



AnnualReport
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Letter of Transmittal

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

Subject: Annual Report 2015 of Union Bank Limited.

Muhtaram

As-salamu Alaikum 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 2015. 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 2015.

This is for your kind information and record please.

Best regards

Yours truly



Ali Hossain Bhuiyan
Senior Principal Officer

Notice of the 3rd Annual General Meeting

Notice is hereby given that the 3rd Annual General Meeting of the Members of Union Bank Limited will be held on Thursday, December 29, 2016 at 04:00 pm at The Palace Luxury Resort, Bahubal, Habiganj 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, 2015 along with the Auditors' Report and the Directors' Report thereon.
02. To approve Dividend for the year ended December 31, 2015 as recommended by the Board of Directors.
03. To elect/re-elect Directors in accordance with the provision of the Articles of Association of the Company and the relevant laws of the regulatory authorities.
04. 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

Sd-

Ali Hossain Bhuiyan
Senior Principal Officer

Date: December 01, 2016
Dhaka

NOTES:

- a. The Board of Directors has recommended 10% stock dividend for the year ended December 31, 2015. The Shareholders reserve the right to approve or disapprove it in AGM.
- b. The Members (Sponsors) whose names appear in the Register of the Company shall attend the AGM.
- c. 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.
- d. 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.
- e. Members (Sponsors) are requested to notify the change of address, if any, well in time.
- f. 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.
- g. Auditor Appointment, (as per Bangladesh Bank circular No.BCD(P)748/3/546 dated 31.03.1991, they are eligible for 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

796739852073

External Auditor

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

Tax Consultant

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 macro economic 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

