adversely classified; provision not maintained there against	-
		<b>7,308,820,728</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.	-

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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.	-
<hr style="border-top: 3px double #000;"/>	
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.	-
<hr style="border-top: 3px double #000;"/>	
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.	-
<hr style="border-top: 3px double #000;"/>	
ix) Investment due from other banking companies	-
<hr style="border-top: 3px double #000;"/>	
x) Total amount of classified Investments on which profit is not credited to income	-
<hr style="border-top: 3px double #000;"/>	
a. Movement of classified Investments	
Opening balance	-
Increase/ (Decrease) during the year	-
	-
b. Amount of provision kept against investment classified as 'bad/loss' on the reporting date of Balance Sheet	-
<hr style="border-top: 3px double #000;"/>	
c. Profit credited to the profit/Rent/Compensation Suspense Account	-
<hr style="border-top: 3px double #000;"/>	
xi) Amount of written off Investment:	
a. Cumulative amount	-
b. Amount written off during the period	-
c. Total amount of written off (a+b)	-
<hr style="border-top: 3px double #000;"/>	
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.	-

**6.9 Security against Investments including bills purchased & discounted:**

Collateral of movable/immovable assets	210,273,230
Local banks & financial institutions guarantee	-
Government Guarantee	-
Foreign Banks guarantee	-
Export documents	-
Fixed deposits receipts:	-
Own MTDR	1,086,318,567
MTDR of other Banks	-
Government Bonds	-
Personal guarantee	5,996,711,231
Other security	15,517,700
Unsecured	-
	<b>7,308,820,728</b>

**2013**  
**Taka**

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

Payable within one month	-
Over one month but less than three months	-
Over three months but less than six months	-
Six Months and Above	-
	-

**7 Fixed Assets including premises, Furniture & Fixtures at cost less accumulated depreciation (Annexure-A)**

Furniture & Fixtures	16,079,459
Office Equipment	51,344,482
Vehicles	24,281,822
Books	2,520
	<b>91,708,283</b>
<b>Less: Accumulated Depreciation</b>	5,417,588
	<b>86,290,695</b>

**8 OTHER ASSETS**

Inter - branch Transaction Account (*)	62,086,900
Accrued Income on MTDR	434,800,000
Advances, Deposits and Prepayment (Note -8.1)	200,823,582
Advance Income Tax	28,829,440
Stock of Stationery	692,454
Suspense Account (Note- 8.2)	118,578,163
Stamps on Hand	34,758
	<b>845,845,297</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 31.12.2013 have been reconciled on 20.02.2014.

**8.1 Advance, Deposits and Prepayment**

Advance against Rent - Office	200,568,000
Prepayment	255,582
	<b>200,823,582</b>

**8.2 Suspense Account**

Sundry Debtors	92,713,328
Advance against New Branch	25,864,835
	<b>118,578,163</b>

**9 PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION**

**Inside Bangladesh**

Bangladesh Bank	-
	-

**Outside Bangladesh**

**A. Security- wise grouping**

Secured Placement	-
Unsecured Placement	-
	-

**B. Repayment Nature wise Grouping**

	<b>2013</b>
	<b><u>Taka</u></b>
Repayable on demand	-
Others	-
	<u>-</u>
<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	-
	<u>-</u>
<b>10 DEPOSITS AND OTHER ACCOUNTS</b>	
<b>A. Deposits Received from Banks (Note A-1 )</b>	<b>5,855,000,000</b>
<b>B. Other than Bank</b>	
Payable on Demand (Note B-1)	211,819,208
Other Deposits (Note B-2 )	6,098,379,503
	<b>6,310,198,711</b>
	<u><b>12,165,198,711</b></u>
<b>C. Maturity wise Grouping of Deposits and Other Accounts</b>	
Repayable within One Month	598,186,028
One Month to Three Months	6,046,203,812
Three Months to One Year	5,346,122,671
One Year to Five Years	174,686,200
Repayable over Five Years	-
	<b>12,165,198,711</b>
	<u><b>12,165,198,711</b></u>
<b>A-1 Deposits Received from Banks</b>	
AB Bank Limited	400,000,000
Islami Bank Bangladesh Ltd.	2,000,000,000
Trust Bank Ltd.	500,000,000
Rupali Bank Ltd	1,800,000,000
Pubali Bank Ltd.	100,000,000
Social Islami Bank Ltd.	200,000,000
Exim Bank Ltd.	500,000,000
Bank Asia Ltd.	200,000,000
Standard Bank Ltd.	155,000,000
	<b>5,855,000,000</b>
	<u><b>5,855,000,000</b></u>

