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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 2014

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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"), which comprise the balance sheet as at 31 December 2014 and profit and loss account, statement of changes in equity and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements of the bank that give a true and fair view in accordance with International Financial Reporting Standards (IFRS's) and 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.

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 (BSA). 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 our 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 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 2014, and financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS's) 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 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) 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 consolidated financial statements of the Group and the separate 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 to 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 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
- d) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- e) 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;
- f) 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.
- g) The financial position of the Bank as at 31 December 2014 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;
- h) The records and statements submitted by the branches have been maintained and consolidated in the financial statements.
- i) The expenditures incurred during the period were for the purposes of the business of the Bank;
- j) Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR) with Bangladesh Bank have been maintained as per rule;
- k) As far as it was revealed from our test checks, the existing rules and regulation for investment sanctioning and disbursements have been followed properly;
- l) It appeared from our test checks that the internal control system was satisfactory and adequate to prevent probable frauds and forgeries;
- m) Adequate capital of the Bank, as required by law, has been maintained during the period under audit;
- n) We were not aware of any other matters, which are required to be brought to the notice of the shareholders of the Bank;
- o) 80% of the Risk Weighted Assets have been reviewed by us;
- p) We have spent approximately 2,350 man hours for the audit of books and account of the Bank.

Place: Dhaka
Date: 26 February 2015

K. M. HASAN & CO.
Chartered Accountants

UNION BANK LIMITED
BALANCE SHEET
As at 31 December 2014

	<u>Notes</u>	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
<u>PROPERTY AND ASSETS</u>			
Cash	3	2,947,255,480	2,063,851,312
In hand (Including foreign currencies)	3.1	182,258,022	108,280,763
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	3.2	2,764,997,458	1,955,570,549
Balance with other Banks and Financial Institutions	4	6,780,123,150	6,445,848,472
In Bangladesh	4.A	6,755,752,963	6,445,848,472
Outside Bangladesh	4.B	24,370,187	-
Placement with Banks & other Financial Institutions		-	-
Investments in Shares & Securities	5	1,440,040,651	330,484,738
Government		1,400,000,000	300,000,000
Others		40,040,651	30,484,738
Investments	6	28,277,787,234	7,308,820,728
General Investment (Bai-Murabaha, Bai-Muajjal, HPSM) etc.	6.A	22,097,263,399	7,308,820,728
Bills Purchased and Discounted	6.B	6,180,523,835	-
Fixed Assets Including Premises, Furniture & Fixtures	7	411,280,682	86,290,695
Other Assets	8	1,095,042,270	845,845,297
Non-banking Assets		-	-
Total Assets		<u>40,951,529,467</u>	<u>17,081,141,242</u>
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
Placement from Banks & other Financial Institutions	9	-	-
Deposits and Other Accounts	10	34,767,309,800	12,165,198,711
Al-Wadia Current Accounts and Other Deposit Accounts	10.1	1,624,214,086	411,500,008
Bills Payable	10.2	171,196,226	5,392,842
Mudaraba Savings Bank Deposits	10.3	283,401,329	37,159,132
Mudaraba Term Deposits including other Banks	10.4	30,163,305,765	11,536,460,529
Mudaraba Deposits under Schemes	10.5	2,525,192,394	174,686,200
Other Liabilities	11	1,560,575,508	402,849,953
Total Liabilities		<u>36,327,885,308</u>	<u>12,568,048,664</u>
Capital/Shareholders' Equity			
Paid-up Capital	12	4,280,000,000	4,280,000,000
Statutory Reserve	13	75,578,898	33,468,582
Other Reserve	14	145,749,665	145,749,665
Retained Earnings	15	122,315,596	53,874,331
Total Shareholders' Equity		<u>4,623,644,159</u>	<u>4,513,092,578</u>
Total Liabilities and Shareholders' Equity		<u>40,951,529,467</u>	<u>17,081,141,242</u>

UNION BANK LIMITED
BALANCE SHEET
As at 31 December 2014

	<u>Notes</u>	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
OFF- BALANCE SHEET ITEMS			
Contingent Liabilities			
Acceptances and Endorsements		273,600,000	-
Letters of Guarantee	16	606,973,300	7,170,000
Irrevocable Letters of Credit	17	446,172,018	-
Bills for Collection	18	147,748,000	-
Other Contingent Liabilities		-	-
Total		<u>1,474,493,318</u>	<u>7,170,000</u>
Other Commitments			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the bank not acknowledged as debt		-	-
Total		<u>-</u>	<u>-</u>
Total Off -Balance Sheet Items Including			
Contingent Liabilities		<u>1,474,493,318</u>	<u>7,170,000</u>

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: 26 February 2015

K. M. HASAN & CO.
Chartered Accountants

UNION BANK LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2014

	<u>Notes</u>	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Investments Income	19	3,366,101,694	954,409,235
Profit Paid on Deposits	20	(2,444,287,200)	(554,950,245)
Net Investment Income		921,814,494	399,458,990
Income from Investment in shares and securities	21	19,060,545	793,582
Commission, Exchange and Brokerage	22	16,362,482	182,501
Other Operating Income	23	25,103,103	1,131,110
		60,526,130	2,107,193
Total Operating Income		982,340,624	401,566,183
Less: Operating Expenses			
Salary and Allowances	24	212,570,623	83,444,561
Rent, Taxes, Insurances, Electricity etc.	25	97,772,175	25,337,397
Legal Expenses	26	448,100	50,300
Postage, Stamps, Telecommunication etc.	27	6,646,148	680,574
Stationery, Printings, Advertisements etc.	28	39,407,318	3,653,568
Managing Director's Salary and Fees	29	8,800,000	7,406,452
Auditors' Fees		200,000	200,000
Directors' Fees	30	4,049,059	1,898,650
Shariah Committee's Fees	31	34,500	50,000
Depreciation and Repair of Fixed Assets	32	68,595,331	9,779,432
Zakat Expenses		4,625,000	3,000,000
Other Expenses	33	83,740,789	19,772,336
Total Operating Expenses		526,889,043	155,273,270
Profit before Provision and Tax		455,451,581	246,292,913
Provisions for Classified Investments		-	-
Provisions for Unclassified Investments including off-B/S items	11.2	244,900,000	75,100,000
Provisions for diminution in value of Investment in Shares		-	3,850,000
Total Provisions		244,900,000	78,950,000
Total Profit before Taxes		210,551,581	167,342,913
Provision for Taxation			
Current tax	2.8.1.1	100,447,573	80,000,000
Deferred tax	2.8.1.2	(447,573)	-
		100,000,000	80,000,000
Net Profit after tax for the year		110,551,581	87,342,913
Retained Earnings Brought Forward from Previous Year		53,874,331	-
		164,425,912	87,342,913
Appropriations:			
Statutory Reserve		42,110,316	33,468,582
Retained Earnings		122,315,596	53,874,331
		164,425,912	87,342,913
Earnings Per Share (EPS)	34	0.26	0.20

