





Annual Report
2 0 1 4

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Letter of Transmittal

To
All Shareholders
Registrar of Joint Stock Companies & Firms
Bangladesh Bank

Subject: Annual Report 2014 of Union Bank Limited.

Muhtaram

As-salamu Alikum Wa Rahmatullah

Reference to the above, we enclose herewith the copy of Annual Report of Union Bank Limited along with audited consolidated and solo Financial Statements as on 31st December 2014. The Report includes Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity and Liquidity Statement along with notes thereon, of Union Bank Limited for the period ended 31st December 2014.

This is for your kind information and record please.

Best regards

Yours truly



Abdul Hannan Khan
SVP & Company Secretary



NOTICE OF THE 2nd ANNUAL GENERAL MEETING

Notice is hereby given that the 2nd Annual General Meeting of the Members of Union Bank Limited will be held on December 19, 2015 at Royal Tulip Sea Pearl Beach Resort & Spa, Inani, Cox's Bazar at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2014 along with the Auditors' Report and the Directors' Report thereon.
02. To elect/re-elect Directors in place of the Directors' retirement.
03. To appoint Auditors of the Company for the period until the next Annual General Meeting and to fix their remuneration.

All members are requested to attend the AGM on the date, time and place as mentioned above.
By order of the Board of Directors

Date: November 14, 2015
Dhaka

Sd-
Abdul Hannan Khan
SVP & Company Secretary

NOTES:

- a. The Members (Sponsors) whose names appear in the Register of the Company shall attend the AGM.
- b. Any Member (Sponsor) of the Company entitled to attend and vote at the general meeting may appoint a Proxy to attend and vote on his/her behalf.
- c. The Proxy Form duly filled in and signed by the Member (Sponsor) and stamped, must be submitted at the Registered Office of the Company at least 48 (Forty eight) hours before the meeting.
- d. Members (Sponsors) are requested to notify the change of address, if any, well in time.
- e. Election of Directors shall be dealt in accordance with the provisions of the Articles of Association of the Company and the relevant rules/circulars of the regulatory authorities.

M/S K M Hasan & Co, the current Auditors, will retire from office in the 2nd Annual General Meeting. Since they have audited the accounts of the Bank for one year only, and as such as per Bangladesh Bank circular No.BCD(P)748/3/546 dated 31.03.1991, they are eligible for re-appointment.



Corporate Profile

Registered Name of the Company

Union Bank Limited

Legal Form

A Schedule commercial Bank incorporated on March 7, 2013 as a Public Limited Company under the Companies Act, 1994 and the Bank Companies Act, 1991.

Registered Office

Bahela Tower
72, Gulshan Avenue
Gulshan-1
Dhaka-1212, Bangladesh
E-mail : info@unionbank.com.bd
web : www.unionbank.com.bd
Telephone : +88-02-9859313
SWIFT : UBLDBDDH

Head Office

Bahela Tower
72, Gulshan Avenue
Gulshan-1
Dhaka-1212, Bangladesh
E-mail : info@unionbank.com.bd
web : www.unionbank.com.bd
Telephone : +88-02-9859313
SWIFT : UBLDBDDH

Certificate of Incorporation Number

C-107837/13, Dated: March 7, 2013

Certificate of Commencement of Business Number

Issue No, 34637-43
Dated: March 7, 2013

Bangladesh Bank Approval Number

BRPD (P3) 745(60)/2013-1122
Dated: March 10, 2013

VAT Registration Number

18121026762

Tax Payer's Identification Number

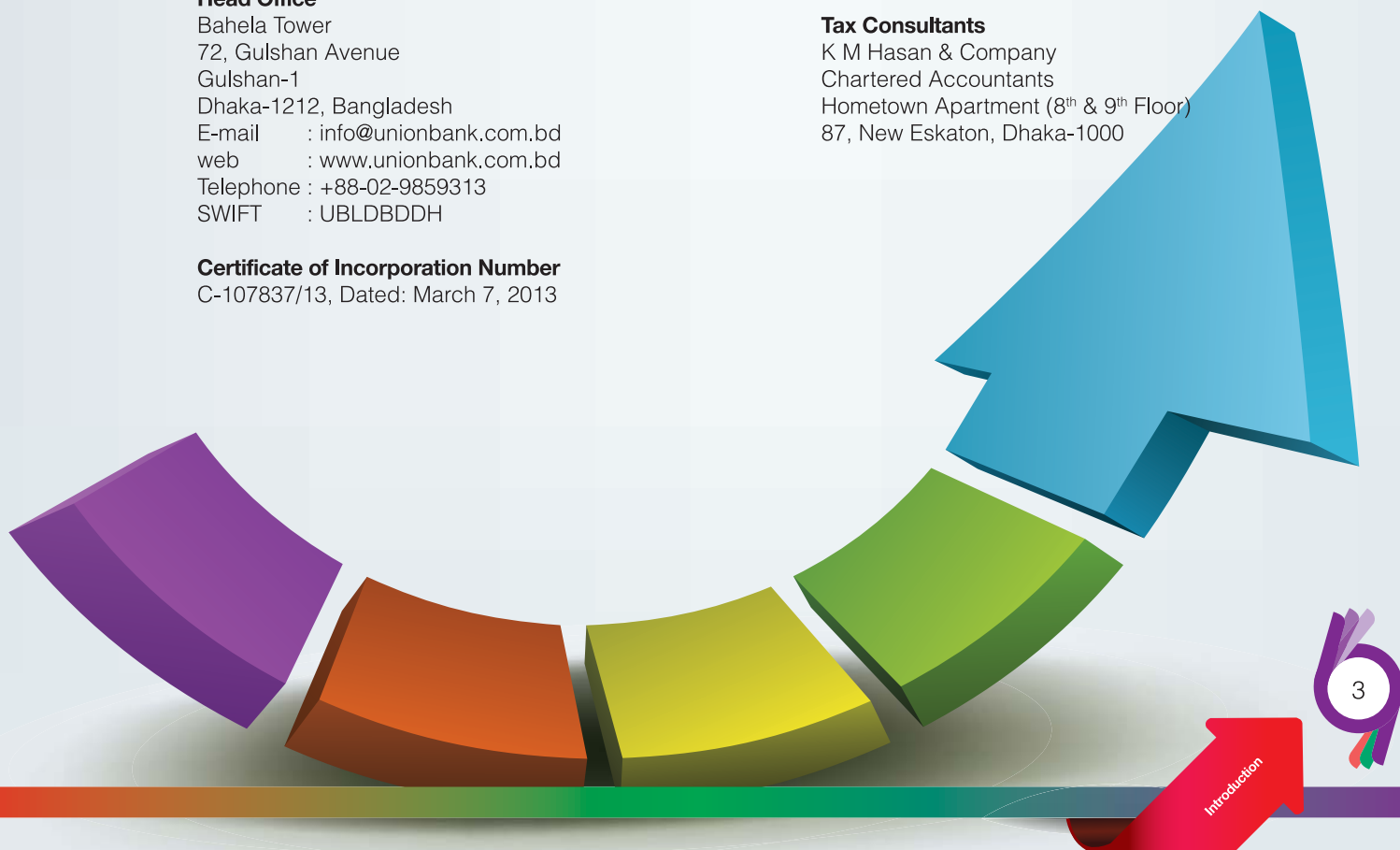
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External Auditors

K M Hasan & Company
Chartered Accountants
Hometown Apartment (8th & 9th Floor)
87, New Eskaton, Dhaka-1000

Tax Consultants

K M Hasan & Company
Chartered Accountants
Hometown Apartment (8th & 9th Floor)
87, New Eskaton, Dhaka-1000



A Premise of Union Bank

- Huge demand of Islamic Banking across the country
- This high population country's economy is growing fast creating demand to establish a quality service oriented global banking services to the doors of the people.
- The economy of Bangladesh continues to demonstrate satisfactory & steady growth performance maintaining macroeconomic stability.
- Unlock the potentials of missing middle of the country who are beyond the coverage of corporate banking service.
- Focus on rural & micro economic developments.
- Bring the unbanked rural people under the umbrella of banking service.
- Modern Technology based banking as well as environmental banking.

Vision and Mission

Vision:

To become socially committed world class financial institution.

Mission:

- Emancipate our poor people from abject poverty by empowering them with smooth banking service.
- Be the leading provider of Islamic Shari'ah compliant banking services in Bangladesh.
- Provide fast, accurate and satisfactory customer service by maintaining corporate & business ethics and transparency at all levels.
- Ensure technology based professional banking environment with strong capital base.
- Thrust on investment facilitating banking product.

Financial Performance at a Glance

Amount in million Tk.

SL No.	Particulars	2014	2013
1	Authorized capital	10,000.00	10,000.00
2	Paid - up capital	4,280.00	4,280.00
3	Shareholder's Equity	4,623.64	4,513.09
4	Total capital (Tier - 1 + Tier - 2)	4,943.64	4,588.19
5	Statutory Reserve	75.58	33.46
6	Total Assets	40,951.53	17,081.14
7	Total Liabilities	36,327.89	12,568.05
8	Deposits	34,767.31	12,165.19
9	Total Investment and Advance	28,277.79	7,308.82
10	Total contingent Liabilities	1,474.49	7.17
11	Total Risk Weighted Asset	34,552.80	13,313.60
12	Total Fixed Assets	411.28	86.29
13	Operating Income	982.34	401.56
14	Operating Expenditure	526.89	155.27
15	Profit before provision & Tax	455.45	246.29
16	Profit before Tax	210.55	167.34
17	Net profit after provision & Tax	110.55	87.34
18	Foreign Exchange Business:		-
	a) Import Business	1,514.16	10.33
	b) Export Business	8,698.41	0.65
	c) Remittance	2.73	-
19	No. of Foreign Correspondent		-
20	Profit Earning Assets	36,497.95	14,085.15
21	Non profit Earning Assets	4,453.58	2,995.98
SL No.	Particulars	2014	2013
22	Investment as a % of Total Deposit	81.33%	60.08%
23	Capital Adequacy Ratio	14.31%	34.46%
24	Dividend:	-	-
	a) Cash	-	-
	b) Bonus	-	-
	c) Right Share	-	-
25	Cost of Fund	12.36%	7.78%
26	Net asset value per share		-
27	Earning per share (EPS)	0.26	0.20
28	Price Earnings Ratio (times)	-	-
29	Return on Assets (ROA)	1.11%	1.44%
30	No. of Shareholders	26	26
31	Number of Employees	600	317
32	Number of Branches	27	11

Shareholders' Information

Union Bank Limited
 Details of Capital Fund
 As on 31 December 2014

Tk. In Crore

	2014	2013
1. Tire - 1 (Core Capital)		
1.1 Fully Paid - up Capital/ Capital Deposited with BB	428	428.00
1.2 Statutory Reserve	7.56	3.34
1.3 Non - repayable Share Premium account	-	-
1.4 Other Reserve	14.57	14.57
1.5 Retained Earnings	12.23	5.38
1.6 Non - Cumulative irredeemable Preferences shares	-	-
1.7 Dividend Equalization Account	-	-
1.8 Other (if any item approved by Bangladesh Bank)	-	-
1.9 Sub - Total : (1.1 to 1.8)	462.36	451.29
Deduction from Tier - 1 (Core Capital)		
1.10 Book value of Goodwill and value of any contingent assets which are shown as assets	-	-
1.11 Shortfall in provisions required against investment in shares irrespective of any relaxation allowed	-	-
1.12 Deficit on account of revaluation of investment in AFS category	-	-
1.13 Any increases in equity capital resulting from a securitization transaction	-	-
1.14 Any Investment in TFCs of other banks exceeding the prescribed limit	-	-
1.15 Eligible Capital	-	-
1.16 Sub - Total (1.10 - 1.16)	-	-
1.17 Total Eligible Tier - 1 Capital (1.9 - 1.16)	462.36	451.29
2. Tier - 2 (Supplementary Capital)		
2.1 General Provision (Unclassified loans +SMA+ Off Balance Sheet exposure	32	7.51
2.2 Assets Revaluation Reserve up to 50%	-	-
2.3 Revaluation Reserve for Securities up to 50%	-	-
2.4 Revaluation Reserve for equity instruments up to 10%	-	-
2.5 All other Preference Shares	-	-
2.6 Subordinated debt	-	-
2.7 Other (if any item approved by Bangladesh Bank)	-	-
2.8 Sub - Total (2.1 to 2.7)	32	7.51
2.9 Deductions if any	-	-
2.10 Total Eligible Tier - 2 Capital (2.8 -2.9)	32	7.51
3. Tier - 3 (eligible for market risk only)		
3.1 Short - term subordinated debt	-	-
4 Total Supplementary Capital (2.10 + 3.1) (Maximum up to 100 % of Total eligible tier - 1 Capital)	32	7.51
5 Total Eligible Capital (1.17 + 4)	494.36	458.80
6 Total Risk Weighted Assets	3455.28	1,331.36
7 Core Capital Ratio	13.38%	33.90%
8 Supplementary Capital Ratio	0.93%	0.56%
9 Total Capital Adequacy Ratio	14.31%	34.46%





Management Information



Board of Directors` Profile



Shahidul Alam
Chairman



Belal Ahmed
Vice Chairman



Hussain Muhammad Ershad
Director



Ahsanul Alam
Director



Mortuza Siddique Chowdhury
Director



Md. Arshed
Director



Shahedul Huq
Director



Ms. Shahana Ferdous
Director



Showkat Hossain, FCA
Director



Ashik Ahmed
Director



Rashedul Alam
Director



Arif Ahmed
Director



Mohammad Mostan Billah Adil
Director



Ms. Sarwar Jahan Maleque
Director



Morsalin Islam Shouradip
Director



Ms. Marzina Sharmin
Director



Ms. Farzana Begum
Director



Chowdhury Mohammed Hanif Shoeb
Director



S. M. Anowar Sadat
Director



Mohammed Abdul Salam
Director



Md. Abdul Hamid Miah
Managing Director

Sponsor Shareholders

1.	Shahidul Alam
2.	Hussain Muhammad Ershad
3.	Unique Investment & Securities Ltd. Nominated by Ahsanul Alam
4.	Ashik Ahmed
5.	Ms. Farzana Parveen
6.	Ms. Marzina Sharmin
7.	Belal Ahmed
8.	Mortuza Siddique Chowdhury
9.	Lion Securities & Investment Ltd. Nominated by Mahmudul Alam
10.	Md. Arshed
11.	C&A Fabrics Ltd. Nominated by Khandkar Iftekhhar Ahmad
12.	Crystal Bridge (Pvt) Ltd. Nominated by Shahedul Huq
13.	Ms. Shahana Ferdous
14.	C&A Accessories Ltd. Nominated by Md. Abdul Wahed
15.	Morsalin Islam Shouradip
16.	Western Designer Ltd. Nominated by Rashedul Alam
17.	Ocean Resorts Ltd. Representated by Showkat Hossain, FCA
18.	Ahsanul Alam
19.	Arif Ahmed
20.	Mohammad Mostan Billah Adil
21.	Ms. Sarwar Jahan Maleque
22.	Chowdhury Mohammed Hanif Shoeb
23.	S. M. Anowar Sadat
24.	Mohammed Abdul Salam
25.	Ms. Farzana Begum
26.	Ms. Mehe Zebunnesa Rahman

Committees

EXECUTIVE COMMITTEE

Shahidul Alam	Chairman
Belal Ahmed	Member
S. M. Anowar Sadat	Member
Ms. Marzina Sharmin	Member
Md. Arshed	Member
Chowdhury Mohammed Hanif Shoeb	Member

AUDIT COMMITTEE

Showkat Hossain, FCA	Chairman
Mortuza Siddique Chowdhury	Member
Shahedul Huq	Member
Arif Ahmed	Member
Mohammad Mostan Billah Adil	Member

RISK MANAGEMENT COMMITTEE

Belal Ahmed	Chairman
Rashedul Alam	Member
Arif Ahmed	Member
Mohammad Mostan Billah Adil	Member
Ahsanul Alam	Member

SHARIA'H SUPERVISORY COMMITTEE

Prof. Dr. Abu Reza Muhammad Nezamuddin Nadwi	Chairman
Maulana Mohammad Shamsul Hoque Siddeque	Member
Abdul Hai Nadvi	Member
Maulana Mohibullah Nadvi	Member
Mufti Mohammad Shamsuddin Zia	Member
Md. Mukhlesur Rahman	Member Secretary
Mortuza Siddique Chowdhury	Observer Member
Shahedul Huq	Observer Member
Arif Ahmed	Observer Member

Management Team

Designation	Name	Place of Posting
Managing Director	Mr. Md. Abdul Hamid Miah	Head Office
Adviser	Mr. S. M. Aminur Rahman	Head Office
Deputy Managing Director	Mr. Syed Abdullah Mohammed Saleh	Head Office
Senior Executive Vice President	Mr. S. A. M. Salimullah	Head Office
Executive Vice President	Mr. A. B. M. Mokammel Hoque Chowdhury	Head Office
Senior Vice President	Mr. Abdul Hannan Khan	Board & Company Sectt. , HO (Company Sectt.)
	Mr. Faridul Hoque Chowdhury	Agrabad Br., Chittagong
	Mr. Joyanta Kumar Mandal	Head of Treasury Div., HO
	Mr. Md. Mainul Islam Chowdhury	Head of HRD & GSD, HO
Vice President	Mr. Md. Idris Ali	Dilkusha Br., Dhaka
	Mr. Md. Munirul Islam	Hatkhola Br., Dhaka
First Vice President	Mr. Kazi Abul Manjur	Gulshan Br., Dhaka
	Mr. Md. Naimur Rahman	Head Office
Senior Assistant Vice President	Mr. Mansoor Ahmed	Head of IAD & RMD, HO
	Mr. Abdus Samad Shaheen	Head of MIS Div., HO
	Mr. Md. Ahsanullah	Uttara Br., Dhaka
Assistant Vice President	Mr. Niaz Mohammed Khan	Talshahar Br., B. Baria
	Mr. Muhammed Didarul Alam	Gulshan Br., Dhaka
	Mr. Md. Rofiqul Islam	In-Charge of ID, HO
	Mr. Mohammad Sirajul Kabir	Khatungonj Br., Chittagong
	Mr. A. N. M. Sadan Jahan	Hatkhola Br., Dhaka
	Mr. Delwar Hossain Delu	Head of AMLD , HO
	Mr. Md. Mosaref Hossain	GSD, HO
	Mr. Md. Shahidul Islam	Bogra Br., Bogra
	Mr. Mohammed Mahfuzur Rahman	Lalmai Br., Comilla



Messages

Message from the Chairman



Shahidul Alam
Chairman

বিস্মিল্লাহির রাহমানির রাহীম

সম্মানিত শেয়ার হোল্ডারবন্দ,

আসসালামু আলাইকুম ওয়া রাহমাতুল্লাহ।

ইউনিয়ন ব্যাংকের দ্বিতীয় বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদের পক্ষ থেকে আপনাদেরকে স্বাগত জানাতে পেরে আমি নিজেকে সৌভাগ্যবান অনুভব করছি। বৃহৎ পরিসরে ব্যাংকের অগ্রগতি অনুধাবনের উদ্দেশ্যে ৩১ ডিসেম্বর ২০১৪ সমাপ্ত বছরের ব্যাংকের বার্ষিক প্রতিবেদন আপনাদের সামনে উপস্থাপন করছি। খুব অল্প সময়ের মধ্যে আমাদের ব্যাংকটিকে দেশের অন্যতম আর্থিক প্রতিষ্ঠান হিসেবে দাড় করানোর লক্ষ্যে আমাদের সকল শেয়ারহোল্ডারবন্দ, গ্রাহক ও কর্মকর্তাবৃন্দের সহযোগিতা ও পৃষ্ঠপোষকতার জন্য রইলো আমার কৃতজ্ঞতা ও আন্তরিক ধন্যবাদ। আমি আরও ধন্যবাদ জানাই বাংলাদেশ ব্যাংক, অফিস অফ দ্যা রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ এন্ড ফার্মসসহ সকল রেগুলেটরীকে তাদের সহযোগিতা ও দিকনির্দেশনা দেওয়ার জন্য। ২০১৪ সাল ব্যাংকিং খাতের জন্য সহজ না হলেও আমাদের নিরলস পরিশ্রমের মাধ্যমে নতুন ৯টি ব্যাংকসহ অন্যান্য ব্যাংকগুলোর মধ্যে আমরা শক্ত অবস্থান অর্জন করতে পেরেছি। আমরা আমাদের ব্যাংককে ইসলামি শারী'আহ্ মোতাবেক পরিচালনার মাধ্যমে আমাদের মূল্যবান গ্রাহকদের সর্বোত্তম সেবা প্রদান করতে পেরে আনন্দিত বোধ করছি।