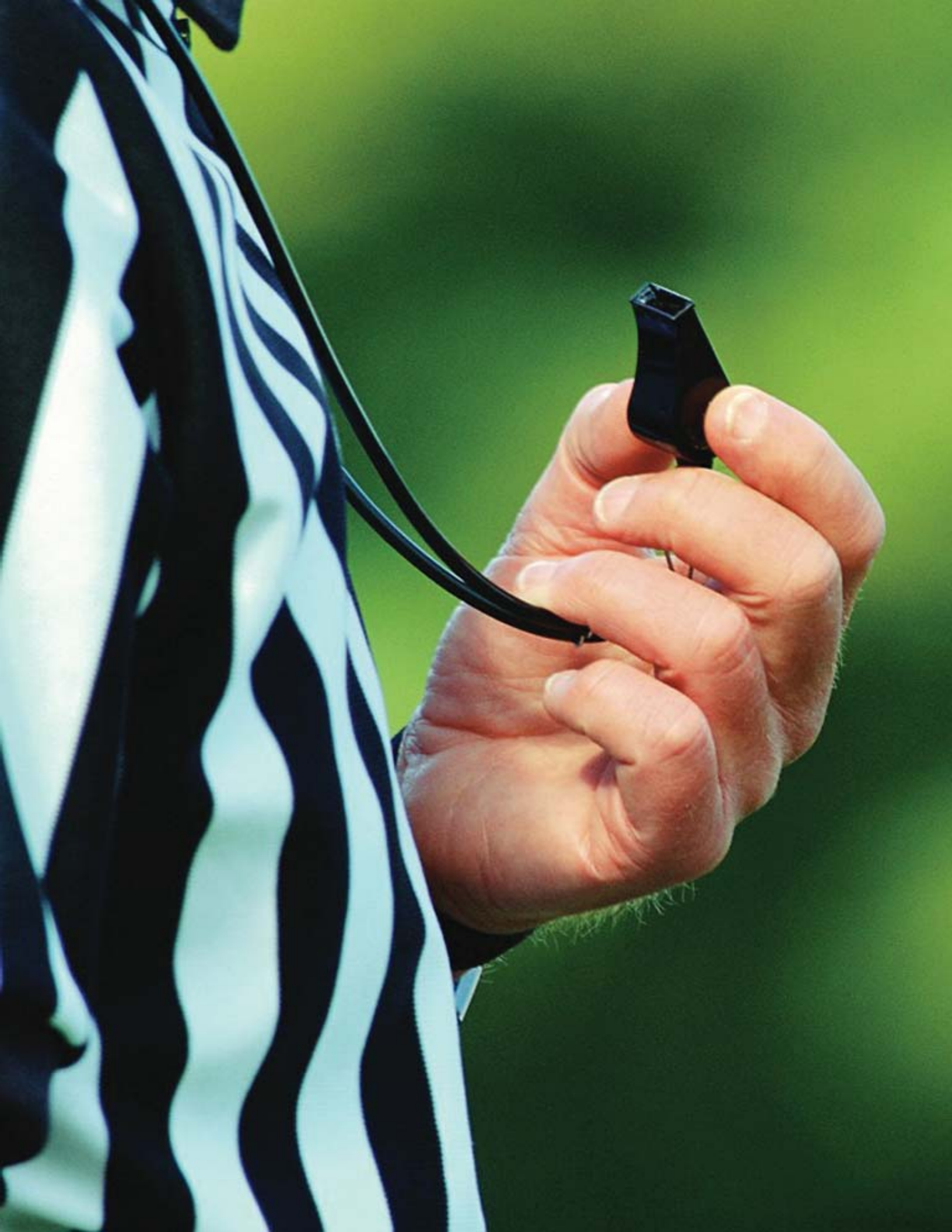
Amount in million Taka

SL No.	Particulars	2015	2014
1	Authorized capital	10,000.00	10,000.00
2	Paid - up capital	4,280.00	4,280.00
3	Shareholder's Equity	5,111.96	4,623.64
4	Total capital (Tier - 1 + Tier - 2)	5,607.88	4,943.64
5	Statutory Reserve	233.24	75.58
6	Total Assets	63,059.96	40,951.53
7	Total Liabilities	57,948.00	36,327.89
8	Deposits	55,568.42	34,767.31
9	Total Investment and Advance	45,592.87	28,277.79
10	Total contingent Liabilities	4,642.78	1,474.49
11	Total Risk Weighted Asset	42,247.72	34,552.80
12	Total Fixed Assets	679.20	411.28
13	Operating Income	2,061.29	982.34
14	Operating Expenditure	1,016.47	526.89
15	Profit before provision & Tax	1,044.81	455.45
16	Profit before Tax	788.31	210.55
17	Net profit after provision & Tax	488.31	110.55
18	Foreign Exchange Business:		
	a) Import Business	5,958.60	1,514.16
	b) Export Business	15,816.42	8,698.41
	c) Remittance	919.66	2.73
19	No. of Foreign Correspondent		
20	Profit Earning Assets	55,788.92	36,497.95
21	Non profit Earning Assets	7,271.04	4,453.58
SL No.	Particulars	2015	2014
22	Investment as a % of Total Deposit	82.05%	81.33%
23	Capital Adequacy Ratio	13.27%	14.31%
24	Dividend:		-
	a) Cash		
	b) Bonus		
	c) Right Share		
25	Cost of Fund	11.82%	12.36%
26	Net asset value per share		
27	Earning per share (EPS)	1.14	0.26
28	Price Earnings Ratio (times)		-
29	Return on Assets (ROA)	1.66%	1.11%
30	No. of shareholders	26	26
31	Number of Employees	832	600
32	Number of Branches	44	27

Shareholders' Information

Union Bank Limited
Details of Capital Fund
As on 31st December 2015

	Taka In Crore	
	2015	2014
Regulatory Capital Requirement in line with Basel-III		
I. Tier - 1 Capital		
a. Common Equity Tier-1 Capital (CET-1)		
Paid up Capital	428.00	428.00
Statutory Reserve	23.32	7.56
Other Reserve	14.57	14.57
Retained Earnings	45.30	12.23
	511.20	462.36
b. Additional Tier -1 Capital (AT-1)		
	0.00	0.00
	0.00	0.00
Total Tier 1 Capital (a + b)	511.20	462.36
II. Tier -2 Capital		
General Provision	49.59	32.00
	49.59	32.00
A. Total Regulatory Capital (I+II)	560.79	494.36
B. Total Risk Weighted Assets	4224.77	3455.28
C. Minimum Capital Requirement	422.48	345.53
D. Surplus/(Deficiency)....(A - C)	138.31	148.84
Capital to Risk Weighted Assets Ratio (CRAR)	13.27%	14.31%
Capital to Risk Weighted Assets Ratio (CRAR):		
a. Common Equity Tier-1 Capital to Risk Weighted Assets	<u>Held</u> 12.10%	<u>Held</u> 13.38%
b. Tier - 1 Capital to Risk Weighted Assets	12.10%	13.38%
c. Tier - 2 Capital to Risk Weighted Assets	1.17%	0.93%
Total (b+c)	13.27%	14.31%