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: 26 February 2015

K. M. HASAN & CO.
Chartered Accountants

UNION BANK LIMITED
CASH FLOW STATEMENT
For the year ended 31 December 2014

	<u>Notes</u>	2014	2013
		Taka	Taka
A. Cash Flow from Operating Activities			
Profit received		3,337,034,428	519,609,235
Profit paid		(1,870,781,618)	(340,477,416)
Commission, exchange & brokerage received		16,362,482	182,501
Payment to employees		(221,370,623)	(90,851,013)
Payment to suppliers		(52,046,923)	(8,015,412)
Income tax paid		(133,245,653)	(28,829,440)
Received from other operating activities	35	44,163,648	1,924,692
Payment for other operating activities	36	<u>(200,059,354)</u>	<u>(47,798,101)</u>
Operating Profit before changes in Operating Assets & Liabilities		<u>920,056,387</u>	<u>5,745,046</u>
Changes in Operating Assets & Liabilities			
Investments to Customers		(20,968,966,506)	(7,308,820,728)
Increase/ Decrease of Other Assets	37	(86,892,898)	(382,207,013)
Deposits from Customers		22,602,111,089	12,165,198,711
Increase/ Decrease of Other Liabilities	38	<u>241,872,400</u>	<u>26,227,124</u>
		<u>1,788,124,085</u>	<u>4,500,398,094</u>
Net Cash Flow from Operating Activities		<u>2,708,180,472</u>	<u>4,506,143,140</u>
B. Cash Flow from Investing Activities			
Investment in Shares and Securities		(1,109,555,913)	(330,484,738)
Purchases of Property, Plant and Equipment		(380,945,713)	(91,708,283)
Sale of Property, Plant and Equipment		-	-
Net Cash Flow from Investing Activities		<u>(1,490,501,626)</u>	<u>(422,193,021)</u>
C. Cash Flow from Financing Activities			
Increase/(Decrease) in Share Capital		-	4,280,000,000
Increase/(Decrease) in Other reserve		-	145,749,665
Increase/(Decrease) in Placement from Banks & FI		-	-
Net Cash Flow from Financing Activities		<u>-</u>	<u>4,425,749,665</u>
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		<u>1,217,678,846</u>	<u>8,509,699,784</u>
Effect of Exchange Rate on Cash & Cash Equivalents		-	-
E. Opening Cash & Cash Equivalents		<u>8,509,699,784</u>	<u>-</u>
F. Closing Cash & Cash Equivalents (D+E)		<u>9,727,378,630</u>	<u>8,509,699,784</u>
The above closing Cash and Cash Equivalents include:			
Cash in hand (Including Foreign Currencies)		182,258,022	108,280,763
Balance with Bangladesh Bank, other banks & FI		<u>9,545,120,608</u>	<u>8,401,419,021</u>
		<u>9,727,378,630</u>	<u>8,509,699,784</u>

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: 26 February 2015

K. M. HASAN & CO.
Chartered Accountants

UNION BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Revaluation Reserve	Retained Earnings	Total
	Taka	Taka	Taka	Taka	Taka	Taka
Balance as on 01 January 2014	4,280,000,000	33,468,582	145,749,665	-	53,874,331	4,513,092,578
Changes in Accounting Policy	-	-	-	-	-	-
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 year	-	-	-	-	110,551,581	110,551,581
Dividends	-	-	-	-	-	-
Transfer to Statutory Reserve	-	42,110,316	-	-	(42,110,316)	-
Issue of Share Capital during the year	-	-	-	-	-	-
Balance as on 31 December 2014	4,280,000,000	75,578,898	145,749,665	-	122,315,596	4,623,644,159
Balance as on 31 December 2013	4,280,000,000	33,468,582	145,749,665	-	53,874,331	4,513,092,578

Managing Director

Director

Director

Chairman

Signed in terms of our separate report of even date

Place: Dhaka
Date: 26 February 2015

K. M. HASAN & CO.
Chartered Accountants

UNION BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
As at 31 December 2014

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
Assets						
Cash	2,947,255,480	-	-	-	-	2,947,255,480
Balance with other Banks and FI	218,410,537	4,036,300,000	2,525,412,613	-	-	6,780,123,150
Investments in Shares and Securities	40,040,651	-	300,000,000	1,100,000,000	-	1,440,040,651
Investments	2,101,200,000	5,451,600,000	13,000,320,000	7,724,667,234	-	28,277,787,234
Fixed Assets including Premises, Furniture & Fixtures	-	-	-	-	411,280,682	411,280,682
Other Assets	20,800,000	489,700,000	433,400,000	151,142,270	-	1,095,042,270
Non-banking Assets	-	-	-	-	-	-
Total Assets	5,327,706,668	9,977,600,000	16,259,132,613	8,975,809,504	411,280,682	40,951,529,467
Liabilities						
Placement from Banks & Other Financial Institutions	-	-	-	-	-	-
Deposits and other Accounts	2,309,200,000	15,701,800,000	14,636,200,000	2,120,109,800	-	34,767,309,800
Other Liabilities	248,600,000	637,100,000	323,900,000	350,975,508	-	1,560,575,508
Total Liabilities	2,557,800,000	16,338,900,000	14,960,100,000	2,471,085,308	-	36,327,885,308
Net Liquidity Gap	2,769,906,668	(6,361,300,000)	1,299,032,613	6,504,724,196	411,280,682	4,623,644,159

Managing Director

Director

Director

Chairman

Place: Dhaka

Date: 26 February 2015

UNION BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

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 Shariah 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 twenty seven (27) branches in the country. The Bank have no overseas branches as at 31 December 2014.

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 31 December 2014 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, International Accounting Standards and International 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 Balance Sheet and Profit and Loss Accounts 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 year 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 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 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 year 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 2014 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 2014 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 2014 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2014 were as:

Currency Name	Exchange Rate (TK)
US \$	78.3000
Euro	95.3203
Yen	0.6556
ACU	78.3000
GBP	122.0191
CHF	79.6190
SGD	58.9299
AUD	63.6775
CAD	67.1428

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 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 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 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 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 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 @ 42.50% as prescribed in the Finance Act 2014 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 (42.50%) 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 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 "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 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 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 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 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 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 (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 01 January to 31 December. The reporting year of 2014 from 01 January 2014 to 31 December 2014. However, the reporting year of 2013 from 07 March 2013 to 31 December 2013.

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.