	<b>2013</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
Repayable over One Month but within Six Months	5,455,000,000
Repayable over Six Months but within one Year	-
Repayable over One Year but within Five Years	-
Repayable over Five Years but within Ten Years	-
Unclaimed Deposits for Ten Years and above	-
	<b><u>5,855,000,000</u></b>
<b>B-1 Payable on Demand</b>	
Al-wadiah Current Deposits	183,788,332
Mudaraba Saving Deposits (9%) (Note-10.3)	3,344,322
Sundry Deposits (Note-10.1.1)	24,686,554
	<b><u>211,819,208</u></b>
<b>B- 2 Other Deposits</b>	
Mudaraba Saving Deposits (91%) (Note-10.3)	33,814,810
Mudaraba Term Deposits	5,681,460,529
Mudaraba Short Notice Deposits	203,025,122
Bills Payable (Note-10.2)	5,392,842
Mudaraba Deposit under Schemes (Note-10.5)	174,686,200
	<b><u>6,098,379,503</u></b>
<b>10.1 Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>	
Al-wadiah Current Deposits	183,788,332
Mudaraba Short Notice Deposits	203,025,122
Sundry Deposits (Note-10.1.1)	24,686,554
	<b><u>411,500,008</u></b>
<b>10.1.1 Sundry Deposits</b>	
Security Deposit on Letter of Guarantee	455,000
Sundry Creditors	2,487,400
Income Tax Deduction at Source -Profit on Deposit	18,173,310
Excise Duty on Deposit & Investment	749,110
VAT on Online Charge	143
VAT on Commission TT/DD/PO/LG	21
VAT on Service Charge and Others	57,977
VAT Deduction Bills Paid	604,397
VAT Deduction from advertisement Bill	102,030
VAT on Consultancy fee	18,255
VAT on Rent and Others	822,321
VAT on Directors Fee	15,000
Income Tax Deduction at Source - Office rent	358,473
Income Tax Deduction at Source - Bills	217,088
Income Tax Deduction at Source - Prof. & Tech. Service	11,050
Income Tax Deduction at Source - Advertising Bill	20,406
Income Tax Deduction at Source-Employee's	594,573
	<b><u>24,686,554</u></b>

	<b>2013</b>
	<b><u>Taka</u></b>
<b>10.2 Bills Payable</b>	
Pay Order Issued	5,392,842
	<b><u>5,392,842</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	3,344,322
91% of total Mudaraba Savings Bank Deposits	33,814,810
	<b><u>37,159,132</u></b>
<b>10.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping</b>	
Payable on Demand	598,186,028
Up to Three Months	6,046,203,811
From Three Months to Six Months	1,586,127,732
Above Six Months to One Year	3,305,942,958
Above One Year to Two Years	-
Above Two Years	-
	<b><u>11,536,460,529</u></b>
<b>10.5 Mudaraba Deposit under Schemes</b>	
Mudaraba Monthly Savings Scheme	4,481,500
Mudaraba Double Benefit Deposits Scheme	13,353,000
Mudaraba Profit Term Deposit	155,500,000
Mudaraba Millionaire Deposit Scheme	1,254,700
Mudaraba Marriage Scheme	10,000
Mudaraba Pension Scheme	3,000
Mudaraba Pension Prokolpo	84,000
	<b><u>174,686,200</u></b>
<b>11 OTHER LIABILITIES</b>	
Inter - branch Transaction Account	-
Provision for Taxation (Note-11.1)	80,000,000
Accumulated Provision against Investments(Note-11.3)	75,100,000
Accrued Profit and Expenses Payable (11.4)	214,472,829
Provision for Gratuity	3,000,000
Provisions for diminution in value of Investments in share	3,850,000
Provision for Zakat	3,000,000
Provident Fund	3,103,110
Benevolent Fund	113,704
Provision for Incentive Bonus	20,000,000
Provision for Audit fee	200,000
Others	10,310
<b>Total</b>	<b><u>402,849,953</u></b>
<b>11.1 Provision for Taxation during the year</b>	
Opening balance	-
Add : Provision made during the year	80,000,000
	<b><u>80,000,000</u></b>