আমাদের ২ বছরের যাত্রায় ইউনিয়ন ব্যাংক লিমিটেড ব্যাংকিং খাতে তার একটি অবস্থান প্রতিষ্ঠা করতে সক্ষম হয়েছে। মানসম্মত সেবা, ভোক্তা কেন্দ্রিকতা এবং নতুনত্ব প্রদানের স্পৃহা আমাদের ব্যাংককে আস্থা এবং পছন্দের ব্যাংক হিসেবে আলাদা করতে পেরেছে। কঠোর পরিশ্রম ও প্রজ্ঞার কারণে আমরা ব্যবসা বাণিজ্যে ৪র্থ প্রজন্মের ব্যাংকের মধ্যে অগ্রগামী ভূমিকা রাখতে পারছি এবং এটাকে বাস্তবে রূপ দেওয়ার জন্য আমাদের সম্মানিত শেয়ারহোল্ডারবন্দ শ্রদ্ধা ও কৃতজ্ঞতার দাবিদার।

সাম্প্রতিক বছরগুলোতে আর্থিক ও সামাজিক বিশৃঙ্খলার কারণে বৈশ্বিক অর্থনীতি তার আর্থ-সামাজিক স্থিতি হারিয়েছে। বিশেষজ্ঞরা ধারণা করেছিলেন যে, ২০১৪ সাল হবে পরিবর্তনের বছর; কিন্তু তা ঠিক হয়ে ওঠেনি। IMFএর World Economic Outlook অনুযায়ী ২০১৪ সালের বৈশ্বিক প্রবৃদ্ধি যা আশা করা হয়েছিল তার চেয়ে কম হয়েছে। এই মন্থর অগ্রগতির জন্য IMF ২০১৪ সালের বৈশ্বিক প্রবৃদ্ধির অভিক্ষেপ ৩.৭% হতে ৩.৩% এ কমিয়ে এনেছে। অভ্যন্তরীণ অস্থিরতা সত্ত্বেও ২০১৪ সালে বাংলাদেশ তার প্রবৃদ্ধির ধারাবাহিকতা বজায় রেখেছে। প্রবৃদ্ধির ধারা বজায় রেখে ২০১৪ সালে বাংলাদেশ ৬.১% জিডিপি প্রবৃদ্ধি অর্জন করেছে। অভ্যন্তরীণ সমস্যা ও অনিশ্চয়তার কারণে গত বছরের তুলনায় এ বছর শিল্পে প্রবৃদ্ধি কমেছে। অস্থিরতার কারণে সৃষ্টি যোগানের ব্যাঘাত ও দুর্বল দেশজ চাহিদার জন্য এ বছর শিল্পখাতের প্রবৃদ্ধি ৯.৬% হতে কমে ৮.৪% এ এসে দাঁড়িয়েছে।

২০১৪ সালের অভ্যন্তরীণ বিশৃঙ্খলার মধ্যেও বাংলাদেশের ব্যাংকিংখাত যথেষ্ট অগ্রগতি অর্জন করেছে। বাংলাদেশ ব্যাংক বলেছে যে মন্দা সত্ত্বেও ব্যাংকিং খাতের মূলধনভিত্তি বিগত পাঁচ বছরে ব্যাপক হারে বৃদ্ধি পেয়েছে। ২০০৮ সালেই Basel-1 স্ট্যান্ডার্ড এ ব্যাংকিং খাতের মোট মূলধন ছিল ২০,৫৭৮ কোটি টাকা। গত বছর শেষে তা ৫৯,৯৭৬ কোটি টাকায় এসে দাঁড়িয়েছে। যদিও ২০১৪ সালে কাঙ্ক্ষিত বিনিয়োগ লক্ষ্য অর্জন হয়নি তথাপি ব্যাংকগুলো সার্বিকভাবে ভালো করেছে।

চ্যালেঞ্জ থাকা সত্ত্বেও ২০১৪ সালে আমাদের ব্যাংক উল্লেখযোগ্যভাবে ব্যবসা সম্প্রসারণ করতে সক্ষম হয়েছে। আমাদের ব্যাংকের ২০১৪ সালের আর্থিক বিবরণী থেকে দেখা যায় যে বাধা-বিপত্তির পরেও মুনাফা, মূলধন পর্যাপ্ততা এবং ব্যবস্থাপনা সক্ষমতায় আমাদের অর্জন সন্তোষজনক। ২০১৪ সালে আমাদের ব্যাংক কর পূর্ব ৪৫.৫৪ কোটি টাকা মুনাফা আয় করেছে এবং নতুন ৯টি ব্যাংকের মধ্যে ২য় স্থানে অবস্থান করেছে। ২০১৩ সালের ২৪.৬২ কোটি টাকা মুনাফার সাথে তুলনা করলে ২০১৪ সালে মুনাফা ৮৪.৯৭% বৃদ্ধি পেয়েছে। ব্যাংকের মোট আমানতের পরিমাণ ১৮৫.৭৯% বৃদ্ধি পেয়ে ৩৪৭৬.৭৩ কোটি টাকায় দাঁড়িয়েছে। একই ভাবে আমাদের ব্যাংক বিনিয়োগেও ভালো করার মাধ্যমে ২৮৬.৬৯% প্রবৃদ্ধি অর্জন করেছে এবং ২০১৪ সাল শেষে মোট বিনিয়োগের পরিমাণ দাঁড়িয়েছে ২৮২৭.৭৭ কোটি টাকা।

২০১৩ সালের শেষে আমাদের শাখার সংখ্যা ছিল ১১টি যার মধ্যে সবগুলোকেই আধুনিক প্রযুক্তি নির্ভর করার চেষ্টা ছিল। ২০১৪ সালে আমাদের আরো শাখা স্থাপনের আকাঙ্ক্ষা ছিল এবং আলহামদুলিল্লাহ, আমরা সফলতার সাথে শহর এবং পল্লী মিলিয়ে আরো ১৬টি শাখা খুলতে পেরেছি। আমাদের ১৬টি শাখার মধ্যে ০৮টি শহর এবং ০৮টি পল্লী শাখা।

আমরা সবসময় মনোযোগী থাকি যাতে আমাদের গ্রাহকদেরকে স্বল্প খরচে মানসম্পন্ন সেবা দেওয়ার মাধ্যমে সন্তুষ্ট করতে পারি। আমরা মনে করি এটা গ্রাহকদের অধিকার যেন তারা সাধের মধ্যে আধুনিক প্রযুক্তি নির্ভর ব্যাংকিং সেবা পেতে পারে। চতুর্থ প্রজন্মের ব্যাংক হিসেবে আমরা শুরু থেকেই চেষ্টা করেছি উন্নত প্রযুক্তি সম্পন্ন বিশ্বমানের সেবা ব্যবস্থা গড়ে তোলার।

ইউনিয়ন ব্যাংক লিমিটেড সামাজিক দায়বদ্ধতা (Corporate Social Responsibility) এর ধারণাকে সাদরে গ্রহন করেছে। সেই অনুযায়ী আমাদের ব্যাংক তার মূল্যবোধ ও কার্যক্রমে সামাজিক, পরিবেশগত ও অর্থনৈতিক ইস্যুগুলো খেয়াল রাখার চেষ্টা করে। আপনারা জেনে খুশি হবেন যে, ২০১৪ সালে শিক্ষা, স্বাস্থ্য, দুর্যোগ ব্যবস্থাপনা, পরিবেশ, সংস্কৃতি এবং অন্যান্য খাতকে মাথায় রেখে সারা দেশে উল্লেখযোগ্য পরিমাণ অর্থ CSR খাতে অনুদান দেয়া হয়েছে। আমরা আরো পরিকল্পনা করছি যেন CSR খাতে আরো নতুন কিছু করা যায় এবং আশা করছি ভবিষ্যতে সমাজে আরো অবদান রাখতে পারবো।

পরিশেষে আমি, আপনাদের পক্ষ থেকে ব্যাংক ব্যবস্থাপনাসহ সকল কর্মকর্তাদের আন্তরিক ধন্যবাদ ও কৃতজ্ঞতা জানাই যাদের সময় ও পরিশ্রমের মাধ্যমে আমাদের ব্যাংক লক্ষ্য অর্জনে সক্ষম হয়েছে।

পরিচালক পর্ষদে আমার সহকর্মীবৃন্দকে জানাই আমার আন্তরিক ধন্যবাদ যারা ব্যাংকের বিভিন্ন কৌশলগত পরিকল্পনা প্রনয়নের ক্ষেত্রে তাদের বলিষ্ঠ ভূমিকা রেখে ব্যাংককে এ পর্যায়ে আনতে সহায়তা করেছেন। সারা বছর তাদের অক্লান্ত পরিশ্রম ও সহযোগিতা ছিল অতুলনীয়।

আমি দৃঢ়ভাবে বিশ্বাস করি যে, ইউনিয়ন ব্যাংক লিমিটেডের সেই ক্ষমতা রয়েছে যার দ্বারা নতুন নতুন চ্যালেঞ্জ মোকাবেলা করতে সক্ষম এবং ২০১৫ সাল হবে ব্যাংকের জন্য আরো সাফল্যমণ্ডিত বছর।

আল্লাহ যেন আমাদের সহায় হন এবং ইউনিয়ন ব্যাংক লিমিটেডকে একটি মডেল ইসলামিক ব্যাংক হিসেবে প্রতিষ্ঠা করতে সহায়তা করেন।

আল্লাহ হাফেজ



শহীদুল আলম
চেয়ারম্যান

Bismillahir Rahmanir Rahim**Esteemed Shareholders****Assalamu Alaikum Wa Rahmatullah,**

It is a matter of great privilege and honor for me to extend a very warm welcome to you all to the 2nd Annual General Meeting of the Bank on behalf of the Board of Directors of Union Bank Ltd. (UBL). It is my pleasure to share with you our Bank's performance for the year ended 31st December 2014 through the annual report and also the developments in our business to help understand our progress in a bigger context. I would like to express my profound gratitude and sincere thanks to all shareholders, clients and employees for continued belief, passion, support and patronage extended to the Bank towards making our Bank as a reputed financial institution in our country within a very short time. I also express heart felt thanks to Bangladesh Bank and Office of the Registrar of the Joint Stock Companies and Firms for their support and guidance. The year 2014 was not so easy for banking sector but being a new bank in this sector we have done well with our hard work and we were able to achieve a strong position among the 9 new banks as well as other private banks. We are happy to run our Bank based on the Islamic Sharia'h focusing to deliver utmost quality of services for our valuable customers, shareholders and stakeholders as a whole.

In the way of our 2 years journey, UBL has been able to establish a position in banking sector. It is our passion for ensuring service and quality, customer centricity, innovation which distinguishes us as a bank of choice and trust. The result of our hard work and the collective wisdom brought us; we are now as one of a leading new Banks in corporate business and trade finance in Bangladesh. We have all the reasons to show our respect and appreciation to all of our esteemed stakeholders to make this happen.

In recent years, financial and economic turmoil have interrupted the world economy resulting in loss of socio-economic stability. Experts predicted that the year 2014 might be the year of change but it was not as good as expected. According to the IMF's latest World Economic Outlook, global growth of 2014 fell short from what was anticipated. Due to this sluggish performance, the IMF revised its projection for global economic growth for 2014, from 3.7 percent to 3.3 percent. Bangladesh economy managed to maintain the growth momentum in 2014 notwithstanding the domestic unrest. The Bangladesh economy maintained the growth momentum registering a 6.1 percent growth of GDP in 2014. The growth of industry sector was lower in 2014 compared to the preceding year partly due to domestic problem and uncertainty. Industry sector growth fell to 8.4 percent in 2014 from 9.6 percent in 2013 due to supply disruptions and weak local demand caused by domestic unrest.

The banking sector of Bangladesh demonstrated considerable progress in reinforcing the resilience during 2014 amid domestic turbulence. Bangladesh Bank said that despite recession, capital base of the banking sector has expanded vastly in last five years. In 2008, the banking sector's total capital was Tk. 2,05,780 million under Basel-I standards. It went up to Tk. 5,11,760 million at the end of last year. Though the expected investment target was not achieved in 2014 by the banks but still banks have done well overall.

Despite the challenges, our Bank has expanded its business significantly in 2014. The financial data of the Bank for the year 2014 show that our performance was quite satisfactory in many of the key performance parameters such as profit, capital adequacy and management efficiency despite many hindrances. The Bank earned a profit before tax of Tk. 455.45 million in 2014 and we attained second position among the 9 new banks. Comparing to Tk. 246.29 million profit in 2013, the profit in 2014 increased up to 84.97 percent. The Bank's deposit recorded 185.79 percent growth and amounted to Tk. 34767.30 million at the end of 2014 as against that of Tk. 12165.19 million at the end of 2013. Our Bank has also done well in investment with 286.89 percent growth in 2014 comparing to 2013. Bank's total investment during 2014 was 28277.78 million and in 2013 it was 7308.82 million.

At the end of 2013 our Bank had 11 branches and it was our effort to enable them with technological facilities. In 2014, we planned to establish more branches and Alhamdulillah, we had been successful to establish another 16 branches both in urban and rural areas. Among the 16 branches 08 are in urban area and 08 are in rural area.

We have always focused on the satisfaction of the clients of our Bank by providing cost effective services. We think that it is our customer's right to get modern technology based wide range of banking services at an affordable cost. As a 4th generation Bank, we have tried to establish a state-of-the-art service based on highly advance technology from the beginning of our journey.

UBL embraces the concept of CSR (Corporate Social Responsibility). Accordingly, UBL integrates social, environmental and economic issues into its values and operations. You will be happy to know that in 2014, UBL donated significant amount money in CSR activities focusing on Education, Health, Disaster management, Environment, Art & Culture and other sectors throughout country. We are also planning to do something innovative in CSR in future and hoping to contribute more to the society.

At the conclusion, I express my grateful thanks and appreciation to all at various level of the Management along with the other staff for their given time and effort to achieve the Goal of the Bank.

Finally, on your behalf I wish to thank my colleagues in the Board for their important contributions to the Bank's strategic thinking and most for their strong leaderships in view of the current operating environment. Their relentless support and commitment during the year were immensely invaluable.

I firmly believe that Union Bank Limited has the capability to face the new challenges of its business environment with its dedicated workforce and the year 2015 will be a successful year for the Bank.

May Allah guide us to the right path to make Union Bank Limited a model Islamic Bank.

Allah Hafez.



Shahidul Alam
Chairman

From The Desk Of Managing Director



Md. Abdul Hamid Miah
Managing Director

বিস্মিল্লাহির রাহমানির রাহিম।

সম্মানিত শেয়ারহোল্ডারবৃন্দ, পরিচালনা পর্ষদের সম্মানিত সদস্যবৃন্দ এবং ইউনিয়ন ব্যাংক লিঃ-এ আমার প্রানপ্রিয় সহকর্মীবৃন্দ

আসসালামু আলাইকুম ওয়া রাহমাতুল্লাহ।

ইউনিয়ন ব্যাংক লিমিটেডের দ্বিতীয় বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানাতে পেরে আমি অত্যন্ত আনন্দিত বোধ করছি। সারা বছর ধরে চলমান টানা পোড়েন সত্ত্বেও সফলতা বিবেচনায় ইউনিয়ন ব্যাংক লিমিটেড একটি সফল বছর অতিবাহিত করেছে। অর্থনৈতিক চ্যালেঞ্জ থাকা সত্ত্বেও আমরা টেকসই প্রবৃদ্ধি ও মুনাফা অর্জন করতে এবং আমাদের গ্রাহক ও শেয়ারহোল্ডারবৃন্দকে কাঙ্ক্ষিত মুনাফা প্রদান করতে সক্ষম হয়েছি। ব্যাংকের এই সফলতার পিছনে আমাদের পরিচালনা পর্ষদ সদস্যবৃন্দ, ব্যবস্থাপনা নির্বাহীগণ এবং কর্মকর্তা-কর্মচারীগণের সমন্বিত প্রচেষ্টা উল্লেখযোগ্য।

২০১৪ সালে বাংলাদেশের প্রকৃত জিডিপি প্রবৃদ্ধি ছিল ৬.১%। রেমিটেন্সের প্রবাহ, পোশাক রপ্তানিতে সফলতা এবং সরকারের সংস্কারমূলক পদক্ষেপ দ্বারা অর্থনীতি লাভবান হয়েছিল। মন্দা ও বিরূপ অর্থনৈতিক পরিবেশের মধ্যেও ব্যাংক কার্যক্রম পরিচালিত হয়েছিল।

ব্যাংকের প্রবৃদ্ধি ত্বরান্বিত করার লক্ষ্যে আমাদের প্রধান কৌশলগত পদক্ষেপ ছিল শাখা সম্প্রসারণ করা। ২০১৪ সালে আমাদের ব্যাংক সারা দেশ জুড়ে নতুন শাখা স্থাপন করেছে। নতুন ১৬টি শাখার মধ্যে ০৮টি শহরে এবং ০৮টি পল্লীতে অবস্থিত। নতুন স্থাপিত শাখাগুলো সম্পর্ক উন্নয়ন এবং আমাদের নেটওয়ার্ক সম্প্রসারণে সহায়ক ভূমিকা রেখেছে। ব্যাংকিং সুবিধাবঞ্চিত পল্লী জনগোষ্ঠীকে সেবা প্রদানের কথা মাথায় রেখেই নতুন শাখা স্থাপনের কার্যক্রম নেয়া হয়েছে। পল্লী খান, ক্ষুদ্র অর্থনৈতিক উন্নয়ন এবং বৈদেশিক বিনিয়োগ অবদান রাখার লক্ষ্যে আমাদের ব্যবস্থাপনা কর্তৃপক্ষ ব্যাংকের সেবাসমূহ টলে সাজিয়েছে, যার কারণে আমাদের ব্যাংকের স্লোগান হয়েছে “Local Bank, Global Opportunity”। ইউনিয়ন ব্যাংক সর্বদা প্রযুক্তি ও মানব সম্পদ উন্নয়নের প্রক্রিয়া বজায় রেখেছে। এর অংশ হিসেবে আমাদের ব্যাংক কিউ ক্যাশের সাথে চুক্তি সম্পাদনের মাধ্যমে এটিএম এবং এসএমএস সেবা চালু করেছে। আমি আনন্দের সাথে আরও জানাচ্ছি যে ওয়েস্টার্ন ইউনিয়ন, ওয়াল স্ট্রিট, এক্সপ্রেস মানি, রিয়া, ট্রান্স ফাস্ট প্রভৃতি আন্তর্জাতিক এক্সচেঞ্জ হাউজের সাথে চুক্তি সম্পাদনের মাধ্যমে আমাদের ব্যাংক বৈদেশিক মুদ্রা আরহণের ক্ষেত্রে অবদান রাখতে সক্ষম হয়েছে এবং আমদানী-রপ্তানী ব্যবসায় যথেষ্ট পরিমাণে বৃদ্ধি পেয়েছে। মানব সম্পদ উন্নয়নের অংশ হিসেবে ব্যাংক প্রতিযোগিতামূলক পরীক্ষার মাধ্যমে প্রবেশনারী অফিসদের ১ম ব্যাচ-কে নিয়োগ দিয়েছে যা আমাদের কর্মকর্তাদের মান উন্নয়ন করবে এবং এ ধারা অব্যাহত থাকবে। ইতোমধ্যে আমাদের ব্যাংকের ট্রেইনিং ইন্সটিটিউট প্রতিষ্ঠা করা হয়েছে এবং এবছর তারা উল্লেখযোগ্য পরিমাণে প্রশিক্ষণের আয়োজন করেছে।

চ্যালেঞ্জ থাকা সত্ত্বেও ২০১৪ সালে আমাদের ব্যাংক তার ব্যবসা উল্লেখযোগ্য হারে সম্প্রসারণ করেছে। ২০১৪ সালে ব্যাংকের আর্থিক বিবরণী থেকে দেখা যায় যে মুনাফা, মূলধন পর্যাপ্ততা এবং সম্পদের মান উন্নয়নে আমাদের অর্জন সন্তোষজনক। ২০১৪ সালে আমাদের ব্যাংক কর পূর্ব ৪৫৫.৪৫ মিলিয়ন টাকা মুনাফা আয় করেছে। ২০১৩ সালের ২৪৬.২৯ মিলিয়ন টাকা মুনাফার সাথে তুলনা করলে ২০১৪ সালে মুনাফা ৮৪.৯৭% বৃদ্ধি পেয়েছে। ব্যাংকের মোট আমানতের পরিমাণ ২০১৩ সালের ১২১৬৫.১৯ মিলিয়ন হতে ১৮৫.৭৯% বৃদ্ধি পেয়ে ৩৪৭৬৭.৩০ মিলিয়ন টাকায় দাঁড়িয়েছে। একই ভাবে আমাদের ব্যাংক বিনিয়োগেও ভালো করার মাধ্যমে ২৮৬.৬৯% প্রবৃদ্ধি অর্জন করেছে। ২০১৪ সাল শেষে আমাদের ব্যাংকের মোট বিনিয়োগের পরিমাণ দাঁড়িয়েছে ২৮২৭৭.৭৮ মিলিয়ন টাকা, ২০১৩ সালে যা ছিল ৭৩০৮.৮২ মিলিয়ন টাকা। উল্লেখ্য যে, ২০১৩ সালে কৃষি খাতে কোন বিনিয়োগ না থাকলেও ২০১৪ সালে এ খাতে বিনিয়োগের পরিমাণ দাঁড়িয়েছে ৪৫০.৮০ মিলিয়ন টাকা। SME