	2014	2013
	<u>Taka</u>	<u>Taka</u>
3 CASH		
3.1 Cash in Hand		
In Local Currency	180,706,229	108,280,763
In Foreign Currencies	1,551,793	-
	182,258,022	108,280,763
3.2 Balance with Bangladesh Bank and its Agent Bank		
In Local Currency	2,734,081,394	1,955,570,549
In Foreign Currencies	30,916,064	-
	2,764,997,458	1,955,570,549
	2,947,255,480	2,063,851,312
3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act. 1991 and subsequent BCD Circular No.13 dated May 24,1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February, 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010, MPD circular # 04 & 05 dated 01 December 2010 and MPD circular # 01 dated 23 June 2014.		
3.4 Cash Reserve Ratio (CRR): 6.50% of Average Demand and Time Liabilities		
Required Reserve	1,825,553,440	268,127,000
Actual Reserve maintained	2,485,702,553	1,887,295,000
Surplus/(Short)	660,149,113	1,619,168,000
3.5 Statutory Liquidity Ratio (SLR): 12.00% of Average Demand and Time Liabilities:		
Required Reserve (including CRR)	3,370,252,440	513,909,000
Actual Reserve held (including CRR)	4,066,217,000	2,295,575,000
Surplus/(Short)	695,964,560	1,781,666,000
4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
A. Inside Bangladesh		
Al-Wadiah Current Accounts		
Janata Bank Ltd.	537,831	3,005,022
	537,831	3,005,022
Others Accounts:		
Mudaraba Short Notice Deposits		
First Security Islami Bank Ltd.	193,477,519	192,843,450
Prime Bank Ltd.	25,000	-
	193,502,519	192,843,450
Mudaraba Term Deposits		
Reliance Finance Limited	6,471,712,613	6,050,000,000
Peoples Leasing and Financial Services Ltd.	-	200,000,000
Phoenix Finance and Investments Ltd.	90,000,000	-
	6,561,712,613	6,250,000,000
	6,755,752,963	6,445,848,472

				2014	2013
				<u>Taka</u>	<u>Taka</u>
B. Outside Bangladesh	<u>Currency</u>	<u>Amount</u>	<u>Rate</u>		
Current Account					
Sonali Bank (UK) Limited, UK	EURO	50,000.00	95.3203	4,766,015	-
Sonali Bank (UK) Limited, UK	GBP	17,225.00	122.0191	2,101,779	-
Sonali Bank (UK) Limited, UK	USD	136,885.72	78.3000	10,718,152	-
Habib Bank Limited, New York, USA	USD	13,130.06	78.3000	1,028,084	-
Habib Bank Limited, Karachi, Pakistan	ACU	10,273.50	78.3000	804,415	-
AB Bank Ltd., Mumbai, India	ACU	31,657.38	78.3000	2,478,773	-
United Bank of India, Kolkata, India	ACU	31,440.84	78.3000	2,461,818	-
National Bank of Pakistan, Tokyo, Japan	JPY	17,010.00	0.6556	11,152	-
				<u>24,370,187</u>	<u>-</u>
Total (A+B)				<u>6,780,123,150</u>	<u>6,445,848,472</u>

	2014	2013
	Taka	Taka
C. Maturity-wise Grouping (Inside and Outside Bangladesh)		
Payable on Demand	218,410,537	195,848,472
Up to Three Months	4,036,300,000	3,950,000,000
Three Months to One Year	2,525,412,613	2,300,000,000
One Year to Five Years	-	-
Above Five Years	-	-
	6,780,123,150	6,445,848,472
5 INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
Bangladesh Govt. Islamic Investment Bonds	1,400,000,000	300,000,000
	1,400,000,000	300,000,000
Others		
Quoted Shares (Note - 5.1)	40,040,651	30,484,738
	1,440,040,651	330,484,738
5.1 Quoted Shares		
Name of Companies	Acquisition cost	Acquisition cost
CVO Petrochemical Refinery Limited	18,048,657	12,774,595
Confidence Cement Ltd.	673,845	-
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.	16,175,946	1,926,676
Legacy Footwear Ltd.	5,820	-
Malek Spinning Mills Ltd.	-	613,745
Matin Spining Mills Ltd.	369,030	-
Meghna Petroleum Limited	-	4,448,443
Orion Pharma Ltd.	-	616,376
Paramount Textile Ltd.	-	424,768
Rahima Food Corporation Ltd.	4,051,341	3,471,731
Singer Bangladesh Ltd.	-	381,530
Titas Gas Transmission & Distribution Co. Ltd.	-	588,103
Tallu Spinning Mills Ltd.	716,012	-
Unique Hotel & Resorts Ltd.	-	412,177
Usmania Glass Sheet Factory Ltd.	-	386,363
	40,040,651	30,484,738
5.2 Market Value of Quoted Shares	53,423,855	25,846,692
5.3 Maturity Grouping of Investments in Shares and Securities		
On Demand	40,040,651	30,484,738
Within One Month	-	-
One Month to three Months	-	-
Three Months to One Year	300,000,000	-
One Year to Five Years	1,100,000,000	300,000,000
More than Five Years	-	-
	1,440,040,651	330,484,738
6 INVESTMENTS (All Inside Bangladesh)		
General Investments (Bai-Murabaha, Bai-Muajjal, HPSM, etc.)(Note-6.A)	22,097,263,399	7,308,820,728
Bills Purchased and Discounted (Note - 6.B)	6,180,523,835	-
	28,277,787,234	7,308,820,728

	2014	2013
	Taka	Taka
6.A General Investment (Bai-Murabaha, Bai - Muajjal, HPSM) etc.		
Inside Bangladesh		
Bai Murabaha (Hypo)	1,449,227,826	1,877,071,638
Bai Murabaha against MTDR	3,821,189,619	1,367,255,323
Bai Murabaha TR	2,498,324,223	-
Bai Murabaha (Post Import) TR	5,066,470	-
Bai Murabaha (TR) SME	214,786,050	-
Bai Murabaha Agriculture	431,972,381	-
Bai Murabaha (TR) Agriculture	18,858,679	-
Bai Muajjal	52,516,500	-
HPSM (Real Estate)	943,760,428	9,755,196
HPSM (Transport)	7,647,929	3,987,205
Bai Murabaha General	11,110,528,036	4,026,619,582
HPSM (SME)	580,465	372,969
HPSM House Building Staff	17,244,382	-
HPSM House Building General	21,955,783	-
HPSM Industrial Term	692,474,413	-
HPSM Machinery	118,969,887	-
Quard against MTDR	633,387,530	1,100,820
Quard against Car Leasing Scheme staff	28,543,735	18,190,875
HPSM Consumer Durables (Scheme)	30,229,063	4,467,120
	22,097,263,399	7,308,820,728
Outside Bangladesh	-	-
	22,097,263,399	7,308,820,728
6.B Bills Purchased and Discounted		
Payable in Bangladesh	6,180,523,835	-
Payable outside Bangladesh	-	-
	6,180,523,835	-
	28,277,787,234	7,308,820,728
6.1 Maturity Grouping of Investments		
Payable on Demand	2,101,200,000	-
Up to Three Months	5,451,600,000	-
Three Months to One Year	13,000,320,000	40,626,116
One Year to Five Years	7,724,667,234	7,268,194,612
Above Five Years	-	-
	28,277,787,234	7,308,820,728
6.2 Analysis to disclose the following Significant Concentration including Bills Purchased & Discounted		
Investments to Directors of other Banks	4,314,507,663	1,693,169,466
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	18,715,291,036	4,401,509,508
Investments to Industry	5,178,612,998	1,191,421,684
Investment to staff	69,375,537	22,720,070
	28,277,787,234	7,308,820,728
6.3 Investments to Customers amounting to 10% or more of UBL's Total Eligible Capital		
Number of Clients	07	-
Amount of Outstanding Investments		
Funded	4,026,800,000	-
Non-funded	781,000,000	-
	4,807,800,000	-
6.4 Economic Sector wise Investments		
Agriculture:	450,831,059	-
Fishing	-	-
Tea	-	-
Others	450,831,059	-
Textile and Readymade Garments:	6,696,118,515	365,754,120
Garments	496,218,149	365,754,120
Readymade Garments - Export	24,180,500	-
Textile and Textile Products- Import	-	-
Others -Export	6,156,343,335	-
Others -Import	13,369,864	-
Medicine - Import	-	-
Chemical - Import	-	-
Contractor Finance	-	-
Transport	-	-
Bricks	6,006,667	-
Cold Storage	-	-
Steel and Engineering	-	-