	<b>2013</b>
	<b><u>Taka</u></b>
<b>11.2 Provision for Investments during the year</b>	
Specific Provision for Classified Investments	-
General Provision including off-B/S exposure	75,100,000
	<b><u>75,100,000</u></b>
<b>11.3 Accumulated Provision for Investments</b>	
Specific Provision for Classified Investments (Note -11.3.1)	-
General Provision including off-B/S exposure (Note -11.3.2)	75,100,000
	<b><u>75,100,000</u></b>
<b>11.3.1 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	-
Recoveries and Provisions no longer required	-
Net Charge to Profit and Loss Account	-
<b>Provision held at the end of the year</b>	<b>-</b>
<b>11.3.2 General Provision including off-balance sheet exposure</b>	
Provision held at the beginning of the year	-
Addition/transfer during the year	75,100,000
	<b><u>75,100,000</u></b>
<b>11.4 Accrued Profit and Expenses Payable</b>	
Profit Payable on MTDR	212,446,858
Profit Payable on Monthly Benefit Savings Scheme	1,771,175
Profit Payable on Double Benefit Savings Scheme	170,674
Profit Payable on Mudaraba Savings Deposit	69,881
Profit Payable on MMDS	14,124
Mudaraba Pension deposit Scheme	117
	<b><u>214,472,829</u></b>
<b>12 CAPITAL</b>	
<b>AUTHORISED CAPITAL</b>	
1,000,000,000 ordinary shares of Taka 10 each.	<b><u>10,000,000,000</u></b>
<b>12.1 Issued, Subscribed and Paid-Up Capital</b>	
428,000,000 Ordinary Shares of Taka 10 each issued	4,280,000,000
	<b><u>4,280,000,000</u></b>
<b>12.2 Category of shareholding as at 31 December 2013</b>	
<u>Name of Category</u>	<b><u>Percentage(%)</u></b>
Sponsors/Directors	100.00
Financial Institutes	-
Non-Resident Bangladeshi	-
General Public	-
	<b><u>100.00</u></b>



			2013
			<u>Taka</u>
<b>12.3 Classification of Shareholders by holding position as at 31 December 2013</b>			
<b>Shareholding Range</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>	
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	
	<b>428,000,000</b>	<b>100.00</b>	

**12.4 Capital Adequacy Ratio (Under Basel-II)**

**Tier-I ( Core Capital)**

Paid up Capital	4,280,000,000
Statutory Reserve	33,468,582
Other Reserve	145,749,665
Retained Earnings	53,874,330
	<b>4,513,092,577</b>

**Tier –II (Supplementary Capital)**

General Provision	75,100,000
Assets Revaluation Reserves	-
Subordinated Debt	-
	<b>75,100,000</b>

**Tier –III (eligible for market risk only)**

Short-term subordinated Debt	-
------------------------------	---

**A. Total Eligible Capital**

**4,588,192,577**

**B. Total Risk Weighted Assets**

13,313,600,000

**C. Minimum Capital Requirement based on Risk Weighted Assets (10% on B)**

1,331,360,000

**D. Surplus/(Deficiency)....(A - C)**

-

**Capital Adequacy Ratio (%)**

**34.46%**

**Capital Requirement**

	<b>Held</b>
Tier - I	33.90%
Tier - II	0.56%
Tier - III	-
<b>Total</b>	<b>34.46%</b>

**13 STATUTORY RESERVE**

Opening Balance	-
Transferred during the period from Profit & Loss A/C	33,468,582
Closing Balance	<b>33,468,582</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.

**14 OTHER RESERVE**

**145,749,665**

This represents profit prior to incorporation i.e. 07 March 2013.