MANAGEMENT INFORMATION

Board of Directors` Profile

BOARD OF DIRECTORS` PROFILE



Shahidul Alam
Chairman



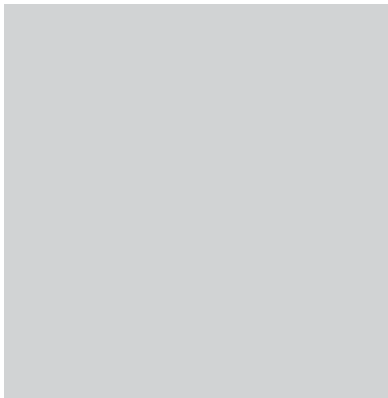
Ahsanul Alam
Vice Chairman



Hussain Muhammad Ershad
Director



Ashik Ahmed
Director



Ms. Marzina Sharmin
Director



Mortuza Siddique Chowdhury
Director



Shahedul Huq
nominee of Crystal Bridge (Pvt) Ltd.
Director



Ms. Shahana Ferdous
Director

BOARD OF DIRECTORS' PROFILE



Rashedul Alam
*nominee of Western Designer Ltd.
Director*



Showkat Hossain, FCA
*representative of Ocean Resorts Ltd.
Director*



Arif Ahmed
Director



Mohammad Mostan Billah Adil
Director



Ms. Farzana Begum
Director



Md. Abdul Hamid Miah
Managing Director

Sponsor Shareholders

1. Shahidul Alam
2. Hussain Muhammad Ershad
3. Ahsanul Alam
4. Unique Investment & Securities Ltd.
5. Ashik Ahmed
6. Ms. Farzana Parveen
7. Ms. Marzina Sharmin
8. Belal Ahmed
9. Mortuza Siddique Chowdhury
10. Badrun Nessa
Nominee of Lion Securities & Investment Ltd.
11. Md. Arshed
12. Khandkar Iftekhar Ahmad
Nominee of C&A Fabrics Ltd.
13. Shahedul Huq
Nominee of Crystal Bridge (Pvt) Ltd.
14. Ms. Shahana Ferdous
15. Md. Abdul Wahed
Nominee of C&A Accessories Ltd.
16. Morsalin Islam Shouradip
17. Rashedul Alam
Nominee of Western Designer Ltd.
18. Showkat Hossain, FCA
Representative of Ocean Resorts Ltd.
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
Ahsanul Alam	Member
Ms. Marzina Sharmin	Member
Mohammad Mostan Billah Adil	Member

AUDIT COMMITTEE

Showkat Hossain, FCA	Chairman
Mortuza Siddique Chowdhury	Member
Shahedul Huq	Member
Arif Ahmed	Member