	2014	2013
	<u>Taka</u>	<u>Taka</u>
Internal Trade Finance:	14,800,680,293	6,448,014,886
Whole Sale Trading	14,222,916,780	6,447,641,918
Retail Trading	577,763,513	372,968
Others	-	-
House Building:	2,668,136,333	439,664,404
Commercial	2,598,760,796	416,944,334
Staff	69,375,537	22,720,070
Special Program:	3,662,021,034	55,387,318
Consumer Finance and Hire Purchase Scheme	136,782,479	12,418,208
Others	3,525,238,555	42,969,110
	<u>28,277,787,234</u>	<u>7,308,820,728</u>
6.5 Geographical Location-wise Investments		
<u>Urban</u>		
Dhaka	17,350,475,754	7,308,220,728
Chittagong	9,991,895,842	600,000
Barisal	-	-
Rajshahi	4,151,926	-
Khulna	2,340,155	-
Rangpur	-	-
Sylhet	4,344,408	-
	<u>27,353,208,085</u>	<u>7,308,820,728</u>
<u>Rural</u>		
Dhaka	118,447,816	-
Chittagong	791,731,362	-
Khulna	-	-
Barisal	-	-
Rangpur	13,051,558	-
Sylhet	1,348,413	-
	<u>924,579,149</u>	<u>-</u>
	<u>28,277,787,234</u>	<u>7,308,820,728</u>
6.6 Classification of Investments as per Bangladesh Bank Circular		
<u>Unclassified</u>		
Standard	28,277,787,234	7,308,820,728
Special Mention Account	-	-
	<u>28,277,787,234</u>	<u>7,308,820,728</u>
<u>Classified:</u>		
Sub-standard	-	-
Doubtful	-	-
Bad & Loss	-	-
	<u>28,277,787,234</u>	<u>7,308,820,728</u>
6.7 Particulars of Required Provision for Investments		
<u>Classification status</u>		
<u>Unclassified</u>		
Standard	313,018,462	74,491,076
Special Mention Account	-	-
	<u>313,018,462</u>	<u>74,491,076</u>
<u>Classified:</u>		
Sub - Standard	-	-
Doubtful	-	-
Bad and Loss	-	-
	<u>313,018,462</u>	<u>74,491,076</u>
Required Provision for Investments	313,018,462	74,491,076
Total Provision Maintained	320,000,000	75,100,000
Provision Excess/ (Shortfall)	<u>6,981,538</u>	<u>608,924</u>

* Details of provision may kindly be in note 2.7.2

	2014 <u>Taka</u>	2013 <u>Taka</u>
6.8 Particulars of Investments		
i) Investments considered good in respect of which the Bank Company is fully secured	21,746,747,439	1,312,109,497
ii) Investments considered good for which the bank holds no Security other than the debtors personal security	4,633,663,487	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	1,897,376,308	-
iv) Investments adversely classified; provision not maintained there against	-	-
	<u>28,277,787,234</u>	<u>7,308,820,728</u>
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	-	-
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.	-	-

	2014 <u>Taka</u>	2013 <u>Taka</u>
6.9 Security against Investments including bills purchased & discounted:		
Collateral of movable/immovable assets	11,111,646,445	210,273,230
Local banks & financial institutions guarantee	-	-
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	6,180,523,845	-
Fixed deposits receipts:	-	-
Own MTDR	4,454,577,149	1,086,318,567
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	6,531,039,795	5,996,711,231
Other security	-	15,517,700
Unsecured	-	-
	<u>28,277,787,234</u>	<u>7,308,820,728</u>
6.10 Maturity Grouping of Bills Purchased and Discount		
Payable within one month	1,236,104,767	-
Over one month but less than three months	927,078,575	-
Over three months but less than six months	4,017,340,493	-
Six Months and Above	-	-
	<u>6,180,523,835</u>	<u>-</u>
7 FIXED ASSETS INCLUDING PREMISES, FURNITURE & FIXTURES AT COST LESS ACCUMULATED DEPRECIATION (ANNEXURE-A)		
Furniture & Fixtures	174,174,691	16,079,459
Office Equipment	226,873,557	51,343,982
Vehicles	71,601,822	24,281,822
Books	3,926	3,020
	<u>472,653,996</u>	<u>91,708,283</u>
Less: Accumulated Depreciation	61,373,314	5,417,588
	<u>411,280,682</u>	<u>86,290,695</u>
8 OTHER ASSETS		
Inter - branch Transaction Account (*)	20,822,214	62,086,900
Accrued Income on MTDR	463,867,266	434,800,000
Advances, Deposits and Prepayment (Note - 8.1)	270,468,916	200,823,582
Advance Income Tax	162,075,093	28,829,440
Stock of Stationery	4,620,541	692,454
Suspense Account (Note - 8.2)	172,546,487	118,578,163
Stamps on Hand	194,180	34,758
Deferred tax asset (Note - 2.8.1.2)	447,573	-
	<u>1,095,042,270</u>	<u>845,845,297</u>
(*) 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 31.12.2014 have been reconciled on 22.02.2015.		
8.1 Advance, Deposits and Prepayment		
Advance against Rent - Office	269,964,499	200,568,000
Prepayment	504,417	255,582
	<u>270,468,916</u>	<u>200,823,582</u>
8.2 Suspense Account		
Sundry Debtors	122,383,252	92,713,328
Advance against TA/DA	20,500	-
Advance against New Branch	50,142,735	25,864,835
	<u>172,546,487</u>	<u>118,578,163</u>