**15 RETAINED EARNINGS**

Opening Balance	-
Add: Post tax profit for the period	87,342,913
Less: Transfer to Statutory Reserve	33,468,582
Closing Balance	<b>53,874,331</b>

2013  
Taka

**16 LETTER OF GUARANTEES**

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

Letters of Guarantee - Local	7,625,000
Letter of Guarantee - Foreign	-
	<b>7,625,000</b>
Less: Margin Taken on Guarantees	455,000
	<b><u>7,170,000</u></b>

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

Directors	-
Government	-
Banks and Other Financial Institutions	-
Others	7,625,000
	<b><u>7,625,000</u></b>

**17 IRREVOCABLE LETTERS OF CREDIT**

Letters of Credit - Cash	-
Letter of Credit - Cash Inland	-
Back to Back letters of Credit - Local	-
Back to Back letters of Credit - Foreign	-
	<b><u>-</u></b>

**18 BILLS FOR COLLECTION ISSUED BY THE BANK**

Foreign Documentary Bills	-
Outward Bills	-
Inland Documentary Bills	-
	<b><u>-</u></b>

**2013**  
**Taka**

**19 INVESTMENT INCOME**

**Profit Received from:**

Deposit with Other Banks	723,001,487
Bai Murabaha - General	110,203,763
Bai Murabaha Hypothecation	77,799,082
Bai Murabaha against MTD	42,517,578
Bai Muajjal General	18,889
Bai Murabaha Import Bill	21,067
HPSM Transport	185,205
HPSM Real Estate	471,816
HPSM Consumer Durables	159,673
HPSM SME	30,675
	<b>954,409,235</b>

**20 PROFIT PAID ON DEPOSITS**

**Profit Paid on:**

Mudaraba Term Deposit	546,708,459
Mudaraba Double Benefit Deposits Scheme	170,674
Mudaraba Monthly Savings Scheme	69,987
Mudaraba Monthly Benefit Savings Scheme	5,483,140
Mudaraba Savings Deposits	200,957
Mudaraba Short Notice Deposits	2,302,787
Mudaraba Marriage Scheme	85
Mudaraba Pension Deposit Scheme	32
Mudaraba Millionaire Deposit Scheme	14,124
	<b>554,950,245</b>

**21 INCOME FROM INVESTMENT IN SHARES & SECURITIES**

Bangladesh Govt. Islamic Investment Bond	300,000
Profit on sale of shares	493,582
	<b>793,582</b>

**22 COMMISSION, EXCHANGE AND BROKERAGE**

**182,501**

**23 OTHER OPERATING INCOME**

Account maintenance charge	143,759
Clearing cheque processing fee	2,512
Investment processing fee	792,500
Miscellaneous Earnings	192,339
	<b>1,131,110</b>

**2013**  
**Taka**

**24 SALARIES & ALLOWANCES**

Basic Salary	28,292,810
Bonus	25,194,526
Bank's Contribution to Staff Provident Fund	1,181,904
Gratuity	3,000,000
House Rent	10,376,097
Conveyance Allowance	1,086,806
Leave Fare Allowance	4,893,067
Entertainment Allowance	1,815,954
Medical Allowance	2,146,343
Utility Services	2,146,343
House Maintenance Allowance	2,725,355
Other Allowances	585,356
	<b>83,444,561</b>

**25 RENT, TAXES, INSURANCE, LIGHTING ETC.**

Rent	21,833,125
Insurance	1,654,242
Rates and Taxes	289,100
Water Charges	1,550
Gas Charges	9,280
Electric Bills	1,550,100
	<b>25,337,397</b>

**26 LEGAL EXPENSES**

Law Charges	5,500
Stamp	19,100
Other Professional Charges	25,700
	<b>50,300</b>

**27 POSTAGE, STAMP AND TELECOMMUNICATION**

Telephone - Office	402,066
Telegram, Telex, Internet, Fax and Email charge	167,256
Stamp	19,085
Telephone - Residence	461
Postage	91,706
	<b>680,574</b>

**28 STATIONERY, PRINTING AND ADVERTISEMENT**

Publicity and Advertisement	2,864,279
Printing and Stationery	789,289
	<b>3,653,568</b>

**29 MANAGING DIRECTOR'S SALARY AND FEES**

Basic Pay	2,903,226
House Rent Allowances	967,742
Leave Fare Allowance.	967,742
Bonus	1,600,000
House Maintenance Allowance	967,742
	<b>7,406,452</b>