RISK MANAGEMENT COMMITTEE

Arif Ahmed	Chairman
Ahsanul Alam	Member
Mohammad Mostan Billah Adil	Member

SHARI'AH SUPERVISORY COMMITTEE

Dr. Abu Reza Md. Nizamuddin Nadwi	Chairman
Maulana Mohammad Shamsul Hoque Siddeque	Member
Abdul Hai Nadvi	Member
Maulana Mohibbullah 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
Additional Managing Director	Mr. Syed Abdullah Mohammed Saleh Mr. A. B. M. Mokammel Hoque Chowdhury	Head Office Head Office
Executive Vice President	Mr. Shah Md. Mahtubuddin Al-Mamun	Manager, Gulshan Branch, Dhaka
Senior Vice President	Mr. Abdul Hannan Khan Mr. Faridul Hoque Chowdhury Mr. Joyanta Kumar Mandal Mr. Md. Mainul Islam Chowdhury Mr. Md. Munirul Islam Mr. Md. Idris Ali	Company Secretary, Head Office Manager, Agrabad Branch, Chittagong Head of Treasury & BOCD, Head Office Head of HRD & GSD, Head Office Manager, Hatkhola Branch, Dhaka Manager, Dilkusha Branch, Dhaka
Vice President	Mr. Kazi Abul Manjur	Gulshan Branch, Dhaka
First Vice President	Mr. Md. Naimur Rahman Mr. Mansoor Ahmed Mr. Md. Abdul Kader	Att., HRD, Head Office Head of IAD & RMD (CIB Cell), Head Office Manager, Panthapath Branch, Dhaka
Senior Assistant Vice President	Mr. Abdus Samad Shaheen Mr. Md. Ahsanullah Mr. Md. Rofiqul Islam Mr. Mohammad Sirajul Kabir Mr. Muhammed Didarul Alam Mr. Niaz Mohammed Khan Mr. A. N. M. Sadan Jahan	Head of MIS & ICCD, Head Office Manager, Talshahor Branch, B. Baria In-charge of ID, Head Office Manager, Khatungonj Branch, Chittagong Manager, Mirpur Branch, Dhaka Manager, Mouchak Branch, Gazipur Manager, Nawabpur Branch, Dhaka
Assistant Vice President	Mr. Delwar Hossain Delu Mr. Md. Mosaref Hossain Mr. Mohammed Mahfuzur Rahman Mr. Md. Shahidul Islam Mr. Ahmed Safa Mr. Mohammad Mafidul Haque Mr. Md. Abul Kalam Mr. Abdul Kayum	Head of AMLD & Green Banking, Head Office GSD, Head Office RMD, Head Office Manager, Rajshahi Branch, Rajshahi Manager, Patiya Branch, Chittagong HRD, Head Office GSD, Head Office Manager, Muradpur Branch, Chittagong

Designation	Name	Place of Posting
Assistant Vice President	Mr. Md. Shahidul Islam	Manager, Bogra Branch
	Mr. Md. Ruhul Amin	In-charge of FAD, Head Office
	Mr. Didarul Haque Miah	In-charge of ICT, Head Office
	Mr. Mohammad Moniruzzaman	Sebarhat Branch, Noakhali
	Mr. Iskandar Parvez	International Division, Head Office
	Mr. Md. Nurul Islam	Att., HRD, Head Office
	Mr. Riyadh Mohammad Chowdhury	Khatungonj Branch, Chittagong
First Assistant Vice President	Mr. Md. Hedayet Ullah	In-charge of Training Institute, Head Office
	Mr. Md. Monsur Ahmed	Manager, Atibazar Branch, Dhaka
	Mr. Hafez Anwar Hossain	Manager, Ashkonabazar Branch, Dhaka
	Mr. M.Q.M Obaidullah	GSD, Head Office
	Mr. Md. Shariful Alam Mondal	Investment Division, Head Office
	Mr. Mohammad Abdul Aziz	Manager, Cox's Bazar Branch, Cox's Bazar
	Mr. Mizanur Rahman	Manager, Shantirhat Branch, Chittagong
	Mr. Shah Md. Golam Sarwar Chowdhury	Manager, Ataikula Branch, Pabna
	Mr. Choudhury Aminur Rahman	Manager, Zindabazar Branch, Sylhet
	Mr. S. M. Fakhruddin Omar	Manager, Islampur Branch, Sylhet
	Mr. Anis Ahmed	Manager, Comilla Branch, Comilla
	Mr. Md. Mamnur Rashid	BOCD, Head Office
	Mr. Mohammad Khaled Hossain	Manager, Uttara Branch, Dhaka
	Mr. Kayes Mahmud	Manager, Banani Branch, Dhaka
	Mr. Md. Zahid Hussain	MD's Secretariat, Head Office
	Mr. Abu Kawser	Manager, Operation, Hatkhola Branch, Dhaka
	Mr. Md. Nandit Rahman Tazvi	Manager, Bogabari Branch, Ashulia, Dhaka
	Mr. Md. Rezaul Hoque	Manager, Barisal Branch, Barisal
	Mr. Golam Sarowor	Dilkusha Branch, Dhaka
	Mr. Md. Mizanur Rahman	Mirpur Branch, Dhaka
	Mr. M M Mazharul Islam	Manager, Narayangonj Branch, Narayangonj
Mr. Mohammad Shamim Ahmed Akan	Manager, Panchaboti Branch, Fatulla, Narayangonj	
Mr. Mohammad Nurul Amin	Manager, Feni Branch, Feni	
Mr. Mohammad Manir Hossain	Manager, Jaksinbazar Branch, Laxmipur	
Mr. Mohammad Salequr Rahman	Manager, Lichubagan Branch, Chittagong	