	2014 <u>Taka</u>	2013 <u>Taka</u>
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		
Repayable on demand	-	-
Others	-	-
	-	-
C. Maturity Analysis		
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	-	-
	-	-
10 DEPOSITS AND OTHER ACCOUNTS		
A. Deposits Received from Banks (Note A-1)	4,601,000,000	5,855,000,000
B. Other than Bank		
Payable on Demand (Note B-1)	1,006,724,825	211,819,208
Other Deposits (Note B-2)	29,159,584,975	6,098,379,503
	30,166,309,800	6,310,198,711
	34,767,309,800	12,165,198,711
C. Maturity wise Grouping of Deposits and Other Accounts		
Repayable within One Month	2,309,200,000	598,186,028
One Month to Three Months	15,701,800,000	6,046,203,812
Three Months to One Year	14,636,200,000	5,346,122,671
One Year to Five Years	2,120,109,800	174,686,200
Repayable over Five Years	-	-
	34,767,309,800	12,165,198,711
A-1 Deposits Received from Banks		
AB Bank Limited	450,000,000	400,000,000
Islami Bank Bangladesh Ltd.	3,500,000,000	2,000,000,000
Trust Bank Ltd.	200,000,000	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.	200,000,000	500,000,000
Bank Asia Ltd.	250,000,000	200,000,000
Sonali Bank Ltd.	1,000,000	-
Standard Bank Ltd.	-	155,000,000
	4,601,000,000	5,855,000,000
Maturity wise Grouping of Deposits Received from Banks		
Repayable on Demand	-	-
Repayable within One Month	1,550,000,000	400,000,000
Repayable over One Month but within Six Months	3,050,000,000	5,455,000,000
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	-	-
	4,601,000,000	5,855,000,000

	2014	2013
	<u>Taka</u>	<u>Taka</u>
B-1 Payable on Demand		
Al-wadiah Current Deposits	908,481,252	183,788,332
Mudaraba Saving Deposits (9%) (Note-10.3)	25,506,120	3,344,322
Sundry Deposits (Note-10.1.1)	72,737,453	24,686,554
	<u>1,006,724,825</u>	<u>211,819,208</u>
B- 2 Other Deposits		
Mudaraba Saving Deposits (91%) (Note-10.3)	257,895,209	33,814,810
Mudaraba Term Deposits	25,562,305,765	5,681,460,529
Mudaraba Short Notice Deposits	642,995,381	203,025,122
Bills Payable (Note-10.2)	171,196,226	5,392,842
Mudaraba Deposit under Schemes (Note-10.5)	2,525,192,394	174,686,200
	<u>29,159,584,975</u>	<u>6,098,379,503</u>
10.1 Al-Wadiah Current Accounts & Other Deposit Accounts		
Al-wadiah Current Deposits	908,481,252	183,788,332
Mudaraba Short Notice Deposits	642,995,381	203,025,122
Sundry Deposits (Note-10.1.1)	72,737,453	24,686,554
	<u>1,624,214,086</u>	<u>411,500,008</u>
10.1.1 Sundry Deposits		
Security Deposit	30,128,283	455,000
Sundry Creditors	6,571,147	2,487,400
Income Tax Deduction at Source -Profit on Deposit	27,182,757	18,173,310
Income Tax on Local L/C	69,350	-
Income Tax on Export bill	179,887	-
Excise Duty on Deposit & Investment	5,551,488	749,110
VAT on Online Charge	1,036	143
VAT on Commission TT/DD/PO/LG	186	21
VAT on Service Charge and Others	463,820	57,977
VAT Deduction Bills Paid	405,118	604,397
VAT Deduction from advertisement Bill	401,877	102,030
VAT on Consultancy fee	-	18,255
VAT on Rent and Others	191,807	822,321
VAT on Directors Fee	1,500	15,000
VAT on L/C	146,408	-
VAT on Postage	45	-
VAT on Security Service	55,199	-
VAT on Swift Charge	17,667	-
VAT on L/C Advising Charge	452	-
VAT on EXP Issue Charge	270	-
VAT on Acceptance Commission	41,634	-
Income Tax Deduction at Source - Office rent	106,760	358,473
Income Tax Deduction at Source - Bills	382,887	217,088
Income Tax Deduction at Source - Prof. & Tech. Service	-	11,050
Income Tax Deduction at Source - Advertising Bill	64,112	20,406
Income Tax Deduction at Source-Employee's	773,763	594,573
	<u>72,737,453</u>	<u>24,686,554</u>
10.2 Bills Payable		
Pay Order Issued	<u>171,196,226</u>	<u>5,392,842</u>
10.3 Mudaraba Savings Bank Deposits		
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	25,506,120	3,344,322
91% of total Mudaraba Savings Bank Deposits	257,895,209	33,814,810
	<u>283,401,329</u>	<u>37,159,132</u>
10.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
Payable on Demand	156,300,000	598,186,028
Up to Three Months	15,743,592,009	6,046,203,811
From Three Months to Six Months	3,985,595,574	1,586,127,732
Above Six Months to One Year	10,272,618,182	3,305,942,958
Above One Year to Two Years	350,000	-
Above Two Years	4,850,000	-