থাতে ২০১৩ সালের বিনিয়োগ ছিল ০.৪০ মিলিয়ন টাকা এবং ২০১৪ সালে তা বেড়ে ২১৫.৪০ মিলিয়ন টাকায় এসে দাঁড়িয়েছে। ২০১৪ সালে ব্যাংক ৮৬৯৮.৪০ মিলিয়ন টাকার রপ্তানী, ১৫১৪.২০ মিলিয়ন টাকার আমদানী এবং ২.৭০ মিলিয়ন টাকার রেমিটেন্স আহরণ করেছে। ৩০,০০০ টি অ্যাকাউন্ট এর লক্ষ্যমাত্রা থাকলেও অ্যাকাউন্টের সংখ্যা বেড়ে ৩৫,৪৭৪ এ দাঁড়িয়েছে। আমি আনন্দের সাথে উল্লেখ করছি যে বিনিয়োগের ক্ষেত্রে আমাদের ব্যাংক বিশেষ সতর্কতা অবলম্বন করছে যার ফলে ২০১৪ সাল শেষে ব্যাংকের কোন শ্রেণীকৃত বিনিয়োগ ছিল না। তাছাড়াও অভ্যন্তরীণ নিয়ন্ত্রন এবং পরিপালন বিভাগ ব্যাপক নিরীক্ষা ও পর্যবেক্ষণ শুরু করেছে যার মাধ্যমে আমরা ব্যাংকের দুর্বল দিকগুলো সংশোধন করার প্রচেষ্টা চালিয়ে যাচ্ছি।

ইউনিয়ন ব্যাংক লিমিটেড সামাজিক উন্নয়নেও বিশেষ ভূমিকা রাখছে, যার মধ্যে রয়েছে দরিদ্র ও মেধাবী ছাত্র-ছাত্রীদের মধ্যে শিক্ষাবৃত্তি প্রদান, গরীব ও অসহায় মানুষদের মধ্যে শীত বস্ত্র বিতরণ, পল্লী স্বাস্থ্যসেবা খাতে অবদান এবং বিভিন্ন সামাজিক সংগঠন ও দাতব্য প্রতিষ্ঠানে আর্থিক সহায়তা প্রদান ইত্যাদি। শিক্ষা, স্বাস্থ্য, দুর্যোগ ব্যবস্থাপনা, পরিবেশ, সংস্কৃতি এবং অন্যান্য খাতকে মাথায় রেখে সারা দেশে ১১.২৪ মিলিয়ন টাকা CSR খাতে অনুদান দেয়া হয়েছে। আমাদের মোট অনুদানের মধ্যে ১৫.৪৪% শিক্ষা খাতে, ১৪% স্বাস্থ্য খাতে, ৩৪.৪৪% দুর্যোগ ব্যবস্থাপনা খাতে এবং ৩৫.১৮% অন্যান্য খাতে দেয়া হয়েছে।

আমাদের অঙ্গীকার মোতাবেক আমরা ব্যাংকের কর্মক্ষমতা এবং কর্পোরেট সুশাসনের সর্বোচ্চমান নিশ্চিতকরণসহ মানসম্পন্ন সেবা, বিশ্বাসযোগ্যতা ও সম্পদের মান বজায় রাখার ধারা অব্যাহত রেখেছি। আমাদের সম্মানিত শেয়ারহোল্ডারবৃন্দের আকাঙ্ক্ষার সাথে সংগতি রেখে আমরা ব্যাংকের সক্ষমতা বৃদ্ধি এবং এর কার্যক্রমের উন্নয়ন ও মুনাফা বৃদ্ধি করতে প্রতিশ্রুতিবদ্ধ। আমি ব্যাংকের শেয়ারহোল্ডার এবং গ্রাহকদের আন্তরিক কৃতজ্ঞতা ও ধন্যবাদ জানাই তাদের বিশ্বাস ও সহযোগিতার জন্য। আমি আরও ধন্যবাদ জানাই ব্যাংক ব্যবস্থাপনাসহ সকল কর্মকর্তাদের, যাদের সময় ও পরিশ্রমের মাধ্যমে আমাদের ব্যাংক অভাবনীয় সাফল্য অর্জনে সক্ষম হয়েছে।

আল্লাহ হাফেজ।



মুদ্রা হামিদ মিয়া
ব্যবস্থাপনা পরিচালক

Honorable shareholders, respected members of the Board of Directors and my dear team members of Union Bank Limited.

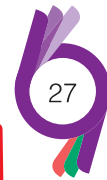
Assalamu Alaikum Wa Rahmatullah.

It gives me immense pleasure to write you as our bank celebrates its 2nd "Annual General Meeting" (AGM) this year (2014). Union Bank Limited (UBL) passed another successful year in terms of its expansion and performance despite the turmoil situation prevailed throughout the year. Even as economic challenges persisted, we continued building sustainable growth and profitability and we generated excellent returns for our clients and shareholders. Behind the success of the bank concerted efforts of our Board members, executive management and employees is remarkable.

Real GDP growth in Bangladesh was 6.1% in 2014. The economy had been benefitted from inflows of remittances, strong performance in apparel exports and government structural reforms. Bank had operated in an environment of subdued growth caused by slump in general economic conditions throughout the year.

Rapid branch expansion was one of the major strategic initiatives taken by the bank for augmenting its growth. During the year the Bank opened new branches across the country. Out of 16 branches, 08 branches are located in Rural and 08 branches are located in urban area. These new branches have enabled the bank to enhance new relationships and spread our presence and network more wider. While opening new branches, we concentrated to bring the unbanked rural people under the umbrella of banking service. Bank rendering services focusing on rural, micro economic developments, foreign trade as our slogan "Local bank, Global Opportunity". Union Bank always in the process of upgradation of technology and manpower. As a part of that bank launched its ATM service by making agreement with "Q Cash" and also introduced its mobile SMS service. I am also glad to inform you that bank is also contributing in the field of foreign remittance by making agreement with various international exchange houses like Western Union, Wall Street, Xpress Money, Ria, Tans-Fast etc. and bank's export/import business has also been increased substantially. As a part of manpower development, bank also recruited 1st batch Probationary Officer through competitive examination, which will enrich our employee quality and this process will continue. Training institute was established and numerous training was arranged by them during this year.

Despite the challenges, bank has expanded its business significantly in 2014. The financial data of the bank for the year 2014 show that bank's performance was quite satisfactory in many of the key performance parameters such as profit, capital adequacy and asset quality. The Bank earned a profit before tax of Tk. 455.45 million in 2014. Comparing to Tk. 246.29 million profit in 2013 which increased by 84.97 percent. The Banks's deposit recorded 185.79 percent growth and amounted to Tk. 34767.30 million at the end of 2014 as against that of Tk. 12165.19 million at the end of 2013. Union Bank has also done well in investment with 286.89 percent growth in 2014 comparing to 2013. Bank's total investment during 2014, was Tk. 28277.78 million and in 2013 it was Tk. 7308.82 million. It is mentionable that in 2014 the exposure against Agriculture was Tk. 450.80 million and in 2013 it was Tk. 0.00 million. In 2014 the exposure against SME was Tk. 215.40 million and in 2013 it was Tk. 0.40 million. In 2014 export was BDT. 8698.40 million, import was BDT. 1514.20 million and remittance was BDT. 2.70 million. Number of total accounts was increased to 35474 against target of 30000. I am happy to mention that our Bank is very cautious in dealing with investment because



at the end of 2014 our bank had no classified investment. Also Internal Control & Compliance Department (IC & CD) started its comprehensive audit & inspection which enabled us to rectify the weakness of the bank.

UBL contributed to the social development which includes awarding of scholarship to the needy and meritorious students, distributing winter cloth among helpless people, rural healthcare, financial support to medical infrastructures and many other social developments programs. Bank donated an amount of Tk. 11.24 million in CSR activities focusing on Education, Health, Disaster management, Environment, Art & Culture and other sectors throughout country. Out of our total donation 15.44 percent was donated in Education sector, 14 percent in Health sector, 34.44 percent in Disaster Management and 35.18 percent in other sectors.

All developments happened by keeping commitment to continue quality service, worthiness, quality of assets along with adopting the highest standards of performance and corporate governance. Consistent with the aspirations and ambitions of our respected shareholders, we are committed to promoting the capabilities of the Bank and developing its operations and profits. I would like to take this opportunity to extend my sincerest gratitude and appreciation to UBL shareholders and clients for their trust and support. And I would also like to thank UBL management and all staffs for their sincere and constant efforts, which have contributed to the growth and the record results achieved by the bank.

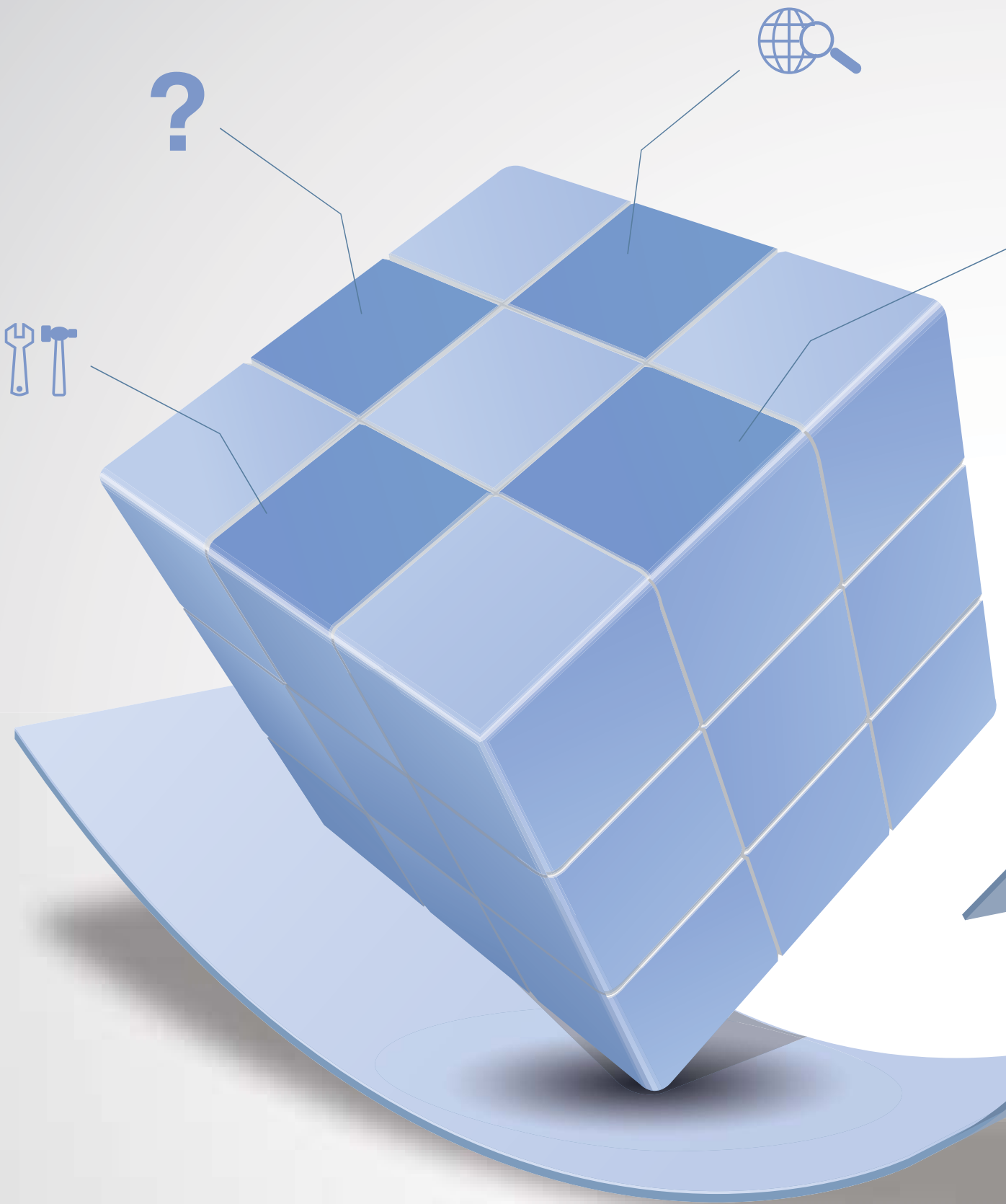
With Best regards,



Md. Abdul Hamid Miah
Managing Director



***socially committed
world class
financial institution***





Reports



Directors' Report

Bismillahir Rahmanir Rahim

Esteemed Shareholders

Assalamu Alaikum wa Rahmatullah,

On behalf of the Board of Directors, I take the opportunity to welcome you all to the 2nd Annual General Meeting of the Bank and have the pleasure to place before you the Annual Report 2014 along with the Auditors' Report and Audited Financial Statements of the Bank for the year ended December 31, 2014. In the report, the performance and affairs of the Bank for the same year have been highlighted in a standard way along with rules & regulations issued by the Central Bank including Basel II Pillar III disclosures. A brief discussion on the global and local economic affairs of 2014 is also included.

Global Economic Scenario & Banking

The world economy is showing signs of bouncing back this year, pulled along by a recovery in high-income economies. The world expected a GDP growth around 3.2% in 2014. The US economy performed well and strengthened further this year. A promising recovery continues in the UK but growth remains very low in the Euro Area and Japan. The European Central Bank announced a package of stimulus measures. Emerging economies, led by China, are slowing down. Many emerging market and developing economies are still adjusting to tighter financial conditions and implied higher cost of capital and weaker medium-term growth line. In the wake of the global economic downturn, financial regulators around the world have been working on tightening the rules to ensure the sustainability of global banks in the event that such circumstances may repeat in the future. Having remained immune during global financial crisis due to its asset backed portfolio, Islamic finance asset stood around \$2 trillion in 2014. Nearly 80% of that is entrusted either to Islamic banks or to the Islamic units of conventional banks. The rest takes the form of sukuk (15%); Islamic investment funds (4%) and Takaful (1%). The demand for Islamic Finance around the globe is in increasing trend that encouraged many non-Muslim countries in facilitating Sharia'h compliant products and services.

Bangladesh Economy Scenario & Banking

The Bangladesh economy maintained the growth momentum registering a 6.1 percent growth of GDP in FY14. The growth of industry sector was lower in FY14 compared to the preceding year partly due to political instability and uncertainty. Moderate growth of agriculture sector along with satisfactory growth of services sector helped to achieve the 6.1 percent growth of the overall economy. During FY14, the average inflation showed an upward trend, mainly due to increase in food inflation although the nonfood inflation declined during the same period. A cautious but inclusive growth and Investment friendly monetary policy stance was implemented during FY14. Policy rates were kept unchanged due to the risks of inflationary pressure and to support economic growth. Broad money (M2) registered 16.1 percent growth in FY14 against the targeted growth of 17.0 percent and the actual growth of 16.7 percent in FY13. Total domestic credit increased from 10.9 percent in FY13 to 11.6 percent in FY14. Private sector credit growth was 12.3 percent in FY14 which was lower against the targeted growth of 16.5 percent mainly due to sluggish credit demand and political uncertainty.

On the other hand, the growth of credit to the public sector declined to 8.8 percent in FY14 against the targeted growth of 22.9 percent due to significantly lower government borrowing from the banking sector. Instead of borrowing from banks, government collected a good amount of

resources through selling National Savings Certificates. Export continued to grow from 10.7 percent in FY13 to 12.0 percent in FY14. Imports of almost all items in the import basket increased last year pushing the overall growth of imports from 0.8 in FY13 to 8.9 percent in FY14. Trade deficit declined to USD 6806 million. Workers' remittances stood lower at USD 14115 million in FY14 compared to the preceding fiscal year, registering a negative growth of 1.6 percent. The current account balance showed a relatively small surplus of USD 1346 million in FY14 which is attributable to the negative growth of remittances. Supported by a significant surplus in the combined capital and financial account, the overall balance recorded a surplus of USD 5483 million in FY14. This contributed to foreign exchange reserves reaching USD 21508 million at the end of FY14, sufficient to meet over seven months of imports. In order to protect Bangladesh's external competitiveness Central Bank continued its interventions in the domestic foreign exchange market by purchasing foreign currencies as and when deemed appropriate. As a result, Taka-USD exchange rate remained stable during FY14.

Islamic Banking Scenario in Bangladesh

Islamic banking industry in Bangladesh comprising 8 full-fledged Islamic banks, 19 Islamic banking branches of 8 conventional commercial banks and 25 Islamic banking windows of 7 conventional commercial banks have been performing well. Last year they also contributed to the deposit mobilization and investments in trade, industry and other sectors including agriculture. Most of the Islamic banks have performed better than conventional counterparts in 2014. Market share of the Islamic Banks in deposit increased from 18% as of December 2013 to 20.57% in June 2014. Market share in Investment also increased from 21% as of December 2013 to 24.23% as of June 2014. Central Bank has made some significant regulatory changes to promote further expansion and development of the Islamic Banking industry in the country.

An Overview of the Bank

Union bank Limited is one of the leading fourth generation banks in the region, was formed on 1st April, 2013 with the aim to provide global opportunities to our clients. And started operation as Sharia'h based bank in the private sector on 20 May, 2013 by opening our Gulshan Branch. It has an authorized capital of Tk. 10,000 million, paid up capital of Tk. 4280 million and divided into 428 million shares of Tk. 10 each. It renders all types of commercial banking services within the Bank Companies Act, 1991 and 2013 (Amendment). The bank is managed by a twenty members Board of Directors.

Islamic banking is now spread over the entire world, in both Muslim and non-Muslim countries, as a viable entity and financial intermediary. The second half of the twentieth century witnessed a major shifting of thinking in devising banking policy and framework on the basis of the "Sharia'h".

The bank provides high quality customer services through the integration of the latest banking technology and also Sharia'h based products. Last year our Bank was succeeded to open 16 new branches at various commercially important locations and also some rural zone. Whereas 08 are Urban branches and 08 are Rural Branches. In accordance with our Vision and Mission, we are trying hard to provide spectrum of services whether the clients are individual, small entrepreneurs or Industrial firms. To ensure fast, accurate and effective customer services and online banking facilities we have already made an agreement with the Vendor of Ababil. Not only by technology, our bank has also plan to provide physical banking facilities to all of our customers and bring the unbanked rural people under the umbrella of banking service. In the age of 21st century we all know that all Commercial Bank is now providing overseas facilities. I am really glad to announce that our bank has already got the SWIFT code and our skilled and efficient officials are successful in opening NOSTRO account with different banks of different countries of the world. UBL employees are committed to the highest ethics and a code of conduct. How we do business is as important as the

business that we do. Our employees share a common bond and a strong belief that the basic principles of corporate governance, fairness, transparency, accountability and responsibility are relevant in everything they do.

Financial Highlights / Bank's Performance in 2014

Union Bank Limited was able to make an operating profit of BDT 455.45 million as on 31 December, 2014. The net profit was a result of strong performance across all the business lines. UBL's personal banking strategy with Sharia'h based product and services have enabled the Bank to diversify its customer base and increase market share. At the same time the Bank continued to stay close to its corporate and commercial clients particularly the family owned businesses which contribute to agricultural industry to ensure that UBL remains their preferred banking partner in the coming years. Bank was able to make an operating profit of BDT 455.45 million as on 31 December 2014 that is 84.97 percent increases against BDT 246.29 million for the same period of the previous year. At the same time, total deposits of the Bank are BDT 34,767.31 million which is 185.79 percent increase against 12,165.19 million for the same period of the previous year and total investments are 28,277.79 million against BDT 7,308.82 million for the same period of the previous year which is 286.89 percent increase. Total Assets of the Bank are 40,951.53 million as on 31 December 2014 against BDT 17,081.14 million for the same period of the previous year. During 2014, the Bank handled BDT 8,698.41 million of Export business and 1,514.16 million of Import business. The Bank also handled foreign remittance of BDT 2.73 million during this year.

Financial Products & Services

Union bank Ltd, has been operating a number of popular and innovative financial products from time to time considering the benefit of depositors, clients and Bank.