Messages



Shahidul Alam
Chairman



মাননীয় চেয়ারম্যানের বাণী

বিস্মিল্লাহির রহমানির রাহিম

সম্মানিত শেয়ারহোল্ডারবৃন্দ

আসসালামু আলাইকুম ওয়া রাহমাতুল্লাহ।

ইউনিয়ন ব্যাংকের তৃতীয় বার্ষিক সাধারণ সভায় পরিচালনা পর্ষদ এবং ব্যাংক ব্যবস্থাপনাসহ সকল কর্মকর্তাদের পক্ষ থেকে আপনাদেরকে স্বাগত জানাই। ৩১ ডিসেম্বর ২০১৫ সমাপ্ত বছরের ব্যাংকের পরিচালকমণ্ডলীর প্রতিবেদন ও বার্ষিক প্রতিবেদন আপনাদের সামনে উপস্থাপন করছি। সর্ব প্রথম আপনাদের মূল্যবান উপস্থিতির জন্য ধন্যবাদ জানাই এবং বিগত বছরগুলো জুড়ে আপনাদের অব্যাহত আস্থা, সহযোগিতা এবং পৃষ্ঠপোষকতার জন্য আমরা কৃতজ্ঞ যার জন্য আমাদের ব্যাংক সামনে এগিয়ে যেতে সক্ষম হয়েছে।

আমি আনন্দের সাথে জানাতে চাই যে, আল্লাহর অশেষ রহমতে আমরা আমানত সংগ্রহ, বিনিয়োগ, বৈদেশিক বাণিজ্যসহ বিভিন্ন ব্যাংকিং কার্যক্রমসমূহে প্রবৃদ্ধি ধরে রাখতে সক্ষম হয়েছি। এছাড়াও তারল্য, মূলধন পর্যাপ্ততা, ব্যবস্থাপনা সক্ষমতা এবং মুনাফা অর্জনে আমরা ভালো অবস্থানে রয়েছি। এটা সম্ভব হয়েছে আমাদের গ্রাহকগণের ক্রমাগত সহযোগিতা ও আস্থা এবং ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষের সক্ষমতা ও পেশাদারিত্ব-সহ পরিচালনা পর্ষদের দূরদর্শিতা, বিচক্ষণ দিকনির্দেশনা এবং বলিষ্ঠ নেতৃত্বের কারণে।

গত বছরের মত ২০১৫ সালেও বৈশ্বিক অর্থনীতি প্রবৃদ্ধি অর্জনে বেগ পেতে হয়েছে। IMF এর World Economic Outlook অনুযায়ী ২০১৫ সালে বৈশ্বিক অর্থনৈতিক প্রবৃদ্ধি ধরা হয় ৩.১% যা গত বছরের ৩.৪% এর তুলনায় কিছুটা কম। যদিও বিশ্ব অর্থনীতির ধীরগতি আমাদের দেশের প্রবৃদ্ধির ধারায় বিরূপ প্রভাব ফেলতে পারেনি। ২০১৫ সাল বাংলাদেশের জন্য আশাব্যঞ্জক ছিল কারণ বিশ্ব ব্যাংকের তথ্য মতে এ বছর বাংলাদেশ নিম্ন আয়ের দেশ থেকে নিম্ন মধ্যম আয়ের দেশে উন্নিত হয়েছে। ২০১৫ সালে বার্ষিক গড় মুদ্রাস্ফীতি কমে ৬.২% এ এসে দাঁড়িয়েছে। যার প্রমান ৬.৫% জিডিপি প্রবৃদ্ধি অর্জনে।

বাংলাদেশের ব্যাংকিং খাত একটি অন্যতম গুরুত্বপূর্ণ খাত যা জাতীয় অর্থনীতিতে উল্লেখযোগ্য অবদান রাখছে। প্রথম কয়েক মাসের রাজনৈতিক অস্থিরতার কারণে বছরের শুরুটা কঠিন হলেও ২০১৫ সালের শেষে ব্যাংকগুলো ভালো মুনাফা করতে পেরেছে। বিনিয়োগ মুনাফার হার ও মন্বুর ব্যবসায়িক পরিবেশের কারণে মুনাফার প্রবৃদ্ধি হার কম ছিল। বাংলাদেশ ব্যাংকের সাম্প্রতিক তথ্য মতে নভেম্বর, ২০১৫ শেষে ব্যক্তি খাতে বিনিয়োগ প্রবৃদ্ধি ছিল ১৩.৭% এবং ব্যাংকিং খাতের মোট আমানতের পরিমান দাড়ায় ৭.৩৩১ ট্রিলিয়ন টাকা। একই সময় বিনিয়োগের পরিমান দাড়ায় ৫.৮০১ ট্রিলিয়ন টাকা।