	2014	2013
	Taka	Taka
	30,163,305,765	11,536,460,529
10.5 Mudaraba Deposit under Schemes		
Mudaraba Monthly Savings Scheme	62,513,660	4,481,500
Mudaraba Double Benefit Deposits Scheme	1,582,686,308	13,353,000
Mudaraba Profit Term Deposit	840,104,418	155,500,000
Mudaraba Millionaire Deposit Scheme	33,318,204	1,254,700
Kotipoti Deposit Scheme	403,500	-
Mudaraba Marriage Scheme	703,832	10,000
Mudaraba Pension Scheme	86,605	3,000
Mudaraba Hajj Deposit Scheme	67,000	-
Mudaraba Pension Prokolpo	5,308,867	84,000
	2,525,192,394	174,686,200
11 OTHER LIABILITIES		
Inter - branch Transaction Account	-	-
Provision for Taxation (Note-11.1)	180,447,573	80,000,000
Accumulated Provision against Investments (Note-11.3)	320,000,000	75,100,000
Accrued Profit and Expenses Payable (Note-11.4)	787,978,411	214,472,829
Provision for Gratuity	4,060,000	3,000,000
Provisions for diminution in value of Investments in share	3,850,000	3,850,000
Provision for Zakat	7,625,000	3,000,000
Provident Fund	125,677	3,103,110
Benevolent Fund	1,329,446	113,704
Provision for Incentive Bonus	5,979,386	20,000,000
Provision for Audit fee	200,000	200,000
Clearing adjustment account	248,068,439	-
Others	911,576	10,310
	1,560,575,508	402,849,953
11.1 Provision for Taxation during the year		
Opening balance	80,000,000	-
Add : Provision made during the year	100,447,573	80,000,000
Closing balance	180,447,573	80,000,000
Assessment for the year 2013, return has been submitted u/s 82BB of Income Tax Ordinance 1984 but not yet completed and		
11.2 Provision for Investments during the year		
Specific Provision for Classified Investments	-	-
General Provision including off-B/S exposure	244,900,000	75,100,000
	244,900,000	75,100,000
11.3 Accumulated Provision for Investments		
Specific Provision for Classified Investments (Note -11.3.1)	-	-
General Provision including off-B/S exposure (Note -11.3.2)	320,000,000	75,100,000
	320,000,000	75,100,000
11.3.1 Movement in Specific Provision for Classified Investments		
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	-	-
Provision held at the end of the year	-	-
11.3.2 General Provision including off-balance sheet exposure		
Provision held at the beginning of the year	75,100,000	-
Addition/transfer during the year	244,900,000	75,100,000
Provision held at the end of the year	320,000,000	75,100,000
11.4 Accrued Profit and Expenses Payable		
Profit Payable on MTDR	716,857,831	212,446,858
Profit Payable on Monthly Benefit Savings Scheme	2,042,903	69,881
Profit Payable on Double Benefit Savings Scheme	61,995,606	170,674
Profit Payable Term Deposit (PTD)	5,649,317	1,771,175
Profit Payable on Mudaraba Pension Prokolpo	221,093	-
Profit Payable on Marriage Deposit Scheme	14,928	-
Mudaraba Hajj Deposit Scheme	1,592	-
Profit Payable on MMDS	1,182,573	14,124
Profit Payable on MKDS	8,249	-
Mudaraba Pension deposit Scheme	4,319	117

	2014	2013
	Taka	Taka
	787,978,411	214,472,829
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 2014		
<u>Name of Category</u>	<u>Percentage(%)</u>	<u>Percentage(%)</u>
Sponsors/Directors	100.00	100.00
Financial Institutions	-	-
Non-Resident Bangladeshi	-	-
General Public	-	-
	100.00	100.00
12.3 Classification of Shareholders by holding position as at 31 December 2014		
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
12.4 Capital Adequacy Ratio (Under Basel-II)		
<u>Tier-I (Core Capital)</u>		
Paid up Capital	4,280,000,000	4,280,000,000
Statutory Reserve	75,578,898	33,468,582
Other Reserve	145,749,665	145,749,665
Retained Earnings	122,315,596	53,874,331
	4,623,644,159	4,513,092,578
<u>Tier –II (Supplementary Capital)</u>		
General Provision	320,000,000	75,100,000
Assets Revaluation Reserves	-	-
Subordinated Debt	-	-
	320,000,000	75,100,000
<u>Tier –III (Eligible for market risk only)</u>		
Short-term subordinated Debt	-	-
	4,943,644,159	4,588,192,578
A. Total Eligible Capital		
	34,552,800,000	13,313,600,000
B. Total Risk Weighted Assets		
	3,455,280,000	1,331,360,000
C. Minimum Capital Requirement based on Risk Weighted Assets (10% on B)		
	1,488,364,159	3,256,832,578
D. Surplus/(Deficiency)....(A - C)		
Capital Adequacy Ratio (%)	14.31%	34.46%
Capital Requirement	Held	Held
Tier - I	13.38%	33.90%
Tier - II	0.93%	0.56%
Tier - III	-	-
Total	14.31%	34.46%
13 STATUTORY RESERVE		
Opening Balance	33,468,582	-
Transferred during the year from Profit & Loss A/C	42,110,316	33,468,582
Closing Balance	75,578,898	33,468,582

This has been done according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until it equals to Paid-up Capital.

	2014 <u>Taka</u>	2013 <u>Taka</u>
14 OTHER RESERVE	<u>145,749,665</u>	<u>145,749,665</u>
This represents profit prior to incorporation i.e. 07 March 2013.		
15 RETAINED EARNINGS		
Opening Balance	53,874,331	-
Add: Net Profit after tax for the year	110,551,581	87,342,913
Less: Transfer to Statutory Reserve	42,110,316	33,468,582
Closing Balance	<u>122,315,596</u>	<u>53,874,331</u>
16 LETTER OF GUARANTEES		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	606,973,300	7,625,000
Letter of Guarantee - Foreign	-	-
	606,973,300	7,625,000
Less: Margin Taken on Guarantees	-	455,000
	<u>606,973,300</u>	<u>7,170,000</u>
16.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	606,973,300	7,625,000
	606,973,300	7,625,000
17 IRREVOCABLE LETTERS OF CREDIT		
Letters of Credit - Cash	420,984,086	-
Letter of Credit - Cash Inland	-	-
Back to Back Letters of Credit - Local	1,335,932	-
Back to Back Letters of Credit - Foreign	23,852,000	-
	<u>446,172,018</u>	<u>-</u>
18 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	394,000	-
Outward Bills	-	-
Inland Documentary Bills	147,354,000	-
	<u>147,748,000</u>	<u>-</u>

	2014	2013
	<u>Taka</u>	<u>Taka</u>
19 INVESTMENT INCOME		
Profit Received from:		
Deposit with Other Banks	943,525,592	723,001,487
Bai Murabaha - General	1,384,925,668	110,203,763
Bai Murabaha Hypothecation	263,238,214	77,799,082
Bai Murabaha against MTDR	389,559,019	42,517,578
Bai Murabaha - TR	95,604,356	-
Musharaka - Agriculture	21,817,021	-
Musharaka - MDB	171,785,370	-
Bai Muajjal General	3,226,221	18,889
Bai Muajjal Real Estate	310,308	-
Bai Murabaha Post Import Bill - TR	23,199,998	21,067
HPSM Transport	708,769	185,205
HPSM Industry	14,354,435	-
HPSM Real Estate	41,499,550	471,816
HPSM Machinery	5,580,537	-
HPSM Consumer Durables	2,482,712	159,673
HPSM SME	100,985	30,675
Quard against MTDR	477,216	-
Bill Puschased - Inland	2,182,677	-
Bill Puschased - Foreign	10,768	-
Bai Murabaha Post Import Bill	298,258	-
Back to Back Bill	1,043,303	-
Bai Istisna	170,717	-
	<u>3,366,101,694</u>	<u>954,409,235</u>
20 PROFIT PAID ON DEPOSITS		
Profit Paid on:		
Mudaraba Term Deposit	2,290,777,480	546,708,459
Mudaraba Double Benefit Deposits Scheme	63,717,411	170,674
Mudaraba Monthly Savings Scheme	3,266,965	69,987
Mudaraba Monthly Benefit Savings Scheme	62,529,856	5,483,140
Mudaraba Savings Deposits	4,934,535	200,957
Mudaraba Short Notice Deposits	17,158,381	2,302,787
Mudaraba Marriage Scheme	17,082	85
Mudaraba Pension Deposit Scheme	262,317	32
Mudaraba Millionaire Deposit Scheme	1,614,924	14,124
Mudaraba Kotipoti Deposit Scheme	8,249	-
	<u>2,444,287,200</u>	<u>554,950,245</u>
21 INCOME FROM INVESTMENT IN SHARES & SECURITIES		
Bangladesh Govt. Islamic Investment Bond	18,664,929	300,000
Profit on sale of shares	47,816	493,582
Dividend Income	347,800	-
	<u>19,060,545</u>	<u>793,582</u>
22 COMMISSION, EXCHANGE AND BROKERAGE		
Commission	12,598,060	182,501
Exchange Gain	3,764,422	-
Exchange Earning	4,274,795	-
Less: Exchange Loss	510,373	-
	<u>16,362,482</u>	<u>182,501</u>
23 OTHER OPERATING INCOME		
Account maintenance charge	4,013,111	143,759
Clearing cheque processing fee	25,163	2,512
Investment processing fee	6,641,500	792,500
Miscellaneous Earnings	14,423,329	192,339
	<u>25,103,103</u>	<u>1,131,110</u>