**2013**  
**Taka**

**30 DIRECTORS' FEES**

Fees	805,000
Travel	1,093,650
	<b>1,898,650</b>

**31 SHARIAH COMMITTEE'S FEES**

Fees	50,000
Travel	-
	<b>50,000</b>

**32 DEPRECIATION AND REPAIRS OF FIXED ASSETS**

Depreciation on Fixed Assets (Annexure - A) **5,417,588**

**Repairs:**

Office equipment	137,785
Renovation and Maintenance of Office Premises	3,666,229
Furniture and Fixtures	1,000
Repair & Maintenance of Vehicle	556,830
	<b>9,779,432</b>

**33 OTHER EXPENSES**

Car Expense	2,236,706
Wages	3,759,964
Traveling	458,813
Donation and Subscription:	
Donation	30,000
Subscription	700,000
Newspaper and Periodicals	78,429
Entertainment	150,444
Conveyance	438,087
Bank charges	179,136
Refreshment	955,124
Holiday Banking allowances	76,200
Parties and Dinner	791,722
Medical Expense	436,430
Training, Seminar and Workshop	95,246
Photocopying	97,832
Generator Expenses	299,738
Honorium	64,500
Washing and Cleaning	6,758
Upkeep Branches Premises	201,731
Office Maintenance	700,687
Crockries Expense	29,835
Meeting Expenses	7,571,719
Miscellaneous Expenses	413,235
	<b>19,772,336</b>

	<b><u>2013</u></b>
	<b><u>Taka</u></b>
<b>34 EARNINGS PER SHARE</b>	
Net Profit after Tax	87,342,913
Number of Ordinary Shares (weighted average as per BAS-33 )	428,000,000
Earnings Per Share (EPS)	<b><u>0.20</u></b>
<b>35 RECEIVED FROM OTHER OPERATING ACTIVITIES</b>	
Account maintenance charge	143,759
Clearing cheque processing fee	2,512
Income from Shares and Securities	793,582
Investment processing fee	792,500
Miscellaneous Earnings	192,339
	<b><u>1,924,692</u></b>
<b>36 PAYMENT FOR OTHER OPERATING ACTIVITIES</b>	
Rent, Taxes, Insurances, Electricity etc.	25,337,397
Legal Expenses	50,300
Postage, Stamps, Telecommunications etc.	680,574
Directors' fees	1,898,650
Shariah Committee's fees	50,000
Other Expenses	19,772,336
	<b><u>47,789,257</u></b>
<b>37 INCREASE /DECREASE OF OTHER ASSETS</b>	
Inter - branch Transaction Account	62,086,900
Accrued Income on MTD R	434,800,000
Advances, Deposits and Prepayment	200,823,582
Advance Income Tax	28,829,440
Stock of Stationery	683,610
Suspense Account	118,578,163
Stamps on Hand	34,758
	<b><u>845,836,453</u></b>
(Increase)/Decrease during the period	<b><u>(845,836,453)</u></b>
<b>38 INCREASE /DECREASE OF OTHER LIABILITIES</b>	
Inter - branch Transaction Account	-
Profit/Rent/Compensation Suspense Account	10,310
Accrued Profit and Expenses Payable	214,463,985
Provision for Gratuity	3,000,000
Provident Fund	3,103,110
Benevolent Fund	113,704
Provision for Incentive Bonus	20,000,000
	<b><u>240,691,109</u></b>
Increase /(Decrease) during the period	<b><u>240,691,109</u></b>
<b>39 NUMBER OF EMPLOYEES</b>	
Executives and Officers	263
Members of Staff (Contractual)	54
	<b><u>317</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 Bangladesh Accounting Standard 24 (BAS: 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 Tk.)</u>
a. Northern General Insurance Company Ltd.	Insurance Premium	Common Director	<u>306,221</u>
b. Reliance Finance Ltd.	MTDR	Common Director	<u>6,050,000,000</u>
ii) Related Party Transactions			Nil
iii) Shares issued to Directors and Executives without consideration or exercisable at discount			Nil
iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991.			Nil
v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991			Nil
vi) Investment in the Securities of Directors and their related concern			Nil

#### 41 DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES:

<u>SI. No</u>	<u>Name of the Directors</u>	<u>Status with the</u>	<u>Names of firms/companies in which</u>
1	Shahidul Alam	Chairman	<u>Managing Director</u> Galco Steel (Bangladesh) Ltd. Prasad Paradise Resorts Ltd. S. Alam Vegetable Oil Ltd. <u>Proprietor</u> M/s. Tazin Enterprise Sonali Traders