Principal Deposit Products of the Bank are as follows:

- Al-Wadiah Current Deposit Account
- Mudaraba Savings Deposit Account
- Mudaraba Savings Salary Account
- Mudaraba Student Savings (Udvash)
- Mudaraba Short Notice Deposit Account
- Mudaraba Term Deposit Account

Present Scheme Products of the bank are:

- Pension Scheme (Obolombon)
- Mudaraba Millionaire Savings Scheme (Lackpoti)
- Mudaraba Monthly Savings Scheme
- Mudaraba Marriage Savings Scheme (Sohozatri)
- Mudaraba Hajj Savings Scheme (Hajj)
- Mudaraba Muhor Savings Scheme (Denmohor)
- Crorepoty Sanchaya Prokalpa
- Mudaraba Monthly Profit Scheme (Prerona)
- Mudaraba Double Benefit Deposit Scheme (Somriddhi)

Investment Products:

- Bai-Murabaha (Hypo)
- Bai-Istisma (Pre shipment Investment)
- Bai-Salam
- Bai-Muajjal Investment
- Quard Against MTDR

Services:

- Internet Banking
- Mobile Banking
- ATM Banking
- SMS Banking

Information & Communication Technology Division**Sub: Overall performances, activities & achievements of ICT Division of Union Bank Limited.**

From the inception of banking operation dated on 20th May, 2013 Union Bank Limited started its journey through a full phased centralized online banking system depending on a well-equipped structured ICT System.

In this regard, ICT personnel is giving the best effort with utmost sincerity with proper & effective guideline by the Management considering the security and compliance issue since before starting the banking operation to till now.

Based on that as a fourth generation bank, Union Bank Limited adopts the maximum technological advantages over the modern banking business arena which is still on going.

As a result, gradually, Union Bank Limited is providing most of the modern technological facility to its valuable customer abide by the defined guideline & compliance issues of Bangladesh Bank. ICT division is contributing here by providing the maximum technological support in every steps with co-operation and collaboration with others division along with Management approval of Union Bank Limited. In many cases ICT division takes the leadership to introduce some technological advantages for its client.

Considering all, the Overall ICT activities & performance along with achievements are described as under for more clarification:

1. Implementation of Core Banking Solution (CBS)
2. Implementation & being operational BACH System
3. Implementation & being operational Tier-iii Data Center
4. Introduced the full automated of BACH
5. Implementation & being operational the EFT
6. Introduced ATM & Debit Card facility
7. Being live & operational the Foreign Trade module under CBS
8. Introduced automated SWIFT & Remittance Service through CBS
9. Online CIB reporting System
10. Auto SMS notification & Push-Pull Service
11. Auto Time attendance System
12. Successfully completed Twenty Seven (27) Branch Opening Task
13. Introduced the centrally network & Internet Connectivity, Antivirus etc.
14. Provident Fund Software Implementation
15. NPSB Joining under Bangladesh Bank Payment System
16. Implementation of Auto Backup & Recovery system & migrate on new core system
17. Achievement of ISO 9001:2008 certification
18. In-House Software
 - a. Fully automated e-Recruitment System
 - b. GoAML Reporting Tools
 - c. Website

Also, below mentioned software are already are being developed and after proper testing we can introduce and being operational

- i. Full Automated HRIS Software
- ii. ICT Asset Management Software
- iii. Trouble Ticketing or problem log management software.

Besides this, all types of ICT operational support, maintenance task & CBS customization is being provided on 24/7 basis. The details reports of all activities are described as under.

01. Implementation of Core Banking Solution (CBS):

As per the approval from Board of Directors of Union Bank Limited in its meeting dated on 1st April 2013 the Core Banking Solution (CBS) was selected to procure from Millenium Information Solution Limited namely "Ababil" belongs with General Banking Module, Foreign Trade Module, ATM, BACH, EFT, Treasury, Internet Banking, SWIFT along with other necessary modules.

ICT Division implemented & being operational the General Banking Module at the very early stage to start the banking journey by opening it's first branch i.e. Gulshan Branch dated on 20th May, 2013.

Later on, gradually other module implementation & being operational tasks were going on and in parallel branch support & software customization tasks were also in progress.

By the co-operation and assistance of FAD and other divisions along with Management support till now Foreign Trade, ATM, BACH, EFT, SWIFT, Remittance, SMS Banking, Investment, CIB, Reconciliation & Settlement, etc modules are successfully implemented and operational. Though the customization tasks are still ongoing which is a continuous process and ICT Division is successfully doing that as per the requirements of different divisions along with Management approval.

Hope within short time Internet Banking and Treasury module will also be live and operational as testing phases tasks are already done.

Besides this, the daily basis support along with month end and year end also has successfully done by ICT Division.

02. Implementation & being operational BACH System:

After being live & operational of GB Module under CBS, ICT Division successfully completed the BACH testing task as per the recommendation and guideline along with perfect compliance of Bangladesh Bank policy within the stipulated time frame.

Based on that, Bangladesh Bank provided the BACH operation license to Union Bank.

Afterwards, by the assistance of Management of Union Bank, ICT Division successfully started the BACH Live operation and till now this BACH system is effectively running under the supervision of ICT Division.

03. Implementation & being operational Tier-iii Data Center:

By getting the Management & Board approval, ICT Division implemented a well equipped structured Data Center in it's Head Office through the properly maintaining the Open Tendering procedure.

This Data center is still running without any interruption on 24/7 basis contains the world standard Cooling System, Surveillance System, Fire Suppression System, redundant Power system, water & smoke detection system, along with all renowned and user friendly monitoring System.

Also, ICT Division implemented the 150 KVA dedicated diesel Generator with full auto switching technology (during the failure period of Main Generator) by the approval from Management.

Besides this, ICT Division is doing properly maintenance task to keep smooth and uninterrupted operation of Data Center with effective monitoring by the physical appearance at everyday including all Govt. Holiday.

04. Introduced the automation of BACH:

After being live & operational of BACH System ICT Division successfully completed the automation task between the BACH software & CBS by the proper guideline & assistance of FAD.

So that, the fees & charges, reconciliation & settlement along with report against BACH system is generating in full automated way. As a result daily BACH operation becomes faster, errorless & reduce the business man hour on regular basis.

05. Implementation & being operational the EFT:

Implementation & being operational the EFT system is another remarkable milestone for ICT Division of Union Bank which has also been done by the guideline, assistance and properly maintained the compliance issue of Bangladesh Bank.

The automation process of EFT operation is under process. Hope within short time frame ICT Division will complete this task as usual.

06. Introduced ATM & Debit Card facility:

After getting the approval of Management & Board, ICT Division has successfully introduced the Debit Card facility through shared ATM service by joining in Q-Cash Network.

As a result the customer of Union Bank can avail the Debit card facility through others twenty seven (27) banks ATM Machine under Q-Cash Network.

Besides this, the card holder of Union Bank can also avail the POS facility in most of the renowned places under Q-Cash Network.

Though, right now there is one (01) ATM Machine has been established & operational located at Gulshan Branch, ICT division recently got approval from Management & Board to establish Six (06) more ATM in different places across the country.

In this regard, ICT Division is working with General Services Division to implement those.

Besides this, regular support of card holder, Card Requisition and delivery, settlement account maintain with Trust Bank, Reconciliation & Settlement task, Money load in Machine, Dispute Management, Fees & Charge calculation are perfectly monitoring & managing by ICT Division with the collaboration of FAD, Branch & ITCL.

07. Being live & operational the Foreign Trade module:

ICT Division successfully completed the live & operational task of Foreign Trade Module by the proper guideline and requirements of International Division.

Also, regular support & customization is being continued by the assistance of CBS vendor by proper testing in test server as per the requirement of Branches & ID personnel.

08. Introducing of SWIFT & Remittance Service:

By getting the approval from Management along with the recommendation of SWIFT India ICT Division complete all the necessary tasks as per the requirements of International Division to become operational the SWIFT.

From the very first day of SWIFT inauguration, ICT Division is providing all the necessary technical support like server management both live & backup, Operating System management, take care the net connectivity, Update the Antivirus even in any case of migration issue ICT concerned personnel works with ID as per the requirements.

Besides this, ICT Division has provided all types of necessary support to ID for arranging the remittance facility in all branches like preparing the computer with the authentic internet connectivity through proper web link within stipulated time frame.

09. CIB reporting System:

ICT Division has done the effectively interfacing of CIB reporting system between CBS & Bangladesh Bank CIB software. On this issue, ICT Division took necessary steps (by the approval of Management) to complete the task like agreement signing between Bangladesh Bank & Union Bank, registration process along with others relevant perquisite tasks.

Basically, from the very early stage ICT Division was performing the responsibility of CIB cell i.e. CIB enquiry, reporting and summation as per the branch requirement on regular basis.

Later on, after successfully being operational it has been handed over to Investment Division by the approval of Management. But till now all types of technical & operational support (if necessary) is being provided by ICT Division.

10. Auto SMS notification & Push-Pull Service:

ICT Division has successfully introduced the Auto SMS notification & Push-Pull Service by the approval of Management. This service becomes popular in the shortest time frame and adds a huge value of Bank's reputation.

By using this service, clients can notified automatically regarding their transaction whenever the transaction occurred above Tk.5000.00 through Debit Card or any instrument. Besides this, Client can check his balance through SMS service written by "BAL ACC NO" using the short code "6969". By using this enquiry from customer Bank can earn Tk. 0.20 per SMS.

11. Auto Time attendance System:

As per the instruction from Management and guideline of HRD, ICT Division has successfully installed & implemented the Auto Time attendance System in Head Office. This system is perfectly running and operational for effective attendance of employee by measuring the respective thumb impression of each employee.

After being operational this system, ICT Division is providing all types of support regarding the smooth operation of machine and report generation along with its Database as & when required basis with the collaboration of HRD.

12. Branch opening Task:

ICT Division is providing the very active support to open all new branches i.e. Twenty Seven (27) since the very early stage by properly doing the following tasks:

- a. Collect the Branch code & Routing No from Bangladesh Bank
- b. Establish the LAN & WAN in each branch
- c. New branch create in CBS and mapping it to other branch along with Head Office
- d. Provide a short & effective hand on training in new branch people at branch premises just before the every new branch opening.
- e. Active participation for first time account opening, Vault management, authorization process define, BACH operation, EFT Transaction, cash close, overall monitoring for successful branch close, day open along with day close.

13. Introduced the centrally network & Internet Connectivity, Antivirus etc.

ICT Division has successfully developed and maintaining the central Antivirus protection System along with Central Internet Service through Head Office Data Center by effective security measurement and duly filled up the internet access form from respective divisional or Branch Head. Also, developed and maintained the secured central network connectivity between all branches including all divisions of Head Office considering the very minimal downtime.

14. Provident Fund Software Implementation:

ICT Division has successfully implemented the Provident Fund Software as per the approval of Management and requirement of FAD. This software is effectively running and operational till now.

ICT Division is providing all types of necessary support on this issue like related Hardware Management, Operating System & Antivirus Management etc.

15. NPSB Joining:

By getting the approval of Management and to comply the Bangladesh Bank guideline ICT Division successfully completed the task of joining under National Payment System Of Bangladesh (NPSB) in stipulated time frame which was defined by the Bangladesh Bank.

Under this system, all debit card holder of Union Bank Limited is being facilitate to make the successful ATM transaction through any bank ATM and vice versa for all other bank of Bangladesh which was a mandatory project for joining this platform under close supervision & monitoring of Bangladesh Bank.

16. Implementation of Auto Backup & Recovery system & migrate on new core system:

Very recently, ICT Division has successfully implemented the Auto Back up & Recovery System through world renowned IBM RISC processor based server.

As a result, Data is being stored at automated way in storage system along with in Tape Drive on everyday as per the defined scheduled time i.e. every morning at 06:30 A.M. which is a major concern and mandatory compliance issue of Bangladesh Bank ICT Policy.

Besides this, similar type of system has already been to ready deploy for Disaster Recovery Site. After establishing the Bank's Disaster Recovery Site this system will be allocated over there.

Moreover, ICT Division has also been migrated the whole network infrastructure by implementing the new Core Routing & Core Switching devices along with highly secured Firewall through world reputed CISCO Networking devices.

As a result from now on, Union Bank is capable to make secure financial transaction like Internet Banking.

Here is to be mentioned that, this network Infrastructure, Auto Backup-Recovery and Storage System along with newly implemented servers are established considering the Five (05) years projected timeline which is a huge effective milestone for Union Bank Limited.

17. Achievement of ISO 9001:2008 certification:

By getting the approval of Management ICT Division took an initiative to achieve the ISO Certification over the Data Center, Network, Data Management and related support services to branch & Head Office.

After giving two (02) months at a stress effort ICT Division has successfully qualified the ISO Audit and achieve the **ISO 9001:2008 certification**.

Based on that Union Bank also won the “**International Quality Summit award 2013**” in New York.

Besides this, ICT Division has already developed and implemented some important & effective software which are very indeed. If Union Bank would like to procure those software then a huge amount of money involvement was mandatory as procurement purpose as well as yearly maintenance charge.

The In-house developed Software are as follows:

- a. **Website:** Official Website (i.e. www.unionbank.com.bd) developed, being operational and maintenance as regular basis.
- b. **Full automated e-Recruitment System:** By using this system Union Bank is doing all types of recruitment process successfully. By the collaboration & as per the requirement of HRD this software has been developed and implemented as well as running smoothly. ICT Division is providing all types of support and doing customization according to the requirement of HRD as & when required basis.
- c. **GoAML Reporting Tools:** ICT Division has successfully developed and implemented the Anti Money Laundering Software called “GoAML” within the stipulated time frame according to the direct guideline and supervision of Bangladesh Bank.

Here is to be mentioned that this software is directly interfacing with CBS. So, ICT Division tried to make the development task by our CBS Vendor called Millenium Information Solution Limited. But considering the costing issue i.e. almost Tk. 10 Lac (price asking by vendor) ICT Division took initiative to develop it. By the proper guideline, supervision & monitoring of Bangladesh Bank ICT Division has successfully completed the project and being operational on time which is still running smoothly.

Moreover, ICT Division has also developed some very essential software which are ready to implementation. After getting proper approval & authorization from Management, it may be deploy and being operational at any time. Those mentionable software are s follows:

- i. Full Automated HRIS Software
- ii. ICT Asset Management Software
- iii. Trouble Ticketing or problem log management software.

Also, some more important services are going to introduced through ICT division within near future (as the relevant testing tasks are on going). They are:

- 1. Internet Banking Facility**
- 2. VISA Card Facility**
- 3. Online Payment Facility**

Above mentioned all activities, performance and achievements are come out after a long, continuous and restless journey of ICT Division since the opening of Bank.

Branch Expansion

During 2014 Bank has launched 16 new branches at various commercially important locations and also rural zone. Out of 16 branches, 08 are Urban branches and 08 are Rural Branches. The name, location and type of all branches are as follows:

SI	Name of the Branch	District	Urban/Rural
01.	Gulshan Branch	Dhaka	Urban
02.	Dilkusha Branch	Dhaka	Urban
03.	Hatkhola Branch	Dhaka	Urban
04.	Lichubagan Branch	Chittagong	Rural
05.	Sathibari Branch	Rangpur	Rural
06.	Mouchak Branch	Gazipur	Rural
07.	Shantirhat Branch	Chittagong	Rural
08.	Bogabari Branch	Dhaka	Rural
09.	Khatungonj Branch	Chittagong	Urban
10.	Zindabazar Branch	Sylhet	Urban
11.	Ashkhona Bazar Branch	Dhaka	Urban
12.	Panthapath Branch	Dhaka	Urban
13.	Sheberhat Branch	Noakhali	Rural
14.	Badarkhali Branch	Cox'sBazar	Rural
15.	Islampur Branch	Sylhet	Rural
16.	Pahartali Branch	Chittagong	Rural
17.	Bogra Branch	Bogra	Urban
18.	Khulna Branch	Khulna	Urban
19.	Sarkarhat Branch	Chittagong	Rural
20.	Agrabad Branch	Chittagong	Urban
21.	Lalmai Branch	Comilla	Rural
22.	Comilla Branch	Comilla	Urban
23.	Talsahar Branch	Bramnbaria	Rural
24.	Hnila Branch	Cox's Bazar	Rural
25.	Cox's bazar Branch	Cox's Bazar	Urban
26.	Uttara Branch	Dhaka	Urban
27.	Muradpur Branch	Chittagong	Urban

Sub-Committees of the Board

The Board has delegated specific responsibilities to committees as shown below. Each committee has a formal charter. The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. In this respect, the Board, its committees and all the directors have access to senior management, external consultants and advisors.

Executive Committee

The Executive Committee is comprised of six (06) members of the Board of Directors. The Committee takes decision on emergency matter as and when required and assists the Board of Directors to fulfill their responsibilities such as to set objectives, strategies, investment proposal and overall business plans for effective functioning of the Bank. During the year 2014, the Executives Committee conducted four (04) meetings.

Audit Committee

The Audit Committee is comprised of five (05) members of the Board of Directors. The Committee assists the Board of Directors in ensuring and maintaining oversight of the Group's financial reporting system, internal control and risk management framework, audit functions, legal and regulatory requirements. During the year 2014, the committee conducted four (04) meetings.

Risk Management Committee

A high –Power Committee named “Risk Management Committee” was formed in 2014 consisting of 05 members of the Board of Directors as per BRPD circular No. 11 dated 27 October, 2013 issued by the Central Bank. The Committee is conducted one (01) meeting during this year.

Sharia'h Supervisory Committee

The Sharia'h Supervisory Committee is comprised of Nine (09) members including Three (03) members from Board of Directors. The Committee is ensuring and maintaining the sharia'h rules and regulation in all banking activities. The Committee conducted eight (08) sharia'h supervisory committee meeting and seven (07) sub committee meeting during this year.

Other Committees

To assist the Managing Director for smooth operation of the Banking activities, several others committees were formed with competent members from Management. The main committees are Management Committee (MANCOM), Asset Liability Management Committee (ALCO), Investment Committee, Purchase Committee, etc. All the committees are constituted headed by the Managing Director along with Deputy Managing Director, SEVP, EVP, SVP, VP and other Executives of different level.

The Management Committee scrutinizes all the cases thoroughly before referring to Executive Committee/Board for due approval/decision. The ALCO is entrusted with the responsibility of managing short-term liquidity and ensuring adequate liquidity at optimal funding cost. The Investment Committee is involved with detailed review and scrutiny the investment proposal for onward submission to the Board for decision.

Internal Control & Compliance

Internal Control is the whole system of controls, financial and otherwise, established by the Management in order to carry on the business in an orderly manner, safe guarding assets and fund by maintaining accuracy and reliability of records.

Operational risk may arise from error and fraud due to lack of proper internal control & compliance. Good controls gear-up professional competence, compliance of legal requirements, sound reporting system and resistance to fraud & forgery.

Internal Control and Compliance is not only for getting things done but also to ensure that those are done properly. It plays a pivotal role in building up culture of transparency & accountability.

Modern bank management and supervision mainly focus on risk factors in banking. UBL has taken all-out efforts to mitigate all sorts of risks as per guidelines issued by the Central Bank. Internal Control & Compliance Division has been established since the very beginning of the Bank.

As a part of robust risk management policy, the Bank has formulated a comprehensive Investment Risk Management Policy to address investment risk. To mitigate operational risk, money laundering and terrorist financing risk, circumvention or over-riding the internal control procedures, ICC Division has been carrying out regular audit & inspection of the functions of the branches and divisions of Head Office. Surprise visit, Special audit/inspection and investigation are also being conducted frequently.

Deficiencies/lapses/irregularities detected by these audit & inspection are rectified/regularized/set right at the earliest and compliance reports are being submitted to the Head Office. ICCD intensively follows-up compliance of audit/inspection reports conducted by internal audit team, Bangladesh Bank and External Auditors.

The Bank has already prepared the risk assessment matrix of various banking functions and trying to incorporate the same in the Departmental Control Function Checklist (DCFCL) and Quarterly Operation Report (QOR) so that the branches can follow these attaching due importance to high risk and medium risk functions. The Bank also prepared Internal Control & Compliance Manual, Audit Guidelines, Audit Charter and Risk Based Audit Policy to strengthen internal control functions.

Internal Control & Compliance Division of UBL is an integral part of Bank Management and a foundation for safe and sound operation.

The Division monitors the banking activities, specially the sensitive areas of Foreign Exchange, Finance and Accounts & Investments.

Risk Management

Risk is inherent in any walk of life in general and in financial sectors in particular. Till recently due to regulated environment banks could not afford to take risk. But of late, banks are exposed to same competition and hence are compelled to encounter various types of financial and non-financial risks. Risk and uncertainties from an integral part of banking which by nature entails taking risks. There are three main categories of risk- Market risk, Credit risk and operational risk.

The Risk Management in banking program gives you a broad overview of risk governance. Whatever your background, you will benefit from the inclusive, non-technical approach, and feel comfortable learning within an environment more similar to that of a professional workshop.