	2014 Taka	2013 Taka
24 SALARIES & ALLOWANCES		
Basic Salary	96,164,451	28,292,810
Bonus	11,975,476	25,194,526
Bank's Contribution to Staff Provident Fund	6,879,451	1,181,904
Gratuity	3,760,000	3,000,000
House Rent	35,992,368	10,376,097
Conveyance Allowance	4,195,107	1,086,806
Leave Fare Allowance	17,674,096	4,893,067
Entertainment Allowance	7,563,938	1,815,954
Medical Allowance	9,362,096	2,146,343
Utility Services	8,632,741	2,146,343
House Maintenance Allowance	8,909,454	2,725,355
Other Allowances	1,461,445	585,356
	212,570,623	83,444,561
25 RENT, TAXES, INSURANCE, LIGHTING ETC.		
Rent	74,343,706	21,833,125
Insurance	11,363,873	1,654,242
Rates and Taxes	2,267,627	289,100
Water Charges	131,295	1,550
Gas Charges	104,388	9,280
Electric Bills	9,561,286	1,550,100
	97,772,175	25,337,397
26 LEGAL EXPENSES		
Law Charges	14,600	5,500
Stamp	14,570	19,100
Other Professional Charges	418,930	25,700
	448,100	50,300
27 POSTAGE, STAMP AND TELECOMMUNICATION		
Telephone - Office	1,735,779	402,066
Telegram, Telex, Internet, Fax and Email charge	2,533,320	167,256
Stamp	19,530	19,085
Telephone - Residence	2,817	461
Swift charge	1,902,536	-
Postage	452,166	91,706
	6,646,148	680,574
28 STATIONERY, PRINTING AND ADVERTISEMENT		
Publicity and Advertisement	32,797,230	2,864,279
Printing and Stationery	6,610,088	789,289
	39,407,318	3,653,568
29 MANAGING DIRECTOR'S SALARY AND FEES		
Basic Pay	3,600,000	2,903,226
House Rent Allowances	1,200,000	967,742
Leave Fare Allowance.	1,200,000	967,742
Bonus	1,600,000	1,600,000
House Maintenance Allowance	1,200,000	967,742
	8,800,000	7,406,452
30 DIRECTORS' FEES		
Fees	1,477,750	805,000
Travel	2,571,309	1,093,650
	4,049,059	1,898,650
31 SHARIAH COMMITTEE'S FEES		
Fees	34,500	50,000
Travel	-	-
	34,500	50,000

	2014 Taka	2013 Taka
32 DEPRECIATION AND REPAIRS OF FIXED ASSETS		
Depreciation on Fixed Assets (Annexure - A)	55,955,726	5,417,588
Repairs:	12,639,605	4,361,844
Office equipment	914,338	137,785
Renovation and Maintenance of Office Premises	2,600	3,666,229
Furniture and Fixtures	8,250	1,000
Repair & Maintenance of Vehicle	11,714,417	556,830
	68,595,331	9,779,432
33 OTHER EXPENSES		
Car Expense	11,476,380	2,236,706
Wages	27,033,301	3,759,964
Traveling	5,031,803	458,813
Donation and Subscription:		
Donation	2,953,700	30,000
Subscription	622,000	700,000
Newspaper and Periodicals	183,191	78,429
Entertainment	4,019,768	150,444
Conveyance	2,139,649	438,087
Bank charges	1,013,971	179,136
Refreshment	810,253	955,124
Holiday Banking allowances	344,489	76,200
Parties and Dinner	378,663	791,722
Medical Expense	1,290,790	436,430
Training, Seminar and Workshop	2,259,167	95,246
Photocopy, Photograph & Toner	656,960	97,832
Generator Expenses	1,598,620	299,738
Washing and Cleaning	32,059	6,758
Upkeep Branches Premises	677,972	201,731
Online Expenses	1,269,099	-
Office Maintenance	3,096,210	700,687
Crockery Expense	173,258	29,835
Meeting Expenses	11,022,670	7,571,719
ATM Expenses	523,875	-
Recruitment Expense	2,692,077	-
Miscellaneous Expenses	2,440,864	477,735
	83,740,789	19,772,336
34 EARNINGS PER SHARE (EPS)		
A. Net Profit after Tax	110,551,581	87,342,913
B. Weighted Average Number of Ordinary Shares	428,000,000	428,000,000
Earnings Per Share (A/B)	0.26	0.20
35 RECEIVED FROM OTHER OPERATING ACTIVITIES		
Account maintenance charge	4,013,111	143,759
Clearing cheque processing fee	25,163	2,512
Income from Shares and Securities	19,060,545	793,582
Investment processing fee	6,641,500	792,500
Miscellaneous Earnings	14,423,329	192,339
	44,163,648	1,924,692
36 PAYMENT FOR OTHER OPERATING ACTIVITIES		
Rent, Taxes, Insurances, Electricity etc.	97,772,175	25,337,397
Legal Expenses	448,100	50,300
Postage, Stamps, Telecommunications etc.	6,646,148	680,574
Directors' fees	4,049,059	1,898,650
Shariah Committee's fees	34,500	50,000
Other Expenses	91,109,372	19,781,180
	200,059,354	47,798,101