<b>2 Belal Ahmed</b>	Vice Chairman	<p><b><u>Managing Director</u></b>  Unitex Spinning Ltd.  C &amp; A Fabrics Ltd.  C &amp; A Textile Ltd.  C &amp; A Accessories Ltd.  Knit Express Ltd.  Western Designer Ltd.  Formosa Elastics (BD) Ltd.  <b><u>Proprietor</u></b>  M/s Unitex</p>
<b>3 Hussain Muhammad Ershad</b>	Director	<p><b><u>Chairman</u></b>  Podagonj Cold Storage Ltd.</p>
<b>4 Muhammed Mosleh Uddin, FCA</b>	Director	<p><b><u>Nominee Director</u></b>  Reliance Finance Ltd.</p>
<b>5 Ashik Ahmed</b>	Director	<p><b><u>Director</u></b>  First Communications Ltd.  <b><u>Proprietor</u></b>  Ashik Trading</p>
<b>6 Ms. Marzina Sharmin</b>	Director	<p><b><u>Managing Director</u></b>  Unique Investment &amp; Securities Limited  Time Securities Limited  <b><u>Director</u></b>  Reliance Finance Limited  <b><u>Proprietor</u></b>  M/s. Marzina Trading</p>
<b>7 Mortuza Siddique Chowdhury</b>	Director	<p><b><u>Chairman</u></b>  Tower Aviation Ltd.  Al- Sharaf Airways Ltd.  MRM Trading Ltd.  Marsa Fishing Ltd.  <b><u>Managing Director</u></b>  Mortuza Assets Ltd.  <b><u>Director</u></b>  Al- Sharaf Ltd.</p>
<b>8 Md. Arshed</b>	Director	<p><b><u>Chairman</u></b>  C &amp; A Dietary &amp; Hospitality Ltd.  <b><u>Managing Director</u></b>  C &amp; A Real Estate Ltd.  C &amp; A Energy Ltd.  C &amp; A Diary Ltd  Khalid Enterprise Ltd.  C &amp; A Agro Ltd.\  C &amp; A Court Yard  C &amp; A Beverage Ltd.  <b><u>Nominee Director</u></b>  Time Securities Ltd.</p>



9	<b>Shahedul Huq</b>	Director	<p><b><u>Managing Partner</u></b> Crystal Bridge (Pvt) Ltd.</p> <p><b><u>Director</u></b> Murnaj Enterprise Ltd. United Trade International Pvt. Ltd Xebac Trading Service Ltd.</p>
10	<b>Ms. Shahana Ferdous</b>	Director	<p><b><u>Managing Director</u></b> Galco Steel (BD) Ltd.</p> <p><b><u>Director</u></b> S. Alam Super Edible Oil Ltd. Reliance Finance Limited</p> <p><b><u>Proprietor</u></b> M/S Shahnaj Trading</p>
11	<b>Morsalin Islam Shouradip</b>	Director	<p><b><u>Managing Director</u></b> Meghamala International Ltd. Meghamala Estate Ltd. Meghamala Mega Shop Ltd.</p>
12	<b>Showkat Hossain, FCA</b>	Director	<p><b><u>Chairman</u></b> Chriayata Shanti Society</p> <p><b><u>President</u></b> The Institute of Chartered Accountants of Bangladesh</p> <p><b><u>Vice Chairman</u></b> Comprehensive Services for Disabled</p> <p><b><u>Resident Partner</u></b> Hoda Vasi Chowdhury &amp; Co. Chartered Accountants</p> <p><b><u>Member</u></b> Board of Directors Chittagong WASA Chittagong Club Ltd. Maa Shishu O General Hospital, Chittagong Kidney Foundation SAHIC</p>
13	<b>Md. Rashedul Alam</b>	Director	<p><b><u>Director</u></b> S. Alam Steels Ltd. Bangladesh Petro Chemical Ltd. Riyadh International (Pvt) Ltd. S. Alam Hatchery Ltd. Ocean Resorts Ltd. S. Alam Properties Ltd. Fatehabad Farm Ltd. Global Trading Corporation Ltd. Maruf Pipe Mills Ltd.</p>
14	<b>Arif Ahmed</b>	Director	<p><b><u>Proprietor</u></b> M/s. Arif Traders A Proprietorship Firm</p>