Key Benefits:

- Expand your understanding of the broader context behind analytical models and approaches to risk in banking;
- Draw lessons from the new regulatory landscape as it relates to liquidity risks, fraud, fund transfer pricing, capital regulation and performance-related pay, ring-fencing of commercial banking and special resolution regimes with bail-in debt;
- Draw recent results from psychology on behavioral risk assessment;
- Discuss risk governance in banking.

Treasury Operation & Fund Management

The Treasury Division of a bank is primarily responsible for balancing and managing the daily cash flow and liquidity of funds within the bank and managing other balance sheet risk through a regulatory frame work. Union Bank Limited's Treasury is fully concentrated on fund management and maintaining adequate cash to meet day-to-day requirements. It is responsible to maintain Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) with Bangladesh Bank and also deals with funding operation for managing the liquidity, exchange positions, foreign exchange dealings, Islami Money Market operation etc. Thus the Treasury Division of UBL essentially deals with liquidity management and from an organizational point of view, is considered as a service center. At present, the function of treasury has expanded considerably; it has evolved as a profit center with its trading and investment activity.

Asset Liability Committee (ALCO)

The Asset Liability Committee (ALCO), consisting of the senior management including the Managing Director as Chairman and supported by Asset Liability Management Desk, is a decision making unit responsible for balance sheet planning from risk-return perspective including the strategic management of profit rate risks and liquidity risks being within the limits. ALCO is entrusted with the responsibility of managing short-term and long-term liquidity and ensuring adequate liquidity of optimal fund costing.

Union Bank has formed, at its Head Office, an Asset Liability Committee (ALCO), in order to ensure smooth functioning of Asset Liability Management. The committee meets at least once in a month and reviews Asset Liability Management Process through the key indicators like Maximum Cumulative Outflow (MCO), midterm funding ratio, different liquidity ratios, Sensitivity of Asset Liabilities, balance sheet gap etc. In every ALCO meeting, the committee also reviews action taken in previous ALCO meeting, economic and market status outlook, liquidity risk related to Balance Sheet, Profit rate structure, Capital Adequacy Ratio, Investment Deposit Ratio, Investable fund, Deposit Mix, Cost of Deposit, Cost of Fund etc. in order to fabricate the balance sheet in a better way. Special ALCO meeting is arranged as and when any contingent situation arises.

Anti Money Laundering & Anti Terrorist Financing Activities

Money Laundering is being employed by launderers worldwide to conceal the proceeds earned from criminal activities. It happens in almost every country in the world and a single scheme typically involves transferring money through several countries in order to obscure its origins. And the rise of global financial markets makes money laundering easier than ever, making it possible to anonymously deposit "dirty" money in one country and then have it transferred to any other country for use.

Money laundering has a major impact on a country's economy as a whole, impeding the social, economic, political, and cultural development of societies worldwide. Both money laundering and terrorist financing can weaken individual financial institution, and they are also a threat to a country's overall financial sector reputation. Combating money laundering and terrorist financing is, therefore, a key element in promoting a strong, sound and stable financial sector.

Union Bank Ltd. is vigilant against money laundering and terrorist financing. For successful prevention of these illegal activities, a full-fledged division named Anti Money Laundering Division (AMLDD) has been formed under close supervision of higher authorities. The bank has formulated "Anti Money Laundering Policy" vetted by the higher authorities of the bank. Circulars and circular letters from Bangladesh Bank are circulated to all branches. All the branches are advised to strictly follow the orders and instruction mentioned in the circulars and circular letters. For constant vigilance against money laundering, every branch has a "Branch Anti Money Laundering Compliance Officer (BAMLCO)" and AMLDD initiated periodic branch visit for looking after the activities relating to Anti Money Laundering.

Management Information System

Union Bank's (UBL) had already established a separate division named Management Information Systems (MIS) at the when the Bank entered operation. Now all the Branches of the Bank started operation with installation of a modern computerized system. With the support of modern computerized system our MIS division usually provides the Banking information accurately, timely and consistently as required to the top Management of the Bank and regulatory body, Bangladesh Bank. On the other hand, MIS division keeps all updated data/information of the Bank to help the Management/Higher Authority take decisions promptly accurately and well in time.

A Management Information System provides information that organizations require to manage themselves efficiently and effectively. Management Information Systems are typically computer systems used for managing. The five primary components are i) Hardware ii) Software iii) Data (Information for decision making).iv) Procedures (design, development and documentation) and v) People (individuals, groups, or organizations). Management information systems are distinct from other information systems because they are used to analyze and facilitate strategic and operational activities.

Our MIS division collects information from day to day business and processes the same as per requirement of the Management and the Bangladesh Bank. MIS division also coordinates among the concerned stakeholders of the data/information. Apart from this conformity with BB's requirements we upload the Rationalized Input Template (RIT), Department of Bank Inspection (DBI) Template, and any other as and required to the web portal of Bangladesh Bank under Enterprise Data Warehouse (EDW). The main purpose of the MIS is to give managers feedback about their own performance Top management can easily monitor the company as a whole. Information displayed by the MIS typically shows "Actual" dataour against "Planned" results and a results from a year before, Thus it measures progress against goals.

A common misconception is that MIS only concerns programming. However, programming is just a small part of the MIS curriculum. A large portion of the MIS degree focuses on data analysis, teamwork, leadership, project management, customer service and underlying business theories. MIS professionals create information systems for data management (i.e., storing, searching and analyzing data). In addition, they manage various information systems to meet the needs of managers, staff and customers. By working collaboratively with various members of their work group, as well as with their customers and clients, MIS professionals are able to play a key role in

areas such as information security, integration and exchange. As an MIS major, we will learn to design, implement and use business information systems in innovative ways to increase the effectiveness and efficiency of our company.

At the last of all our MIS division furnishes the data related to internal and Islamic Economic Division (IIED), BRPD and Risk Management monitoring section under the Department of Off-sight Supervision considering various aspects as usual.

Green Banking for safe environment:

While the country's environment is facing threat in various ways hindering sustainable economic growth and endangering human health, experts feel green banking can be an avenue to reduce pollution and safe environment.

Being a part of financial corporate house of the country, Union Bank Limited is well concerned about the enormous loss of biodiversity, climate change and damage occurred in environment. We would focus on environmental issues at the center of banking activities.

Our bank has already come forward for policy formulation, environmental risk rating, green financing etc. Moreover, CSR activities for green events and green projects, online banking, in house environment management etc. are being considered actively. The bank has formed a strong Green Banking unit to look after the activities related to green banking and formulated a green office guide.

Human Resources Management

The bank being a service based financial institute, it always emphasizes on the development of its manpower to provide quality services of its clients. It believes that the factors which help the banks to survive and differentiate it from other banks are closely interlinked with the quality of services and satisfaction of clients and these depend on the qualification of employees, efficiency & effectiveness of work. As our human resources give the organization a significant competitive edge, we continue our policy of recruiting the best professionals and implement programs to develop & retain high quality employees for facing challenges of 21st Century. The bank is making equal opportunity for new talents in its process of recruitment and selection. It is continuing its effort towards the development of its manpower by providing required training, workshop, seminar etc. at home and abroad to make them well equipped to provide quality services to its customs. The Bank also arranges priority-based training and workshop to make its employees compliant to its regulatory body as well as help them its employees for career development.

HR Strategy:

- To make equal opportunity for all concerned.
- To recruit the best person through rigorous and competitive examination(S).
- To provide required trainings for newly appointed employees for their development.
- To arrange priority-based training, workshop, seminar etc. to make employees competent for facing new challenges.
- To make appropriate placement based on the need of the organization and experience & qualifications of employees.
- To ensure congenial and conducive working environment.
- To help to contribute individually and as a member of a team.
- To provide opportunities for self-development and self-exposure for becoming a future leader.
- To provide competitive pay package and other benefits to maximize the satisfaction level and retain qualified personnel.
- To make its employees more compliant as per requirement of the Regulatory bodies.

We are committed to maintain a congenial working environment free from discrimination of any kind based on parochialism, religion, sex, race, creed, age or any other issues. We do not tolerate any behavior that can be perceived as degrading or threatening. We believe in working in a friendly, positive and respectful environment which permits employees to work with maximum effectiveness and efficiency and to their full potential. The Bank excels the performance of its employees by creating opportunities through providing proper training, rewards and recognitions. To attract and retain qualified and efficient employees, the bank has formulated a number of well-designed policies for the welfare of its employees in the form of Contributory Provident Fund, Gratuity, Employees' Social Security and Benevolent Fund, Employee House Building Investment Scheme, Employees' Car Financing Scheme, HPSM Consumer Durables and House Furniture Benefits etc.

The bank is going to appoint faculty members for its training institute in order to provide priority-based training for the employees. It is continuously updating the syllabus of Foundation Training for the fresher's to make them more competent. From the inception of the training Institute of the bank, it has been providing various training like Foundation Training, General Banking, Islamic Banking, Investment management, Islamic investment mechanism, Trade Finance and Foreign Exchange, Documentation in the light of UCP & ISBP, Information and Communication Technology, SME & Agriculture, Mobile Financial Services, Online Banking, Malpractices in Banking, anti- Money Laundering, Online Bill Collection, Bangladesh Automated Clearing House(BACH), Online CIB Reporting and Searching, Core Risk Management and so forth.

Statement of Training Programs Conducted By UBL Training Institute-2014

SL No	Title of the Training	Working days	No. of Participants
1	Orientation Course	3 days	25
2	Workshop on Investment	1 day	37
3	Orientation Course	3 days	40
4	Orientation Course	3 days	28
5	Foundation Training Course: Module- II (Investment)	5 days	25
6	Training on-BACH automation & EFT operation	1 day	16
7	Foundation Training Course: Module- III (Foreign Exchange)	5 days	25
8	Training Course on "Anti Money Laundering Activities"	1 day	25
9	Workshop on "Integrated Supervision System (ISS) Reporting"	1 day	29
10	Workshop on " Shariah Based Banking (SBB)	1 day	32
11	Workshop on "BASE & EFT Operation"	1 day	20
12	Foundation Training course for Probationary Officer	30 days	30
13	Workshop on "Foreign Remittance Services"	1 day	31
14	Foundation Training Course: Module- I (General Banking)	5 days	27

Marketing & Development Division

Marketing & Development Division of Union Bank Limited is headed by one Deputy Managing Director having adequate experience and trained manpower to handle & supervise the function of the division.

Bank Marketing is the aggregate of functions, directed at providing services to satisfy customers financial and other related needs & wants, more effectively and efficiently than the competitors keeping in view the organizational objectives of the bank. This aggregate of functions is the sum total of all individual activities consisting of an integrated effort to discover, create, arouse, and satisfy customer needs.

This means, without exception that each individual working in the bank is a marketing person who contributes to the total satisfaction to customers and the bank should ultimately develop customer orientation among all the personnel of the bank. Marketing helps in achieving the organizational objectives of the bank.

The Marketing & Development Division of Union Bank Limited is responsible for the formulation and implementation of Marketing Strategy of the Bank's products both on assets and liabilities side keeping in view the business environment of the province. Accordingly the division works to popularize the Bank's deposit schemes and loan products among the people with a view to improve business and overall image of the Bank.

The Division works in close coordination with the Branches and other Divisions/Department of the bank towards the implementation of the marketing strategy and achievement of the assigned targets.

The Division is comprised of three Main functions. These are Research & Development, Customer Relations and Product Promotions. The responsibility of the Research & Development is to search and develop new products according to the requirement of the market and Banks' marketing strategy as well as to make the existing products more attractive for the customers. Research & Development studies the offerings of the competitors for making the Bank's products more competitive.

The Customer Relations function is responsible for the implementation of the marketing strategy. For this purpose the Division maintains a liaison with the Branch Customer relation Officers and Managers hold meetings with corporate clients for business and coordinate the activities between Branches and Head Office for better services provision to clients.

The Product Promotion function has been assigned with the promotion of the products through electronic and print media and various other means of promotion in vogue.

It is time that the pros and cons of the oncoming banking era are properly understood and advantage taken of various opportunities. This will require an efficient marketing approach to bank management in which target markets will be tackled successfully along with effective satisfaction levels and in which the usual basic elements-product, pricing, promotion and distribution will be taken care of in a proper format of an efficiently working marketing organization. Realizing this matter marketing & development division of UBL is established for the development of our bank.

Our marketing & Development division facilitates

- Establish a clear target market.
- Understand existing customer base.
- Set realistic goals based on available growth opportunities available in market.
- Understand the competitive landscape of the market.
- Align products and services with the needs of target market.
- Align marketing efforts with market opportunities.

Union Bank Marketing & Development Division is aware of Market Planning. Market Planning is fundamental to success in bank business. It is the key to getting things done and making them happen. We have prepared plan to enhance our activities for the development of our bank. These are as follows.

- Increase the deposit & find out the investment opportunity.
- Increase the public & organizational relationship.
- More publicity through TV & print media, festoon, bill board, seminars etc.
- Make corporate relationship between Union Bank Limited & different hospital, Hotel, Travel agent & other social organization.
- Properly celebrate different occasion.
- Active participation in CSR activities.
- Arrange event management program efficiently.

Dividend

The Board of the Directors of the bank has recommended Dividend "No Dividend" to the Shareholders for the year ended on 31st December, 2014 subject to approval of shareholders in the 2nd Annual General Meeting (AGM) of the Bank.

Retirement & Re-Election of Directors

In the 2nd Annual General Meeting, retirement/re-election of the directors of the Bank will be as per the Companies Act, 1994, Bank Company (Amendment) Act, 2013 and Articles of Association of the Bank.

Appointment of Auditors

The present Auditor K M Hasan & Company, Chartered Accounts appointed by the Board of Directors has completed the last (2014) year as Auditor. And in accordance of the decision of Board of Directors K M Hasan & Company has again been re-elected as Auditor of year 2015.

Future Outlook of the Bank

Though the total scenario of economy in 2014 was unstable due to the political unrest, we are hoping that during the year 2015 we will consider the learning of 2014. As banking business and industry growth depends on lot of internal and external factors, it is not always possible to predict the growth and way forward upfront. If the problem of political unrest can be overcome then we will be able to do better in 2015 than 2014. We are expecting that policy taken by Bangladesh Bank to strengthen the quality of bank's assets will continue in 2015. This year we are focusing to control cost of fund by healthy deposit mix enhancing share of low cost deposit and refinancing from Bangladesh Bank. We are also hoping to improve the skill of our manpower through proper training and assistance.

To comply with Basel II Requirement, we take proper initiatives to strengthen our capital base as per guidelines of Bangladesh Bank. Customer credit rating will be the top priority in case of investment. Non-Profit based income i.e. income from ancillary services will be given due attention to remain stable in terms of income generation and providing continuous value addition for the shareholders. We have a nurtured and superb quality of human capital along with a prudent management to lead then toward goal

- Opening of new Branches to important location of the country
- Expansion of business network at home and abroad
- Priority Banking
- Internet Banking
- Modernization of the Training Institute
- Innovation and Directors' Report of new liability/asset products
- Expansion of ATM network

Appreciation

Thanks to almighty Allah for the Business success of the Bank in 2014. I would like to thank my Board colleagues for their continued support and on their behalf to express my thanks to Managing Director, officials and also all staffs of Union Bank Limited.

The UBL Board and management are confident that the bank is well-positioned to continue its growth journey in the coming years. This can be achieved through an unwavering focus on enhancing the bank's customer service and product proposition, adopting sound asset and liability

management, embracing market best practices and practicing prudent risk management and good governance.

I would like to take this opportunity to extend my sincerest gratitude and appreciation to UBL shareholders and clients for their trust and support. And I would also like to thank Bangladesh Bank, Register of Joint Stock Companies and Firms and all other concerned who have supported us and extended to us their valuable co-operation.

May Almighty Allah grant his infinite mercy upon us.

Ameen.

On behalf of the Board of Directors



Shahidul Alam
Chairman

Report of the Audit Committee

The Audit Committee of the Board of the Directors of Union Bank Limited has been constituted to serve as a watch dog on behalf of the Board of Directors and carries oversight responsibilities. The Board of Directors sets out the overall business plan and formulates policies that the Management is responsible for implementation. The Audit Committee, on behalf of the Board, strives to ensure effective implementation of the process/ procedures set out in the Business Plans and Policies.

Functions of the Audit Committee

The main functions of the Audit Committee are to facilitate the Board in its oversight responsibilities. In order to fulfill the responsibilities, among others, prior responsibilities of the Audit Committee are as follows:

- Evaluation of compliance culture of the Management.
- Review of existing Risk Management Procedures for ensuring an effective Internal Check and Control System.
- Review of efficiency and effectiveness of Internal Audit Functions.
- Monitoring of effectiveness of removal of the irregularities detected.
- Review of Annual Financial Statements in line with the Accounting Standards set by Regulatory Authorities.
- Review of the monitoring activities.
- Review of the findings and recommendations of the External Auditors, and
- Assessment of running the affairs of the Bank by the management in line with the plans and policies set out by the Board.

Composition of the Audit Committee

The Audit Committee is comprised of the following five members:

Sl.	Name	Status in the Board	Status in the Audit Committee
1	Showkat Hossain, FCA	Director	Chairman
2	Mortuza Siddique Chowdhury	Director	Member
3	Shahedul Huq	Director	Member
4	Arif Ahmed	Director	Member
5	Mohammad Mostan Billah Adil	Director	Member

Meeting of the Audit Committee

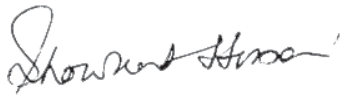
The Audit Committee had held four meetings during the year 2014.

During the year under review (2014), the committee, inter alia, focused on following areas:

- Reviewed and examined the Annual Financial Statements, 2013 prepared by the Management and audited by the external auditors **K. M. Hasan & Co.**, Chartered Accounts and recommended these before the Board of Directors for consideration.
- Reviewed Financial Report of the Bank as on 31 March, 2014 and recommended to submit it to the Board Meeting.
- Reviewed Financial Report of the Bank as on 30 June, 2014 and recommended to submit it to the Board Meeting.
- Reviewed Financial Report of the Bank as on 30 September, 2014 and recommended to submit it to the Board Meeting.

Acknowledgement

The Audit Committee expresses its sincere thanks to the Members of the Board, Management and the Auditors for their excellent support while carrying out and discharging their duties and responsibilities effectively and smoothly.



Showkat Hossain, FCA
Chairman
Audit Committee

শারী'আহ সুপারভাইজরি কমিটির প্রতিবেদন

বিসমিল্লাহির রাহমানির রাহীম

আলহামদু লিল্লাহি রাব্বিল আলামীন, ওয়াসসালাতু ওয়াসসালামু আলা সাইয়িদিল আশ্বিয়া-ই ওয়াল মুবসালাীন ওয়া'আলা আলিহি ওয়া আসহাবিহী আজমাদীন।

ইউনিয়ন ব্যাংক ৪র্থ প্রজন্মের একমাত্র ইসলামী ব্যাংক। যাবতীয় কার্যক্রম শারী'আহ অনুযায়ী পরিচালনার অঙ্গীকার নিয়ে ব্যাংকটি ২০১৩ সালে যাত্রা শুরু করে। ব্যাংকটির কার্যক্রমে শারী'আহ পরিপালনে প্রয়োজনীয় দিক নির্দেশনা প্রদানের লক্ষ্যে দেশবরেণ্য উলামায়ে কেব্রামের সমন্বয়ে একটি স্বাধীন শারী'আহ সুপারভাইজরি কমিটি দায়িত্ব পালন করছে।

ইউনিয়ন ব্যাংক শারী'আহ সুপারভাইজরি কমিটির দায়িত্ব হলো ব্যাংকের কার্যাবলি পর্যবেক্ষণ ও পর্যালোচনাপূর্বক স্বাধীন মতামত ও শারী'আহ সংক্রান্ত প্রয়োজনীয় দিক নির্দেশনা প্রদান করা, অপর দিকে ব্যাংক কর্তৃপক্ষের দায়িত্ব হলো উক্ত কমিটি প্রদত্ত মতামত ও দিক নির্দেশনা মোতাবেক ব্যাংকের যাবতীয় কার্যক্রম পরিচালনা নিশ্চিত করা।

শারী'আহ সুপারভাইজরি কমিটি ২০১৪ সালে মোট ৮টি সভায় মিলিত হয়েছে। কমিটি কর্তৃক গঠিত সাবকমিটির সভা হয়েছে ৭টি। এ সময় কমিটি ব্যাংকের বিভিন্ন কার্যক্রম শারী'আহর আলোকে পর্যালোচনা পূর্বক ব্যবস্থাপনা কর্তৃপক্ষকে প্রয়োজনীয় দিক নির্দেশনা প্রদান করেছে। এছাড়া কমিটি ইতোমধ্যে 'মুদারাবা আমানতকারীদের মধ্যে মুনামা বণ্টনের নীতিমালা এবং বিনিয়োগের ক্ষেত্রে ক্রয় প্রতিনিধি নিয়োগের নীতিমালা' অনুমোদনের পাশাপাশি ২০১৪ সালের স্থিতিপত্র (ব্যালেন্সশীট) ও লাভ-ক্ষতি হিসাব শারী'আহর আলোকে বিস্তারিত পর্যালোচনা পূর্বক অনুমোদন করেছে।

ব্যাংকের সকল লেনদেন নিরীক্ষা ও পরিদর্শনপূর্বক শারী'আহ পরিপালনের বিষয়টি পুঙ্খানুপুঙ্খ বিশ্লেষণের লক্ষ্যে প্রয়োজনীয় সংখ্যক মুরাক্বিব নিয়োগের বিষয়টি প্রক্রিয়াধীন রয়েছে।

ইউনিয়ন ব্যাংকের যাবতীয় কার্যক্রম শারী'আহর আলোকে পরিচালনার জন্য শারী'আহ সুপারভাইজরি কমিটি উহার সচিবালয়ের মাধ্যমে সার্বক্ষণিক সুপারভিশন ও প্রয়োজনীয় পরামর্শ এবং দিক নির্দেশনা দিয়ে যাচ্ছে।

পরিশেষে আল্লাহ রাব্বুল আলামীনের দরবারে ফরিযাদ, ইসলামী ব্যাংকিং কার্যক্রম এবং আমাদের জীবনের প্রতিটি ক্ষেত্রে যথাযথভাবে শারী'আহ পরিপালনের তাওফিক দিন। আমীন।



(মোঃ মুখলেছুর রহমান)

সদস্য-সচিব

শারী'আহ সুপারভাইজরি কমিটি



(প্রফেসর ডক্টর আবু রেজা মুহাম্মদ নেজামুদ্দিন নদভী, এমপি)

চেয়ারম্যান

শারী'আহ সুপারভাইজরি কমিটি

Report of Sharia'h Supervisory Committee

Bismillahir Rahmanir Rahim

Alhamdu Lillahi Rabbil Alamin, Wassalatu Wassalamu Ala Syedil Ambia-E Wal Mursaleen Wa' Ala Alihi Wa Ashabihi Ajmaeen.