চ্যালেঞ্জ থাকা সত্ত্বেও ২০১৫ সালে ইউনিয়ন ব্যাংক লিমিটেড তার সকল কার্যক্রমে উল্লেখযোগ্য

সফলতা অর্জন করেছে। ডিপোজিট মোবাইলাইজেশন, বিনিয়োগ এবং আমদানী-রফতানী ও রেমিট্যান্স কার্যক্রমে আমাদের ব্যাংক ভালো প্রবৃদ্ধি ধরে রেখেছে। ২০১৫ সালে ব্যাংকের আমানত এবং বিনিয়োগের প্রবৃদ্ধি ছিল যথাক্রমে ৫৯.৮২% এবং ৬১.২৩%। ডিসেম্বর ৩১, ২০১৫ শেষে ব্যাংকের আমানত দাঁড়ায় ৫৫,৫৬৮.৪৩ মিলিয়ন টাকা অপরদিকে বিনিয়োগের পরিমাণ দাঁড়ায় ৪৫,৫৯২.৮৭ মিলিয়ন টাকা। একই সময় ব্যাংকের আমদানী ও রফতানী দাঁড়ায় যথাক্রমে ৫,৯৫৮.৬০ মিলিয়ন টাকা ও ১৫,৮১৬.৪২ মিলিয়ন টাকা এবং রেমিট্যান্স দাঁড়ায় ৯১৯.৬৬ মিলিয়ন টাকা। ২০১৫ সালে আমাদের ব্যাংক কর পূর্ব ১,০৪৪.৮১ মিলিয়ন টাকা মুনাফা করেছে যা চতুর্থ প্রজন্মের ৯টি ব্যাংকের মধ্যে সর্বোচ্চ। ২০১৪ সালের ৪৫৫.৪৫ মিলিয়ন টাকা মুনাফার সাথে তুলনা করলে ২০১৫ সালে মুনাফা ১২৯.৪০% বৃদ্ধি পেয়েছে।

আপনারা অবগত আছেন যে ৪র্থ প্রজন্মের ব্যাংক হিসেবে ইউনিয়ন ব্যাংক লিমিটেড তার গ্রাহকদের মানসম্মত সেবা প্রদানের প্রতি সর্বাধিক মনোযোগী ও যত্নবান। গ্রাহকদের চাহিদা ও সন্তুষ্টির কথা মাথায় রেখে নতুন নতুন পণ্য ও সেবা প্রবর্তন করা হচ্ছে। আমাদের ব্যাংক বিভিন্ন স্তরের গ্রাহকদেরকে সকল ধরনের ব্যাংকিং ও আর্থিক সেবা দিয়ে যাচ্ছে যার মধ্যে রয়েছে ব্যক্তি, ক্ষুদ্র ও মধ্যম আকারের শিল্প এবং বিভিন্ন ব্যবসায়িক প্রতিষ্ঠান ইত্যাদি।

২০১৫ সাল শেষে দেশের বিভিন্ন প্রান্তে ব্যাংকের মোট শাখার সংখ্যা দাঁড়ায় ৪৪৮টি। সকল স্তরের গ্রাহকদের সেবা দানের লক্ষ্যে ২০১৫ সালে ইউনিয়ন ব্যাংক লিমিটেড সর্বমোট ১৭টি নতুন শাখা খুলতে সক্ষম হয়েছে। এছাড়া উন্নত সেবা প্রদানের জন্য আমাদের ব্যাংক দেশের বিভিন্ন প্রান্তে নতুন এটিএম বুথ স্থাপন করেছে।