15	<b>Mohammad Mostan Billah Adil</b>	Director	<b><u>Proprietor</u></b> M/s. Mostan Billah Adil
16	<b>Ms. Sarwar Jahan Maleque</b>	Director	<b><u>Vice- Chair Person</u></b> Jasco Capital Management Ltd. <b><u>Director</u></b> Jasco Bangladesh Ltd.
17	<b>Chowdhury Mohammed Hanif Sho</b>	Director	<b><u>Managing Director</u></b> Salma Trade International Ltd. BSB Spining Mills Ltd. Angan Properties Ltd.
18	<b>S.M. Anowar Sadat</b>	Director	<b><u>Managing Director</u></b> K.K Properties Ltd. <b><u>Proprietor</u></b> K.K Automobiles K.K Enterprise K.K Motors Mati Corporation Chiba Trading N.S Associates <b><u>Partner</u></b> Habibur Rahman & Brothers
19	<b>Mohammad Abdul Salam</b>	Director	<b><u>Managing Director</u></b> Multazim Spinning Mills Ltd. Matam Fibre Mills Ltd. Matam Spinning Mills Ltd. <b><u>Proprietor</u></b> Multazim International
20	<b>Ms. Farzana Begum</b>	Director	<b><u>Managing Director</u></b> Shah Amanat Prakritik Gas Co. Ltd. Lion Securities & Investment Ltd. <b><u>Director</u></b> Global Trading Corporation Ltd. <b><u>Proprietor</u></b> M/s. Farzana Trading Enterprise

## 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
Mohammad Mostan Billah Ak	Director	Member	Bachelor of Business Administration

b) During the period under review, the Audit Committee of the Board conducted 02 (two) meeting.

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

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

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 EVENT AFTER REPORTING PERIOD

a) The Board of Directors of the Bank in it's 9th Board meeting held 25 February 2014 approved the financial statements of the Bank for the period ended 31 December 2013 and 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.

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chairman

Place: Dhaka

Date: 25 February 2014

**UNION BANK LIMITED**  
**STATEMENT OF FIXED ASSETS**  
**AS ON 31 DECEMBER 2013**

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 '13
	Balance as on 07 March '13	Addition during the period	Sales/Transfer during the period	Balance as on 31 December '13	Balance as on 07 March '13	Charge during the period	Adjustment on sale/transfer during the period	Balance as on 31 December '13	
Furniture & Fixture	-	16,079,459	-	16,079,459	-	945,682	-	945,682	15,133,777
Office Equipment	-	51,343,982	-	51,343,982	-	3,662,012	-	3,662,012	47,681,970
Vehicles	-	24,281,822	-	24,281,822	-	809,394	-	809,394	23,472,428
Books	-	3,020	-	3,020	-	500	-	500	2,520
<b>Total Dec' 2013</b>	-	<b>91,708,283</b>	-	<b>91,708,283</b>	-	<b>5,417,588</b>	-	<b>5,417,588</b>	<b>86,290,695</b>

**Union Bank Limited**  
**Financial Highlights**  
For the period ended 31 December 2013

<b>Particulars</b>	<b>2013</b>
Paid-up Capital	4,280,000,000
Total Capital Fund	4,513,092,578
Capital Surplus/(deficit)	3,256,832,577
Total Assets	17,081,141,241
Total Deposits	12,165,198,711
Total Investments	7,308,820,728
Total Contingent Liabilities and Commitments	7,170,000
Investment Deposit Ratio (in %)	60.08%
Percentage of Classified Investments against total Investments(in %)	0.00%
Profit before tax & provision	246,292,913
Amount of Classified Investments during the year	-
Provision kept against Classified Investments	-
Provision Surplus/(deficit)	608,924
Cost of Fund	7.78%
Profit Earning Assets	14,085,153,938
Non-profit Earning Assets	2,995,987,303
Return on Investment in Shares & securities(ROI)(in %)	0.24%
Return on Assets (ROA)(in %)	1.44%
Income from Investment in Shares and Securities	793,582
Earnings Per Share (Tk.)	0.20
Net Income Per Share (Tk.)	0.20
Price Earnings Ratio (Times)	N/A