Union Bank is one and only 4th generation Islamic Bank. It has started its journey in 2013 with the commitment of operating its all activities according to Sharia'h principles. An independent Sharia'h Supervisory committee, consisting of renowned Islamic Scholars is providing necessary directions so that Bank's activities are conducted in accordance with Sharia'h principles.

The responsibility of Union Bank Sharia'h Supervisory Committee is to form an independent opinion, based on their review of the operations of the bank. On the other hand, the management is responsible for ensuring that the bank conducts its business in accordance with Islamic Shariah Rules and Principles.

In 2014, Sharia'h Supervisory Committee has conducted 8 meetings and 7 meetings has been held by the Sub-Committee which is formed by the Sharia'h Supervisory Committee. In the meantime, committee has provided necessary directions to the Bank Management by the analyzing Bank's different activities in the light of Sharia'h principles. After detail discussion the Committee also approved the principles of the Distribution of Profit to the Mudarabah Depositors, the Principles of Buying Agent appointment for investment and the Profit and loss accounts and balance sheet of 2014 financial year in the light of Shariah Principles.

To examine all the transaction of Bank and to review those in the light of Sharia'h, the issue of appointing necessary Muraqibs is in process.

To conduct Union Bank's entire activities in comply with Sharia'h, the Sharia'h Supervisory Committee continues its supervision and providing necessary directions through Sharia'h Secretariat.

May Allah give us tawfique to achieve His satisfaction through the implementation of Sharia'h in every sphere of our life including those to Islamic Banking.



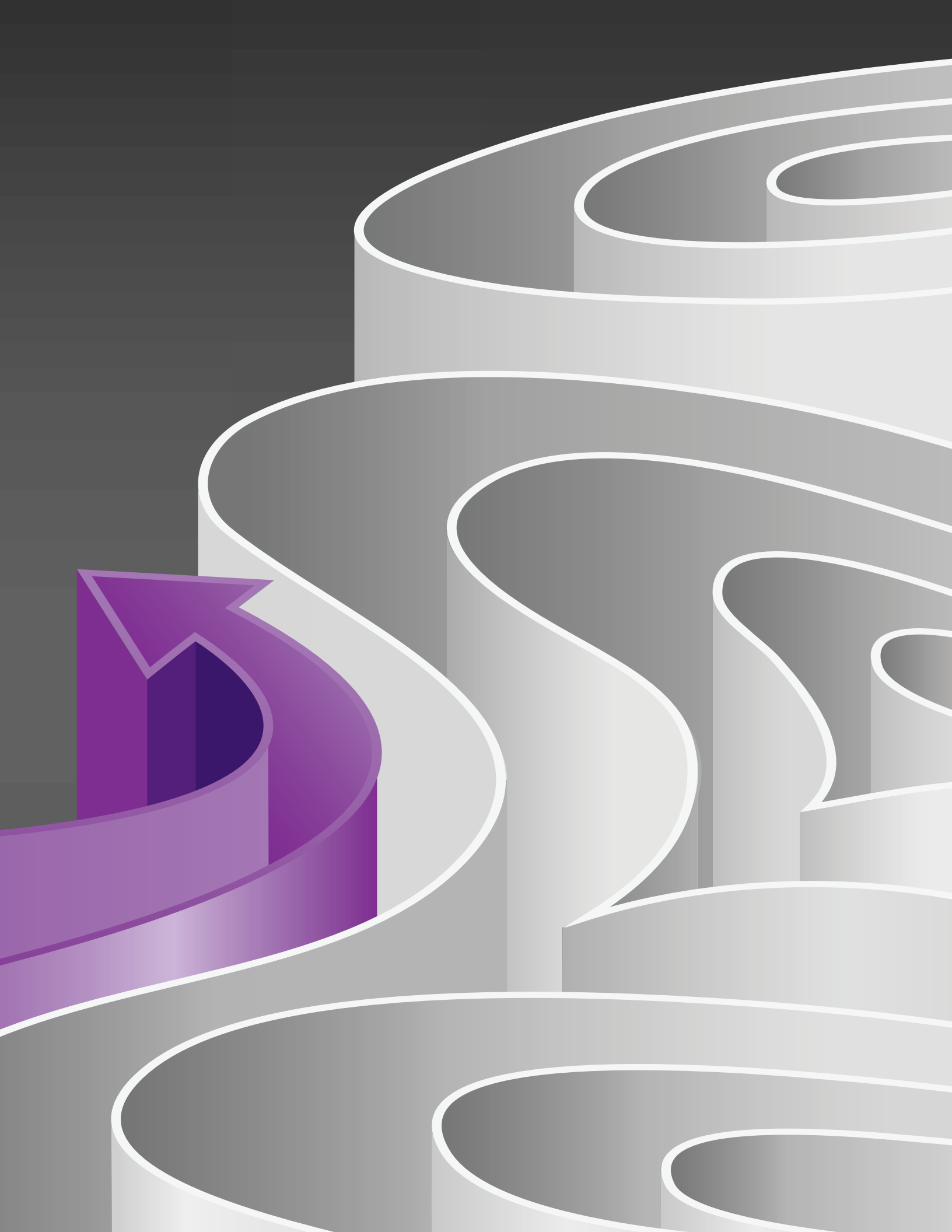
Md. Mukhlesur Rahman
Member Secretary
Shariah Supervisory Committee



Prof. Dr. Abu Reza Muhammad Nezamuddin Nadwi MP
Chairman
Shariah Supervisory Committee

Memories
in Frame







1st Annual General Meeting held on 6th September, 2014 at Hotel Westin, Dhaka.



Honorable Chairman of Union Bank Ltd. Mr. Shahidul Alam and Vice-Chairman Mr. Belal Ahmed is seen among others to Inaugurate the 1st Anniversary of Union Bank Ltd. at its Head Office.



Honorable Vice-Chairman Mr. Belal Ahmed and Managing Director Md. Abdul Hamid Miah of Union Bank Ltd. receiving the Business Excellent Award Singapore-2014 in



Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. receiving the "International Quality Summit Award-2015" in New York, USA.



Honorable Vice- Chairman of Union Bank Ltd. Mr. Belal Ahmed is seen among others at Business Development Conference at Hotel Regency.



Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. is seen to delivering a speech at half yearly Manager Conference 2014.



Opening of Panthopath Branch, Dhaka.



Opening of Agrabad Branch, Chittagong.



Opening of Lalmai Branch, Comilla.



Opening of Uttara Branch, Dhaka.



Closing ceremony of the 1st batch Foundation Training Course for the Probationary Officers.



Officer of Union Bank Ltd. receiving certificate from Mr. Md. Abdul Hamid Miah in the Foundation Training Course: Module II (Investment).



Executives of Union Bank Ltd. took part in the workshop on Sharia'h Based Banking.



Executive of Union Bank Ltd. receiving Certificate from Mr. Md. Abdul Hamid Miah in the workshop on Sharia'h Based Banking.



Union Bank Training Institute organized workshop on Foreign Remittance Services.

Corporate Social Responsibility

The modern concept of Corporate Social Responsibility (CSR) is evolving gradually despite several hindrances. Driving forces behind this evolution is pressure from various stakeholders (Importers, Environmentalists) while slow progress is attributed to lack of Good Governance, absence of strong labor unions, consumer forums and above all lack of understanding by business houses, specifically non-exporting ones, that CSR is not charity but is rather an instrumental PR investment. Corporate Social Responsibility (CSR) is gaining fast global acceptance as a standard to assume environmentally sustainable and socially equitable business practices. The role of business world-wide and specifically in the developed economies has evolved from classical 'profit maximizing' approach to a 'social responsibly' approach, where businesses are not only responsible to its stockholders but also to all of its stakeholders in a broader inclusive sense. With increased globalization, local businesses are being integrated with the global economy than ever hence pressure is mounting on local businesses to converge on international standards of socially responsible business.

As a member of the global economy, Bangladesh is also aware of the need to take positive initiative to establish an image of environmentally and socially responsible businesses. CSR as a concept is being gradually interwoven into the psyche of local business, however, the process is slow and only in its infancy. In most of the cases, CSR practices are not particularly framed in the context of seeing to it that the money being given as corporate donations had been part of a sustaining community development effort.

The banking sector of Bangladesh has been actively participating in various social activities. However, these efforts were hardly recognized and labeled as CSR activities since most of the financial institutions have not integrated CSR in their routine operation; rather these were in the form of occasional charity or promotional activities. Bangladesh Bank has taken initiatives in respect of formalizing CSR in the banking sector of Bangladesh and issued a directive to the banks and financial institutions on June 01, 2008 in this regard. It defined the strategic objective for CSR engagement, provided some priority areas with a suggestion to foster CSR in their client businesses, and suggested a first time CSR program indicating some likely action plans. Bangladesh Bank will monitor CSR adoption and CSR performance of banks and financial institutions, as an additional dimension of their management performance. Bangladesh Bank also had the opportunity to provide a sense of direction to the CSR agenda of the banking sector when it suggested that, banks which are taking measures for rehabilitating, agriculture, fisheries, livestock, and protecting environment, will be considered as more compliant of Corporate Social Responsibility besides providing relief to the people affected in natural calamities like 'Sidr' and 'Aila'. The banking community has responded sensibly to the call for CSR and sustainable social development. We are also observing a gradual but qualitative change in the CSR action programs undertaken by banks. For example:

- Disaster relief and rehabilitation became the segment where the highest number of banks participated to help ease the sufferings of the affected people. In the current context, there is a desired move from the traditionally Popular fields of education or health.
- Several banks introduced micro-finance for the target groups, such as poor farmers, landless peasants, women entrepreneurs, rootless slum People, handicapped people, etc.
- More and more banks have taken long-term or renewable scholarship programs for under-privileged but meritorious students for the persuasion of their studies, instead of providing one-time recognition awards to good performers.
- Some banks choose to provide continued financial support for maintaining operating costs of health care organizations.

Without a 'governance framework', businesses may face substantial difficulties in finding and maintaining appropriate boundaries for their CSR interventions, and they may find themselves pressured into activities that are beyond their core competence and represent a financial drain on business rather than a sensible CSR investment. The initiative of Management and Resources Development Initiative (MRDI) aiming at proper utilization of CSR funds by means of seeking commitment from the leaders of trade and industry to undertake target-oriented actions for sustainable social development is appreciable.

MRDI has rightly pointed out that as an alternative development funds, CSR can contribute to poverty reduction and supplement government's efforts towards achieving the millennium development goals. In a developing country like ours with modest resources, it is important that we deploy our resources most usefully, and hence, we should make an effort to have an overall national policy on CSR that starts from building understanding of CSR incentives and pressure points and improving strategic interactions and alignment between public policy goals and the CSR-related activities of business.

As a fourth generation scheduled commercial Bank we are intensively focusing on CSR activities. Expenditure on CSR activities gradually increasing each and every year of our Bank. Recently Bangladesh Bank has declared new guidelines for CSR activities. We are proceeding based on this direction.

In 2014 we have spent Tk. 1,12,47,000 (One Crore Twelve Lac Forty Seven Thousand Taka Only) in different sectors. CSR expenditure on different sectors is given here.

Description Of Initiatives	Amount in Taka	No. Of Beneficiaries
Direct social interventions conducted by the FI, both as occasional/remedial measures or sustainable/continuous projects		
1. Education	17,57,000	3000
2. Health	15,75,000	250
3. Disaster management	38,40,000	6000
4. Environment	10,000	02
5. Sports	Under process	-
6. Art & Culture	40,000	02
7. Others	40,25,000	03

We are also adding here some pictures on CSR activities of Union Bank Ltd. for 2014 with captions.



Mr. Shahidul Alam, Chairman of Union Bank Ltd. handing over a cheque to Honorable Prime Minister Sheikh Hasina for flood victim people as the part of CSR activities.



Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. handing over a cheque to Dr. Atiur Rahman Governor of Bangladesh Bank for Burnt Unit of Dhaka Medical College Hospital as the part of CSR activities.



Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. handing over a cheque to Md. Saheb Ali, Chairman of National Society of the Blind and Partially sighted (NSBP), Faridpur Branch Under CSR activities.



Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. distributing a blanket to the distressed people during last winter as the part of CSR activities.

Market Discipline: Disclosures on Risk Based Capital (Basel-II) as on 31 December 2014

Background:

The detailed qualitative and quantitative disclosures are provided in accordance with Guidelines on Risk Based Capital Adequacy by Bangladesh Bank. The purpose of these requirements is to complement minimum capital requirement and Supervisory review process. These disclosures are intended for more transparent and more disciplined financial market where the participants can assess key information about the Bank's exposure to various risks.

The disclosures of the Bank under Basel-II requirements based on the position as of 31.12.2014 are presented as per the guidelines of Bangladesh Bank vide BRPD Circular No. 24 dated 03.08.2010 and No. 35 dated 29.12.2010 on "Risk Based Capital Adequacy on Banks". These disclosures are intended for stake holders to access key information about the Bank's exposure to various risks and to provide a consistent & understandable framework for easy comparison among peer banks operating in the market.

Validation & Consistency:

The disclosures (qualitative and quantitative) under the revised Risk Based Capital Adequacy (RBCA) framework as advised by Bangladesh Bank, is based on the audited financial position of the bank as of 31st December 2014. Since these disclosures are based on audited financial statements, these are easily verifiable.

Scope of Application:

The name of the corporate entity to which these guidelines applies is Union Bank Limited (on 'Solo' basis).

Disclosure framework:

According to the revised Risk Based Capital Adequacy Guidelines the Bank requires general qualitative disclosure for each separate risk area (e.g. Investment, market, operational, banking book interest rate risk, equity). The Bank must describe their risk management objectives and policies, including:

- Strategies and processes;
- The structure and organization of the relevant risk management function;
- The scope and nature of risk reporting and/or measurement systems;
- Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.

The following components set out in tabular form are the disclosure requirements:

- A) Scope of Application
- B) Capital Structure
- C) Capital Adequacy
- D) Credit Risk
- E) Equities: Disclosures for Banking Book Positions
- F) Profit Rate Risk in Banking Book (PRRBB)
- G) Market Risk
- H) Operational risk

1) Scope of Application		
Qualitative disclosure		
a)	The name of the top corporate entity in the group to which this guidelines applies.	Union Bank Limited
b)	An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk weighted).	<p>Union Bank Limited (UNBL) was incorporated on 07.03.2013 as a private limited company and started its banking business under the license issued by Bangladesh Bank. Presently the Bank has 27(Twenty Seven) branches with fully online facility. Considering huge demand of Shariah Based Banking across the country as well as growing demand of quality service in banking we found mammoth respond of our Banking service. To unlock the potentials of missing middle income group who are beyond the coverage of corporate banking service and to focus on rural & micro economic developments we devolved our product & service in line with this. Modern Technology as well as environmental issues was also considered.</p> <p>At present we are following the accounting on solo basis with no deduction as we have no subsidiaries.</p>
c)	Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group.	Not Applicable
d)	The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and the name(s) of such subsidiaries.	Not Applicable

2) Capital Structure

Qualitative disclosure

a)	Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier 1 or in Tier 2.	<p>The terms and condition of the main feature of all capital instrument have been segregated in terms of the eligibility criteria set forth vide BRPD circular No 35 dated 29 December 2010 and other relevant instructions given by Bangladesh Bank from time to time. The main features of the capital instruments are as follows:</p> <p>Tier-1 capital instruments: Paid up share capital, Share Premium, Statutory Reserve, Dividend equalization account, Retained earnings.</p> <p>Tier-2 Capital consists of (i) General Provision against unclassified Investments, Off-balance sheet exposure & Off-shore banking Units), 50% of Asset revaluation reserve, 50% of Revaluation gain/loss on investment (HFT), 10% of Revaluation reserve for equity instruments, Exchange equalization fund etc.</p>
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Qualitative disclosure

b)	The amount of Tier-1 capital with separate disclosure of:	Fig. in Crore	
		Solo	Consolidated
c)	I. Fully Paid up capital	428.00	-
	II. Non repayable share premium account	0.00	-
	III. Statutory reserve	7.56	-
	IV. General reserve	14.57	-
	V. Retained earnings	12.23	-
	VI. Minority interest in subsidiaries	0.00	-
	VII. Non-cumulative irredeemable preference shares	0.00	-
	VIII. Dividend equalization account	0.00	-
		Sub-Total (A)	462.36
d)	The total amount of Tier 2 and Tier 3 capital (B)	32.00	-
e)	Other deductions from capital	0.00	-
f)	Total eligible capital (A+B)	494.36	-

3) Capital Adequacy

Qualitative disclosure

a)	<p>A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.</p>	<p>i). Bangladesh Bank adopted Basel-1 for credit risk through BRPD circular No. 01 dated January 08, 1996. Bank fully complied Basel-I capital requirement.</p> <p>ii). A Quantitative Impact Study (QIS) was done by Bangladesh Bank to implement the Basel-II in Bangladesh in 2007</p> <p>iii). To implement Basel-II, Bangladesh Bank has published Roadmap on December 30, 2007 and Basel-II Guidelines through BRPD circular No.09 dated December 31, 2008.</p> <p>iv). Bangladesh Bank has recognized External Credit Assessment Institutions (ECAIs) through BRPD circular No. 05 dated April 29, 2009.</p> <p>v). As per Section 13(2) of the Bank Companies Act 1991 and instruction contained in BRPD circular No. 35 dated 29 December 2010 (Guidelines on "Risk based Capital Adequacy for Banks) revised regulatory capital frame work in line with Basel II.</p> <p>vi). Union bank is able to maintain capital adequacy ratio (CAR) at 14.31% on SOLO basis against the regulatory minimum level of 10.00%. Tier-I capital adequacy ratio under "Solo" basis is 13.38% against the minimum regulatory requirement of 5%.</p> <p>Bank's policy is to manage and maintain its capital with the objective of maintaining strong capital ratio and high rating. The Bank also ensures that the capital levels comply with regulatory requirements and satisfy the external rating agencies and other stakeholders including depositors. The whole objective of the capital management process in the Bank is to ensure that the Bank remains adequately capitalized at all times.</p>
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Qualitative disclosure			
	Particulars	Fig. in Crore	
		Solo	Consolidated
b)	Capital requirement for credit risk	333.43	-
c)	Capital requirement for market risk	1.72	-
d)	Capital requirement for operational risk	10.38	-
e)	Total and Tier 1 capital ratio:	-	-
	• For the consolidated group; and	-	-
	• For stand alone	93.53%	-
	Minimum capital requirement	400.00	-
	Total Risk Weighted Assets (RWA)	3455.28	-
	Total and Tier-1 Capital Ratio:		-
	• Total CAR	14.31%	-
	• Tier-1 CAR	13.38%	-
	• Tier-2 CAR	0.93%	-