	2014 Taka	2013 Taka
37 INCREASE / DECREASE OF OTHER ASSETS		
Inter - branch Transaction Account	20,822,214	62,086,900
Advances, Deposits and Prepayment	270,468,916	200,823,582
Stock of Stationery	4,620,541	683,610
Suspense Account	172,546,487	118,578,163
Stamps on Hand	194,180	34,758
Deferred Tax Asset	447,573	-
	469,099,911	382,207,013
(Increase)/Decrease during the year	(86,892,898)	(382,207,013)
38 INCREASE / DECREASE OF OTHER LIABILITIES		
Provision for Gratuity	4,060,000	3,000,000
Provision for Zakat	7,625,000	
Provident Fund	125,677	3,103,110
Benevolent Fund	1,329,446	113,704
Provision for Incentive Bonus	5,979,386	20,000,000
Clearing Adjustment Account	248,068,439	-
Others	911,576	10,310
	268,099,524	26,227,124
Increase /(Decrease) during the year	241,872,400	26,227,124
39 NUMBER OF EMPLOYEES		
Executives and Officers	475	263
Members of Staff (Contractual)	125	54
	600	317

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. Northern General Insurance Company Ltd.	Insurance Premium	Common Director	<u>6,241,431</u>
b. Reliance Finance Ltd.	MTDR	Common Director	<u>6,471,712,613</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

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	<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

2	Belal Ahmed	Vice Chairman	<u>Managing Director</u> Unitex Spinning Ltd. <u>Proprietor</u> M/s Unitex
3	Hussain Muhammad Ershad	Director	<u>Chairman</u> Podagonj Cold Storage Ltd.
4	Ashik Ahmed	Director	<u>Proprietor</u> Ashik Trading
5	Ms. Marzina Sharmin	Director	<u>Managing Director</u> Unique Investment & Securities Time Securities Limited <u>Director</u> Reliance Finance Limited <u>Proprietor</u> M/s. Marzina Trading
6	Mortuza Siddique Chowdhury	Director	<u>Chairman</u> Tower Aviation Ltd. Al- Sharaf Airways Ltd. MRM Trading Ltd. Marsa Fishing Ltd. <u>Managing Director</u> Mortuza Assets Ltd. <u>Director</u> Al- Sharaf Ltd.
7	Md. Arshed	Director	<u>Chairman</u> C & A Dietary & Hospitality Ltd. <u>Managing Director</u> C & A Real Estate Ltd. C & A Energy Ltd. C & A Diary Ltd Khalid Enterprise Ltd. C & A Agro Ltd. C & A Court Yard C & A Beverage Ltd. <u>Managing Partner</u> S & A Bay of Bengal <u>Nominee Director</u> Time Securities Ltd.

8	Shahedul Huq	Director	<p><u>Managing Partner</u> Crystal Bridge (Pvt) Ltd.</p> <p><u>Director</u> Xebac Trading Service Ltd.</p> <p><u>Proprietor</u> SA Huq Properties Ltd.</p>
9	Ms. Shahana Ferdous	Director	<p><u>Managing Director</u> Galco Steel (BD) Ltd.</p> <p><u>Director</u> S. Alam Super Edible Oil Ltd.</p> <p><u>Proprietor</u> M/S Shahnaj Trading</p>
10	Morsalin Islam Shouradip	Director	<p><u>Managing Director</u> Meghamala International Ltd. Meghamala Estate Ltd. Meghamala Mega Shop Ltd.</p>
11	Showkat Hossain, FCA	Director	<p><u>Resident Partner</u> Hoda Vasi Chowdhury & Co.</p> <p><u>Director (Independent)</u> Chittagong Stock Exchange Ltd.</p> <p><u>Member</u> Board of Directors, Chittagong WASA</p>
12	Rashedul Alam	Director	<p><u>Managing Director</u> Global Trading Corporation Ltd.</p> <p><u>Director</u> S. Alam Steels Ltd. Bangladesh Petro Chemical Ltd. S. Alam Hatchery Ltd. Ocean Resorts Ltd. S. Alam Properties Ltd. Fatehabad Farm Ltd.</p> <p><u>Proprietor</u> Rafe Enterprise Khurshed Poribohon Sangstha</p>
13	Arif Ahmed	Director	<p><u>Proprietor</u> M/s. Arif Traders</p>

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

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

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 BALANCE DATE

a) The Board of Directors of the Bank in it's 19th Board meeting held 26 February 2015 approved the financial statements of the Bank for the year ended 31 December 2014 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: 26 February 2015

UNION BANK LIMITED
STATEMENT OF FIXED ASSETS
As on 31 December 2014

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'14
	Balance as on 01 January'14	Addition during the year	Sales/Transfer during the year	Balance as on 31 December'14	Balance as on 01 January'14	Charged for the year	Adjustment on sale/transfer during the year	Balance as on 31 December'14	
Furniture & Fixtures	16,079,459	158,095,232	-	174,174,691	945,682	12,053,373	-	12,999,055	161,175,636
Office Equipment	51,343,982	175,529,575	-	226,873,557	3,662,012	32,243,683	-	35,905,695	190,967,862
Vehicles	24,281,822	47,320,000	-	71,601,822	809,394	11,658,486	-	12,467,880	59,133,942
Books	3,020	906	-	3,926	500	184	-	684	3,242
Total Dec' 2014	91,708,283	380,945,713	-	472,653,996	5,417,588	55,955,726	-	61,373,314	411,280,682
Total Dec' 2013	-	91,708,283	-	91,708,283	-	5,417,588	-	5,417,588	86,290,695

UNION BANK LIMITED
FINANCIAL HIGHLIGHTS
For the year ended 31 December 2014

Particulars	2014	2013
Paid-up Capital	4,280,000,000	4,280,000,000
Total Capital Fund	4,943,644,159	4,513,092,578
Capital Surplus/(deficit)	1,488,364,159	3,256,832,577
Total Assets	40,951,529,467	17,081,141,241
Total Deposits	34,767,309,800	12,165,198,711
Total Investments	28,277,787,234	7,308,820,728
Total Contingent Liabilities and Commitments	1,474,493,318	7,170,000
Investment Deposit Ratio (in %)	81.33%	60.08%
Percentage of Classified Investments against total Investments (in %)	0.00%	0.00%
Profit before tax & provision	455,451,581	246,292,913
Amount of Classified Investments during the year	-	-
Provision kept against Classified Investments	-	-
Provision Surplus/(deficit)	6,981,538	608,924
Cost of Fund	12.36%	7.78%
Profit Earning Assets	36,497,951,035	14,085,153,938
Non-profit Earning Assets	4,453,578,432	2,995,987,303
Return on Investment in Shares & securities(ROI)(in %)	1.32%	0.24%
Return on Assets (ROA)(in %)	1.11%	1.44%
Income from Investment in Shares and Securities	19,060,545	793,582
Earnings Per Share (Tk.)	0.26	0.20
Net Income Per Share (Tk.)	0.26	0.20
Price Earnings Ratio (Times)	N/A	N/A