4) Credit Risk

Qualitative disclosure	
a) The General Qualitative disclosure requirement with respect to credit risk, including:	
Definitions of past due and impaired (for accounting purposes):	To define past due and impairment through classification and provisioning, the bank follows Bangladesh Bank Circulars and Guidelines. The summary of some objective criteria for investment/loan classification and provisioning requirement as stipulated by the central bank BRPD circular no. 14 dated 23 September 2012 and BRPD circular no.16 dated 18 November 2014 are as below:

i) Description of approaches followed for specific and general allowance and statistical methods:

Type of Facility	Loans Classification					
	Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Loan	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	9 months or more	20%
Demand Loan	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	10 months or more	20%
Fixed Term Loan more than Tk. 10 lac	3 months or more but less than 6 months	20%	6 months or more but less than 9 months	50%	11 months or more	20%
Fixed Term Loan up to Tk. 10 lac	6 months or more but less than 9 months	20%	9 months or more but less than 12 months	50%	12 months or more	20%
Short Term Agricultural & Micro Credit	12 months or more but less than 36 months	5.0%	36 months or more but less than 60 months	5.0%	60 months or more	5.0%

General provision on: (For both Standard and Special mention account)	Rate
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
Loans to BHs/MBs/SDs against shares etc.	2%
Unclassified loans for housing finance and on loans for professionals	2%
Unclassified consumer financing other than housing financing and loans for professionals	5%
Short term agri credit and micro credit	2.50%
Off balance sheet exposures	1%
Specific provision on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

Qualitative disclosure

ii)	Decision of the Bank's Investment (Credit) Risk Management Policy;	Risk is inherent in all aspects of a commercial operation; however for Banks and financial institutions, investment (credit) risk is an essential factor that needs to be managed. Investment (credit) risk is the possibility that a borrower or counter party will fail to meet its obligations in accordance with agreed terms. Investment (Credit) risk, therefore, arises from the bank's dealings with or lending to corporate, individuals, and other banks or financial institutions. To manage investment (credit) risk Union Bank follows "Bangladesh bank's Circulated Credit Risk Management guidelines".
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b) Total gross credit risk exposures by major types: Bangladesh Bank guidelines on Basel II, stipulated to segregate bank's asset portfolio into different categories, and the below table shows our gross exposure in each asset category

Sl. No.	Particulars	Exposure (Fig. in crore)
a.	Cash	18.23
b.	Claims on Bangladesh Government and Bangladesh Bank	418.94
c.	Claims on Banks & NBFIs	
	i) Original maturity over 3 months	656.17
	ii) Original maturity less than 3 months	19.40
d.	Claims on Corporate	
	Different Risk Weights	110.03
	Unrated	1,974.98
e.	Claims on SME	
	Unrated (small enterprise < BDT 3.00m)	3.51
	Unrated (small enterprise having ≥ BDT 3.00m & Medium Enterprise)	18.03
f.	Claims under Credit Risk Mitigation [From Work Sheet 1(a) of revised RBCA Guidelines]:	
	i) Corporate	377.58
	ii) Retail & Small	55.79
	iii) Consumer finance	12.09
	iv) Commercial real estate	41.49

Sl. No.	Particulars	Exposure (Fig. in crore)
g.	Claims categorized as retail portfolio (excluding SME, Consumer Finance and Staff loan) upto 1 crore	0.42
h.	Consumer finance	8.52
i.	Claims fully secured by residential property	2.11
j.	Claims fully secured by commercial real estate	216.27
k.	Investments in premises, plant and equipment and all other fixed assets	41.13
l.	All other assets	
	i) Staff loan/investment	6.94
	ii) Other assets (not specified above) [Net of specific provision, if any]	109.46

Qualitative disclosure

c)	Geographical Distribution of exposures, broken down in significant areas by major types of credit exposure.	Sl.	Division-wise investment	Exposure BDT in crore
		1.	Dhaka	1746.89
		2.	Chittagong	1078.36
		3.	Khulna	0.23
		4.	Rajshahi	0.42
		5.	Barisal	0.00
		6.	Sylhet	0.57
		7.	Rangpur	1.31
d)	Industry or counterparty type distribution of exposures, broken down by major types of investment exposure	Sl.	Division-wise investment	Exposure BDT in crore
		1.	Agriculture	45.08
		2.	RMG	45.13
		3.	Textile	182.92
		4.	Other Manufacturing industry	61.52
		5.	SME Investment	21.54
		6.	Construction	3.92
		7.	Transport, Storage & Communication	20.99
		8.	Trade Service	2082.74
		9.	Commercial real estate financing	253.23
		10.	Residential real estate financing	2.11
		11.	Consumer Investment (credit)	20.61
		12.	Capital Market	8.10
		13.	Others	79.89
	Total	2827.78		

Qualitative disclosure																										
e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of investment (credit) exposure.	<table border="1"> <thead> <tr> <th>Sl.</th> <th>Division-wise investment</th> <th>Exposure BDT in crore</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Repayable on Demand</td> <td>0.00</td> </tr> <tr> <td>2.</td> <td>Up to 1 month</td> <td>210.12</td> </tr> <tr> <td>3.</td> <td>Over 1 month but not more than 3 months</td> <td>545.73</td> </tr> <tr> <td>4.</td> <td>Over 3 months but not more than 1 year</td> <td>1927.19</td> </tr> <tr> <td>5.</td> <td>More than 1 year but less than 5 year</td> <td>98.94</td> </tr> <tr> <td>6.</td> <td>Over 5 years</td> <td>45.79</td> </tr> <tr> <td colspan="2">Total</td> <td>2827.78</td> </tr> </tbody> </table>	Sl.	Division-wise investment	Exposure BDT in crore	1.	Repayable on Demand	0.00	2.	Up to 1 month	210.12	3.	Over 1 month but not more than 3 months	545.73	4.	Over 3 months but not more than 1 year	1927.19	5.	More than 1 year but less than 5 year	98.94	6.	Over 5 years	45.79	Total		2827.78
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Note: Bank maintained provision is amount 32.00 crore.

5) Equities: Disclosures for Banking Book Positions

Qualitative disclosure

a)	The general qualitative disclosures requirement with respect to equity risk, including	
	Differentiation between Holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons;	Investment of Union Bank in equities is divided into two categories: quoted equities (which are traded in the secondary market) and unquoted equities (which are not traded in the secondary market). Since the intent of holding unquoted equities is not trading, the same are considered as banking book equity exposure.
	Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	The banking book securities are shown in cost price and no revaluation reserve has been created against these equities.

b) Quantitative Disclosures:

b)	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	At Cost	At Market Value
		4.01	5.34
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting (31 December 2014) period.	0.005	
d)	Total unrealized gains (losses)	1.34	
	• Total latent revaluation gains (losses)	-	
	• Any amounts of the above included in Tier 2 capital.	-	
e)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements	-	

6) Profit Rate Risk in Banking Book (PRRBB)
Qualitative disclosure

a)	The general qualitative disclosure requirement including the nature of PRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of PRRBB measurement.	Profit rate risk is the exposure of a bank's financial condition to adverse movements in profit rates. The process of profit rate risk management by the bank involves determination of the business objectives, expectation about future macro variables and understanding the money markets and debt market in which it operates. Profit rate risk is the risk, which affects the Bank's financial condition due to changes in the market profit rates. Changes in profit rates affect both the current earnings (earnings perspective, traditional approach to profit rate risk assessment taken by many banks) as well as the net worth of the Bank (economic value perspective). The risk from earnings perspective measured as impact on the Net Investment Income (NII). Similarly, the risk from economic value perspective which affect the underlying value of the bank's assets, liabilities, and off-balance-sheet (OBS) instruments because the present value of future cash flows (and in some cases, the cash flows themselves) change when profit rates change can be measured in the Economic Value of Equity (EVE). Accordingly, an effective risk management process that maintains profit rate risk within prudent levels is essential to the safety and soundness of banks.
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b) Quantitative Disclosure:

To determine the impact of increase in profit rate risk 3 scenarios are tested, in minor level of shock of 1% increase in profit rate cause CAR is 14.38%, 2% increase in profit rate cause CAR 14.45%, finally a major shock of 3% increase in profit rate cause CAR is 14.53%.

BDT in crore

Profit Rate Stress	Minor	Moderate	Major
Assumed change in Profit Rate	1%	2%	3%
Net investment income impact			
<12 months	2.52	5.04	7.56
Capital after-shock	496.88	499.40	501.92
CAR after-shock (%)	14.38	14.45	14.53
Change in CAR after-shock (%)	0.07	0.15	0.22

7. Market Risk

Qualitative disclosure

a)	<p>i)Views of Board of Directors (BOD) on trading/investment activities.</p> <p>ii) Methods used to measure Market risk.</p>	<p>i)Views of Board of Directors (BOD) on trading /investment activities. Market risk is the possibility of losses of assets in balance sheet and off-balance sheet positions arising out of volatility in market variables i.e., profit rate, exchange rate and price. Allocation of capital is required in respect of the exposure to risks deriving from changes in profit rates and equity prices in the bank's trading book, in respect to exposure to risks deriving from changes in foreign exchange rates and commodity price in the overall banking activity. The total capital requirement for banks against the market risk shall be the sum of capital charges against:</p> <ol style="list-style-type: none"> i. Profit raterisk ii. Equity positionrisk iii. Foreign exchange (including gold) position risk throughout the bank's balance sheet and iv. Commodity risk. <p>ii) Methods used to measure Market risk.</p> <p>Measurement Methodology: As banks in Bangladesh are now in a stage of developing risk management models, Bangladesh Bank suggested the banks for using Standardized Approach for credit risk capital requirement for banking book and Standardized (rule based) Approach for market risk capital charge in their trading book.</p> <p>Maturity Method has been prescribed by Bangladesh Bank in determining capital against market risk. In the maturity method, long or short positions in debt securities and other sources of profit rate exposures, including derivative instruments, are slotted into a maturity ladder comprising 13 time-bands (or 15 time-bands in case of low coupon instruments). Fixed-rate instruments are allocated according to the residual term to maturity and floating-rate instruments according to the residual term to</p>
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7. Market Risk
Qualitative disclosure

		<p>then extreme pricing date.</p> <p>In Standardized (rulebased) Approach the capital requirement for various market risks (profit rate risk, price, and foreign exchange risk) are determined separately. The total capital requirement in respect to market risk is the sum of capital requirement calculated for each of these market risk sub-categories. e.g.:</p> <ul style="list-style-type: none"> a) Capital Charge for Profit Rate Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk; b) Capital Charge for Equity Position Risk = Capital Charge for Specific Risk + Capital Charge for General Market Risk; c) Capital Charge for Foreign Exchange Risk = Capital Charge for General Market Risk; d) Capital Charge for Commodity Position Risk = Capital charge for general market risk.
	iii) Market Risk Management system.	Treasury Division manages the market risk and ALCO monitors the activities of treasury Division in managing such risk.
	iv) Policies and processes for mitigating market risk.	<p>To mitigate the several market risks the bank formed Asset Liability Management Committee (ALCO) who monitors the Treasury Division's activities to minimize the market risk. ALCO is primarily responsible for establishing the market risk management and asset liability management of the Bank, procedures thereof, implementing core risk management framework issued by the regulator, best risk management practices followed by globally and ensuring that internal parameters, procedures, practices/ polices and risk management prudential limits are adhere to.</p> <p>The Treasury Division are taking following measures to minimize the several market risks:</p> <ul style="list-style-type: none"> i) Foreign exchange risk management: it is the

7. Market Risk

Qualitative disclosure

		<p>risk that the bank may suffer losses as a result of adverse exchange rate movement during a period in which it has an open position in an individual foreign currency. This risk measured and monitored by the Treasury Division. To evaluate the extent of foreign exchange risk, a liquidity Gap report prepare for each currency.</p> <p>ii) Equity Risk: Equity risk is defined as losses due to changes in market price of the equity held. To measure and identify the risk, mark to market valuation to the share investment portfolios are done. Mark to market valuation is done against a predetermined limit. At the time of investment, following factors are taken into consideration:</p> <p>a) Security of Investment b) Fundamentals of securities c) Liquidity of securities d) Reliability of securities e) Capital appreciation f) Risk factors and g) Implication of taxes etc</p>	
b)	The capital requirements for:	Solo	Consolidated
		Fig. in Crore	
	• Profit raterisk	0.00	-
	• Equity positionrisk	1.07	-
	• Foreignexchangerisk and	0.65	-
	• Commodity risk	0.00	-
	Total Capital Requirement	1.72	-

8 Operational Risk

Qualitative disclosure

a)	Policies and processes for mitigating operational risk:	<p>Operational Risk is defined as the risk of loss resulting from in adequate or failed internal processes, people and systems or from external events. It is inherent in all of the Bank's activities. Operational risks are monitored and, to the extent possible, controlled and mitigated. The Bank's approach to operational risk is noted signed to eliminate risk altogether but rather, to contain risks within levels deemed acceptable by senior management. All functions, whether business, control or logistics functions, must manage the operational risks that arise from the directivities. This is supported by an independent program of periodic reviews undertaken by internal audit, and by monitoring external operational risks events, which ensure that the group stays in line which industry best practice and takes account or lessons from publicized operational failures within the financial services industry.</p> <p>The difference between the standard / intended and the actual/current performance is known as the performance gap. Union Bank always tries to minimize the performance gap of its employees by providing appropriate training. The bank also encourages practicing ethical behavior by following standard code of conduct. The bank ensures timely compensation claims of the employee; preserve the employee health and safety rules and avoid the discriminatory activities. During the year 2013, the bank significantly reviewed few existing policies for providing more benefit to employees with a view to introducing superior level of job satisfaction. It also ensures Equal Employment Opportunity. Competitive compensation also ensures best workplace safety for the banks' employees to keep away from in compatible employment practices and unhealthy employee turnover.</p> <p>The potential external events that may pose the bank in to operational risks are as follows.</p>
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8 Operational Risk

Qualitative disclosure

1. External Fraud: Acts by a third party, of a type intended to defraud, misappropriate property or circumvent the law. Examples include robbery, forgery, and damage from computer hacking.
2. Taxation Risk: Sudden changes in tax laws and regulation that hamper the profitability of a bank.
3. Legal Risk: Legal risk is the risk of the Bank's losses in cases of
 - i) Incompliance of the Bank with the requirements of the legal regulations
 - ii) Making legal mistakes in carrying out activities
 - iii) Imperfection of the legal system
 - iv) Violation of legal regulations, terms and conditions of concluded agreements by the counterparties.
4. Damage of physical asset: Loss or damage to physical assets from natural disaster or other events. Example includes terrorism, vandalism, earthquakes, fires, floods etc.
5. Business disruption and system failures: Disruption of business or system failures. Examples include telecommunication problems, utility outages etc.
6. Execution, delivery and process management: Failed transaction processing or process management, and relations with trade counterparties and vendors. Examples include, non-client counterparty mis-performance, vendor disputes etc.

The Bank has taken the following policies and processes for mitigating operational risk:

1. Loss prevention: We focus on employee

8 Operational Risk

Qualitative disclosure

		<p>development through training and development programs and review the performance of employees to prevent loss.</p> <p>2. Loss control: We have in detail planning and defined process in place like back up of computer system controlling the loss.</p> <p>The Bank has formed a separate 'Risk Management Division' to review and update operation risks along with all other core risks on systematic basis as necessary ensuring that adequate controls exist and that the related returns reflect these risks and the capital allocated to support them. The Bank has taken initiatives for protecting the information from unauthorized access, modification, disclosure and destruction to protect its' customers' interest. 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. Training is a key component of operational risk management. The Bank has been continuously conducting training sessions (i.e. Operational Procedure, Business Continuity Planning, Disaster Recovery Planning etc.) for relevant employees. The Bank has been maintaining separate insurance coverage for its critical assets. The bank conducts routine audit (both internal and external) and internal ICT audit to all its' branches and Head Office divisions.</p> <p>The Banks operating in Bangladesh have been computing the capital requirements for operational risk under the Basic Indicator Approach (BIA). Under BIA, the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the bank over the past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when</p>
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8 Operational Risk

Qualitative disclosure

		calculating the average. The capital charge may be expressed as follows: $K = [(GI_1 + GI_2 + GI_3) \times \alpha]/n$
	Approach for calculating capital charge for operational risk:	<p>Where-</p> <p>K = the capital charge under the Basic Indicator Approach</p> <p>GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded)</p> <p>α = 15 percent</p> <p>n = number of the previous three years for which gross income is positive.</p> <p>Gross Income (GI) is defined as "Net Investment Income" plus "Net non- Investment Income". It is intended that this measures hold:</p> <ol style="list-style-type: none"> Be gross of any provisions; Be gross of operating expenses, including fees paid to out sourcing service providers Exclude realized profits/ losses from the sale of securities held to maturity in the banking book; Exclude extra ordinary or irregular items; Exclude income derived from insurance.

b) The capital requirements for operational risk

BDT in crore

10.38

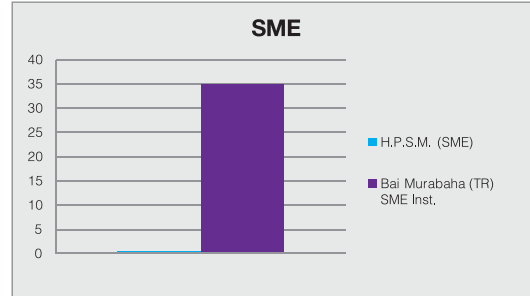
Capital Charge for Operational Risk-Basic Indicator Approach

Year	Gross Income (GI)	Average Gross Income (AGI)	Capital Charge = 15% of AGI
2012	-	69.22	10.38
2013	40.16		
2014	98.23		

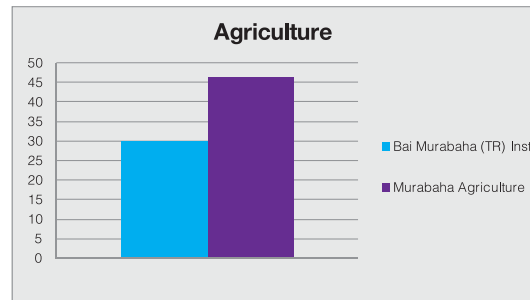
Product Wise Investment

As on 31.12.2014

SME	
Financial Product Description	Investment Amount
H.P.S.M. (SME)	0.06
Bai Murabaha(TR) SME Inst.	35.00



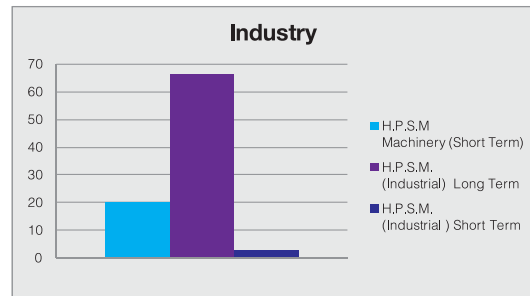
Agriculture	
Financial Product Description	Investment Amount
Bai Murabaha(TR) Inst.	30.00
Murabaha Agriculture	46.42



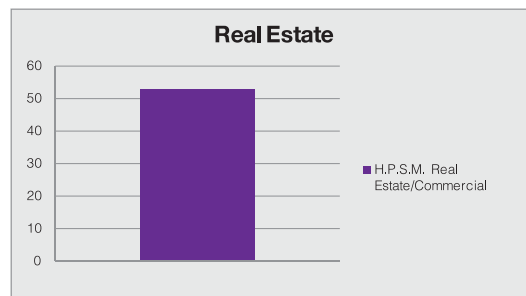
Trading	
Financial Product Description	Investment Amount
Bai Murabaha (Hypo)	162.75
Bai Murabaha (General)	1287.80



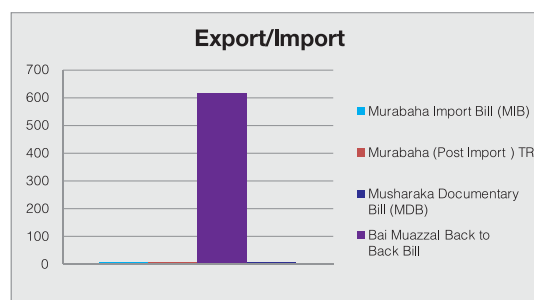
Industry	
Financial Product Description	Investment Amount
H.P.S.M Machinery (Short Term)	20.51
H.P.S.M. (Industrial) Long Term	66.30
H.P.S.M. (Industrial) Short Term	2.94



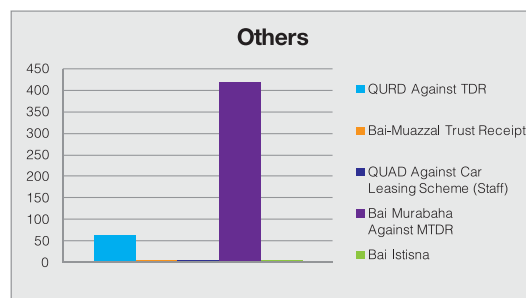
Real Estate	
Financial Product Description	Investment Amount
H.P.S.M. Real Estate/ Commercial	52.96



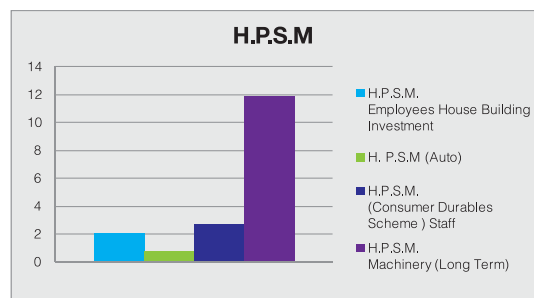
Export/Import	
Financial Product Description	Investment Amount
Murabaha Import Bill (MIB)	1.60
Murabaha (Post Import) TR	.51
Musharaka Documentary Bill (MDB)	614.30
Bai Muazzal Back to Back Bill	2.32



Others	
Financial Product Description	Investment Amount
QURD Against TDR	63.34
Bai- Muazzal Trust Receipt	3.52
QUAD Against Car Leasing Scheme (Staff)	2.92
Bai Murabaha Against MTDR	416.77
Bai Istisna	0.34

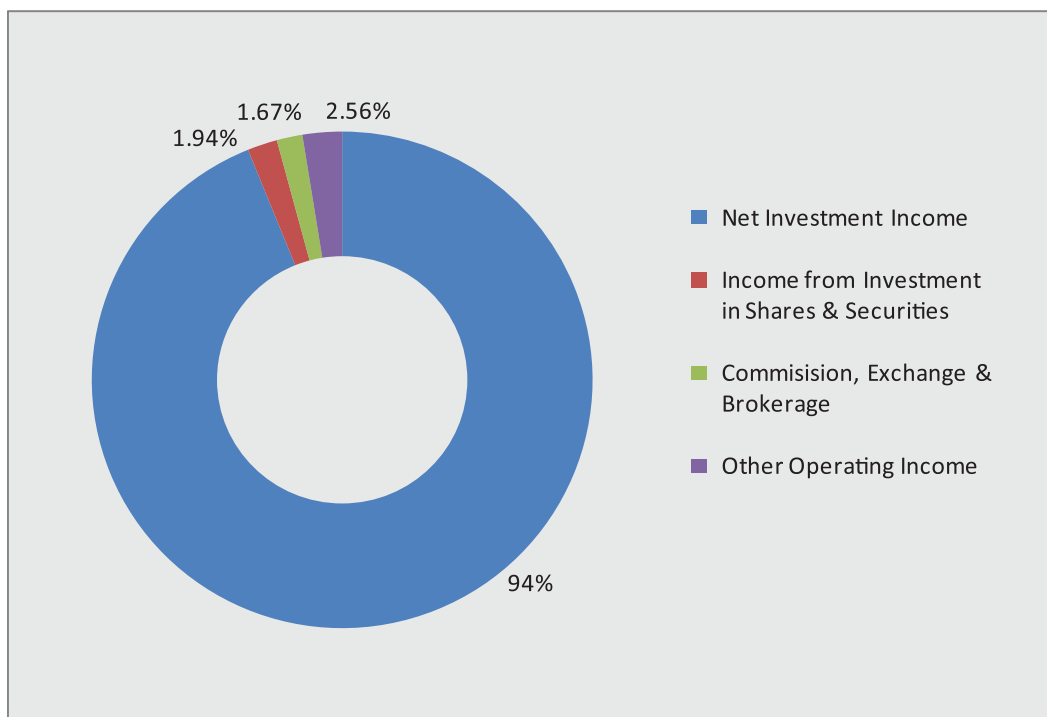


H.P.S.M	
Financial Product Description	Investment Amount
H.P.S.M. Employees House Building Investment	2.06
H. P.S.M (Auto)	.76
H.P.S.M. (Consumer Durables Scheme) Staff	2.70
H.P.S.M. Machinery (Long Term)	11.90



Operating Income

Operating Income	Amount	Percentage
Net Investment Income	921,814,494.00	93.84%
Income from Investment in Shares & Securities	19,060,545.00	1.94%
Commision, Exchange & Brokerage	16,362,482.00	1.67%
Other Operating Income	25,103,103.00	2.56%
Total Operating Income	982,340,624.00	100%





TO BECOME SOCIALLY COMMITTED

WORLD CLASS

FINANCIAL INSTITUTION





Financial Information



AUDITORS' REPORT

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 from branches not visited by us;
- 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

	Notes	2014 Taka	2013 Taka
PROPERTY AND ASSETS			
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		40,951,529,467	17,081,141,242
LIABILITIES AND CAPITAL			
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		36,327,885,308	12,568,048,664
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		4,623,644,159	4,513,092,578
Total Liabilities and Shareholders' Equity		40,951,529,467	17,081,141,242

UNION BANK LIMITED
BALANCE SHEET
 As at 31 December 2014

	Notes	2014 Taka	2013 Taka
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		1,474,493,318	7,170,000
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		-	-
Total Off -Balance Sheet Items Including Contingent Liabilities		1,474,493,318	7,170,000

The annexed notes form an integral part of these financial statements



Managing Director



Director



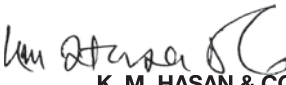
Director



Chairman

Signed in terms of our per 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

	Notes	2014 Taka	2013 Taka
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
		526,889,043	155,273,270
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 item	11.2	244,900,000	75,100,000
Provisions for diminution in value of Investment in Shares		-	3,850,000
		244,900,000	78,950,000
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 per 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

	Notes	2014 Taka	2013 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	(200,059,354)	(47,798,101)
Operating Profit before changes in Operating Assets & Liabilities		920,056,387	5,745,046
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	241,872,400	26,227,124
		1,788,124,085	4,500,398,094
Net Cash Flow from Operating Activities		2,708,180,472	4,506,143,140
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		(1,490,501,626)	(422,193,021)
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		-	4,425,749,665
D. Net Increase/(Decrease) of Cash & Cash Equivalents (A+B+C)		1,217,678,846	8,509,699,784
Effect of Exchange Rate on Cash & Cash Equivalents		-	-
E. Opening Cash & Cash Equivalents		8,509,699,784	-
F. Closing Cash & Cash Equivalents (D+E)		9,727,378,630	8,509,699,784
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		9,545,120,608	8,401,419,021
		9,727,378,630	8,509,699,784

The annexed notes form an integral part of these financial statements



 Managing Director



 Director



 Director



 Chairman

Signed in terms of our per separate report of even date

Place: Dhaka
 Date: 26 February 2015


 K. M. HASAN & CO
 Chartered Accountants

Financial Information

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

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Asset 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



 Chairman

Signed in terms of our separate report of even date


 K. M. HASAN & CO.
 Chartered Accountants

Place: Dhaka
 Date: 26 February 2015

UNION BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)

As at 31 December 2014

Particulars	Up to 01	01-03	03-12	01-05	More than	Total
	Month	Months	Months	Years	05 years	
	Taka	Taka	Taka	Taka	Taka	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



K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Date: 26 February 2015

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

- Investments are stated in the balance Sheet at the net amount excluding unearned income and profit receivable.
- 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 Line Method.
Vehicles	20%	Straight Line Method
Books	20%	Reducing Balance Method

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

2.8 Liabilities and Provision

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 Statement of Cash Flows

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.
- 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 Taka	2013 Taka
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

B. Outside Bangladesh	Currency	Amount	Rate	2014 Taka	2013 Taka
Current Account	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	-
Sonali Bank (UK) Limited, UK	USD	13,130.06	78.3000	1,028,084	-
Habib Bank Limited, New York, USA	ACU	10,273.50	78.3000	804,415	-
Habib Bank Limited, Karachi, Pakistan	ACU	31,657.38	78.3000	2,478,773	-
AB Bank Ltd., Mumbai, India	ACU	31,440.84	78.3000	2,461,818	-
United Bank of India, Kolkata, India	JPY	17,010.00	0.6556	11,152	-
National Bank of Pakistan, Tokyo, Japan					
Total (A+B)				24,370,187	6,445,848,472

	2014 Taka	2013 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 Taka	2013 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 Taka	2013 Taka
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
	28,277,787,234	7,308,820,728
6.5 Geographical Location-wise Investments		
Urban		
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	-
	27,353,208,085	7,308,820,728
Rural		
Dhaka	118,447,816	-
Chittagong	791,731,362	-
Khulna	-	-
Barisal	-	-
Rangpur	13,051,558	-
Sylhet	1,348,413	-
	924,579,149	-
	28,277,787,234	7,308,820,728
6.6 Classification of Investments as per Bangladesh Bank Circular		
Unclassified		
Standard	28,277,787,234	7,308,820,728
Special Mention Account	-	-
	28,277,787,234	7,308,820,728
Classified:		
Sub-standard	-	-
Doubtful	-	-
Bad & Loss	-	-
	28,277,787,234	7,308,820,728
6.7 Particulars of Required Provision for Investments		
Classification status		
Unclassified		
Standard	313,018,462	74,491,076
Special Mention Account	-	-
	313,018,462	74,491,076
Classified:		
Sub - Standard	-	-
Doubtful	-	-
Bad and Loss	-	-
	313,018,462	74,491,076
Required Provision for Investments	313,018,462	74,491,076
Total Provision Maintained	320,000,000	75,100,000
Provision Excess/ (Shortfall)	6,981,538	608,924

* Details of provision may kindly be in note 2.7.2

		2014 Taka	2013 Taka
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	-	-
		28,277,787,234	7,308,820,728
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 Taka	2013 Taka
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	-	-
	28,277,787,234	7,308,820,728
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	-	-
	6,180,523,835	-
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
	472,653,996	91,708,283
Less: Accumulated Depreciation	61,373,314	5,417,588
	411,280,682	86,290,695
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	-
	1,095,042,270	845,845,297
8.1 Advance, Deposits and Prepayment		
Advance against Rent - Office	269,964,499	200,568,000
Prepayment	504,417	255,582
	270,468,916	200,823,582
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
	172,546,487	118,578,163

(*) 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.

	2014 Taka	2013 Taka
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 Taka	2013 Taka
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
	1,006,724,825	211,819,208
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
	29,159,584,975	6,098,379,503
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
	1,624,214,086	411,500,008
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
	72,737,453	24,686,554
10.2 Bills Payable		
Pay Order Issued	171,196,226	5,392,842
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
	283,401,329	37,159,132
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	-
	30,163,305,765	11,536,460,529

	2014 Taka	2013 Taka
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 assessment for the year 2014 not yet due.		
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
	787,978,411	214,472,829

	2014 Taka	2013 Taka
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		
Name of Category	Percentage(%)	Percentage(%)
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)		
Tier-I (Core Capital)		
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
Tier -II (Supplementary Capital)		
General Provision	320,000,000	75,100,000
Assets Revaluation Reserves	-	-
Subordinated Debt	-	-
	320,000,000	75,100,000
Tier -III (Eligible for market risk only)		
Short-term subordinated Debt	-	-
	-	-
	-	-
A. Total Eligible Capital	4,943,644,159	4,588,192,578
B. Total Risk Weighted Assets	34,552,800,000	13,313,600,000
C. Minimum Capital Requirement based on Risk Weighted Assets (10% on B)	3,455,280,000	1,331,360,000
D. Surplus/(Deficiency)....(A - C)	1,488,364,159	3,256,832,578
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 Taka	2013 Taka
14 OTHER RESERVE	145,749,665	145,749,665
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	122,315,596	53,874,331
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
	606,973,300	7,170,000
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	-
	446,172,018	-
18 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	394,000	-
Outward Bills	-	-
Inland Documentary Bills	147,354,000	-
	147,748,000	-

	2014 Taka	2013 Taka
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	-
	3,366,101,694	954,409,235
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	-
	2,444,287,200	554,950,245
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	-
	19,060,545	793,582
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	-
	16,362,482	182,501
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
	25,103,103	1,131,110

	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

32 DEPRECIATION AND REPAIRS OF FIXED ASSETS

Depreciation on Fixed Assets (Annexure - A)

Repairs:

 Office equipment
 Renovation and Maintenance of Office Premises
 Furniture and Fixtures
 Repair & Maintenance of Vehicle

33 OTHER EXPENSES

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

34 EARNINGS PER SHARE (EPS)

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

35 RECEIVED FROM OTHER OPERATING ACTIVITIES

 Account maintenance charge
 Clearing cheque processing fee
 Income from Shares and Securities
 Investment processing fee
 Miscellaneous Earnings

36 PAYMENT FOR OTHER OPERATING ACTIVITIES

 Rent, Taxes, Insurances, Electricity etc.
 Legal Expenses
 Postage, Stamps, Telecommunications etc.
 Directors' fees
 Shariah Committee's fees
 Other Expenses

	2014 Taka	2013 Taka
	55,955,726	5,417,588
	12,639,605	4,361,844
	914,338	137,785
	2,600	3,666,229
	8,250	1,000
	11,714,417	556,830
	68,595,331	9,779,432
	11,476,380	2,236,706
	27,033,301	3,759,964
	5,031,803	458,813
	2,953,700	30,000
	622,000	700,000
	183,191	78,429
	4,019,768	150,444
	2,139,649	438,087
	1,013,971	179,136
	810,253	955,124
	344,489	76,200
	378,663	791,722
	1,290,790	436,430
	2,259,167	95,246
	656,960	97,832
	1,598,620	299,738
	32,059	6,758
	677,972	201,731
	1,269,099	-
	3,096,210	700,687
	173,258	29,835
	11,022,670	7,571,719
	523,875	-
	2,692,077	-
	2,440,864	477,735
	83,740,789	19,772,336
	110,551,581	87,342,913
	428,000,000	428,000,000
	0.26	0.20
	4,013,111	143,759
	25,163	2,512
	19,060,545	793,582
	6,641,500	792,500
	14,423,329	192,339
	44,163,648	1,924,692
	97,772,175	25,337,397
	448,100	50,300
	6,646,148	680,574
	4,049,059	1,898,650
	34,500	50,000
	91,109,372	19,781,180
	200,059,354	47,798,101

37 INCREASE / DECREASE OF OTHER ASSETS

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

(Increase)/Decrease during the year

38 INCREASE / DECREASE OF OTHER LIABILITIES

Provision for Gratuity
 Provision for Zakat
 Provident Fund
 Benevolent Fund
 Provision for Incentive Bonus
 Clearing Adjustment Account
 Others

Increase/(Decrease) during the year

39 NUMBER OF EMPLOYEES

Executives and Officers
 Members of Staff (Contractual)

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

Name of the Party	Nature of Transaction	Nature of Relationship	Total Value (in Taka)
a. Northern General Insurance Company Ltd.	Insurance Premium	Common Director	6,241,431
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

2014 Taka	2013 Taka
20,822,214	62,086,900
270,468,916	200,823,582
4,620,541	683,610
172,546,487	118,578,163
194,180	34,758
447,573	-
469,099,911	382,207,013
(86,892,898)	(382,207,013)
4,060,000	3,000,000
7,625,000	
125,677	3,103,110
1,329,446	113,704
5,979,386	20,000,000
248,068,439	-
911,576	10,310
268,099,524	26,227,124
241,872,400	26,227,124
475	263
125	54
600	317

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	Managing Director Galco Steel (Bangladesh) Ltd. Prasad Paradise Resorts Ltd. S. Alam Vegetable Oil Ltd. Proprietor M/s. Tazin Enterprise Sonali Traders
2	Belal Ahmed	Vice Chairman	Managing Director Unitex Spinning Ltd. Proprietor M/s Unitex
3	Hussain Muhammad Ershad	Director	Chairman Podagonj Cold Storage Ltd.
4	Ashik Ahmed	Director	Proprietor Ashik Trading
5	Ms. Marzina Sharmin	Director	Managing Director Unique Investment & Securities Limited Time Securities Limited Director Reliance Finance Limited Proprietor M/s. Marzina Trading
6	Mortuza Siddique Chowdhury	Director	Chairman Tower Aviation Ltd. Al- Sharaf Airways Ltd. MRM Trading Ltd. Marsa Fishing Ltd. Managing Director Mortuza Assets Ltd. Director Al- Sharaf Ltd.
7	Md. Arshed	Director	Chairman C & A Dietary & Hospitality Ltd. Managing Director 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. Managing Partner S & A Bay of Bengal Nominee Director Time Securities Ltd.

Sl. No.	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
8	Shahedul Huq	Director	Managing Partner Crystal Bridge (Pvt) Ltd. Director Xebac Trading Service Ltd. Proprietor SA Huq Properties Ltd.
9	Ms. Shahana Ferdous	Director	Managing Director Galco Steel (BD) Ltd. Director S. Alam Super Edible Oil Ltd. Proprietor M/S Shahnaj Trading
10	Morsalin Islam Shouradip	Director	Managing Director Meghamala International Ltd. Meghamala Estate Ltd. Meghamala Mega Shop Ltd.
11	Showkat Hossain, FCA	Director	Resident Partner Hoda Vasi Chowdhury & Co. Director (Independent) Chittagong Stock Exchange Ltd. Member Board of Directors, Chittagong WASA
12	Rashedul Alam	Director	Managing Director Global Trading Corporation Ltd. Director S. Alam Steels Ltd. Bangladesh Petro Chemical Ltd. S. Alam Hatchery Ltd. Ocean Resorts Ltd. S. Alam Properties Ltd. Fatehabad Farm Ltd. Proprietor Rafe Enterprise Khurshed Poribohon Sangstha
13	Arif Ahmed	Director	Proprietor M/s. Arif Traders
14	Mohammad Mostan Billah Adil	Director	Proprietor M/s. Mostan Billah Adil
15	Ms. Sarwar Jahan Maleque	Director	Vice- Chair Person Jasco Capital Management Ltd. Director Jasco Bangladesh Ltd.
16	Chowdhury Mohammed Hanif Shoeb	Director	Managing Director Salma Trade International Ltd. BSB Spining Mills Ltd. Angan Properties Ltd.

Sl. No.	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
17	S.M. Anowar Sadat	Director	Managing Director K.K Properties Ltd. Proprietor K.K Automobiles K.K Enterprise K.K Motors Mati Corporation Chiba Trading N.S Associates Partner Habibur Rahman & Brothers
18	Mohammed Abdul Salam	Director	Managing Director Multazim Spinning Mills Ltd. Matam Fibre Mills Ltd. Matam Spinning Mills Ltd. Proprietor Multazim International
19	Ms. Farzana Begum	Director	Managing Director Shah Amanat Praktik Gas Co. Ltd. Lion Securities & Investment Ltd. Director Global Trading Corporation Proprietor M/s. Farzana Trading Enterprise
20	Ahsanul Alam	Director	Managing Director Genesis Textiles Accessories & Apparels Ltd. Western Designers Ltd. Proprietor 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 within the organization.

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

43 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

Annexure A

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 on 31 Dec 2014
	Balance as on 01 January '14	Addition during the year	Sales/ Transfer during the year	Balance as on 31 Dec '14	Balance as on 01 January '14	Charge during the year	Adjustment on sale/transfer during the year	Balance as on 31 Dec '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	

Annexure B

UNION BANK LIMITED
Financial Highlights
For the year ended 31 December 2014

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

Head Office

Bahela Tower, 72, Gulshan Avenue
Gulshan-1, Dhaka-1212, Bangladesh
E-mail : info@unionbank.com.bd
web : www.unionbank.com.bd
Telephone : +88-02-9859313

Revenue Stamp
Taka 20/-

Proxy Form

I/we _____
of _____
being a member of Union Bank Limited, do hereby appoint Mr./Ms. _____
of _____
as my/our proxy to attend and vote for me/us, and on my/our behalf at the 2nd Annual General Meeting of the Members of Union Bank Limited will be held on December 19, 2015 at Royal Tulip Sea Pearl Beach Resort & Spa, Inani, Cox's Bazar at 12.00 noon.
Signed this _____ day of _____, 2015

(Signature of Shareholders)

No. of Share Held

Membership No.

Notes:

This proxy Form duly completed and stamped must be deposited at least 48 hours before the meeting at the company's Registered Office. Proxy is invalid if not signed and stamp as explained above.

Head Office

Bahela Tower, 72, Gulshan Avenue
Gulshan-1, Dhaka-1212, Bangladesh
E-mail : info@unionbank.com.bd
web : www.unionbank.com.bd
Telephone : +88-02-9859313

Attendance Slip

I/we hereby record my attendance at the 2nd Annual General Meeting of the Members of Union Bank Limited will be held on December 19, 2015 at Royal Tulip Sea Pearl Beach Resort & Spa, Inani, Cox's Bazar at 12.00 noon.

Name of the Member/Proxy _____

Membership No.

Signature of Member/Proxy and Date



Corporate Head Office:

Bahela Tower, 72, Gulshan
Avenue, Gulshan-1, Dhaka-1212
Phone: +88-02-9859313
Web: www.unionbank.com.bd