৩ বছরের যাত্রায় ইউনিয়ন ব্যাংক লিমিটেড সর্বদা সামাজিক দায়বদ্ধতার প্রতি প্রতিশ্রুতিবদ্ধ। আমাদের সামাজিক দায়বদ্ধতা কর্মসূচির মাধ্যমে আমরা সমাজের সুবিধা বঞ্চিত মানুষের পাশে দাঁড়িয়েছি। সমাজের প্রতি দায়বদ্ধতা থেকে আমরা ইতোমধ্যে ইউনিয়ন ব্যাংক লিমিটেড ফাউন্ডেশন প্রতিষ্ঠা করেছি। CSR-এর আওতায় ২০১৫ সালে ১০৯.২৮ মিলিয়ন টাকা বিতরণ করা হয়। বিগত বছর গুলোর মতো আমাদের ব্যাংক শিক্ষা, স্বাস্থ্য, দুর্যোগ ব্যবস্থাপনা, পরিবেশ, সংস্কৃতি এবং অন্যান্য খাতকে মাথায় রেখে সারা দেশে তার CSR কার্যক্রমকে বর্ধিত করছে।

সম্মানিত শেয়ারহোল্ডারবৃন্দই ব্যাংকের অনুপ্রেরণার উৎস। আমাদের উপর অগাধ আস্থা বজায় রাখার জন্য সম্মানিত শেয়ারহোল্ডারবৃন্দকে আমার হৃদয়ের অন্তঃস্থল থেকে ধন্যবাদ জানাই। একই সাথে আমাদের মূল্যবান গ্রাহকদেরকেও ধন্যবাদ জানাই তাদের অনুপ্রেরণা ও সহযোগিতার জন্য। আমি কৃতজ্ঞতা জানাই অর্থ মন্ত্রণালয়, বাংলাদেশ ব্যাংক, বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন, অফিস অফ দ্যা রেজিস্ট্রার অব জয়েন্ট স্টক কোম্পানিজ এন্ড ফার্মসসহ সকল রেগুলেটরি অথরিটিকে তাদের ক্রমাগত সহযোগিতা, দিকনির্দেশনা ও সহায়ক ভূমিকার জন্য।

সর্বশক্তিমান আল্লাহ্ যেন আমাদের সহায় হন এবং আমাদের উপর তার অফুরন্ত নিয়ামত বর্ষন করেন।

আল্লাহ্ হাফেজ



শহীদুল আলম
চেয়ারম্যান

Message from the Chairman

Bismillahir Rahmanir Rahim

Respected Shareholders

Assalamu Alaikum Wa Rahmatullah,

It is my privilege to address to the 3rd Annual General Meeting (AGM) of Union Bank Limited. On behalf of the Board of Directors, the Management and the employees of the Bank, I welcome all of you to this AGM. The Directors' Report and the Audited Financial Statements for the year ended 31st December 2015 are already with you and with your consent I take them as read. At the outset, I thank all of your esteemed presence, your continued trust, support and patronage extended to the Bank all these years which enabled us to progress over the years.

I am glad to state that by the grace of the Almighty Allah we have been maintaining steady growth of business in all areas of banking activities like deposit mobilization, investment, foreign trade etc. and maintaining sustainable position in terms of liquidity, capital adequacy, asset quality, management and profitability. This has been possible by dint of support and confidence of our customers on us; foresightness, prudent guidance and bold leadership of Bank's Board of Directors embodied with the efficient management, strong sense of professionalism and co-ordinated team work in part of the Bank management.

In the year 2015, the world economy seemed to struggle retaining the economic growth same as of previous years. According to World Economic Outlook by IMF, the global economic growth for 2015 was projected as 3.1 percentage slightly lower than the actual 3.4 percent growth in 2014. However, the slow-down of world economy could not adversely affect our country's economic growth trend and been able to remain resilient with 6.5 percent growth of GDP. The year 2015 marked promising feats for Bangladesh with escalation from low-income country status to lower-middle

income country as per the World Bank's classification. Annual average inflation decreased to 6.2 percent at the end of 2015.

Banking sector of Bangladesh is one of the major sectors which contributes significantly to the national economy. Banks managed to log in profits for 2015 despite a tough start to the year by the way of political turmoil for the first few months. The growth in profit was slim though, owing to lowering investment rates and sluggish business environment.

As per the latest figure of Bangladesh bank, investment growth to the private sector by the end of November of the year 2015 was 13.7 percent. The total deposit in the banking sector by the end of November last year was BDT 7.331 trillion. The amount of disbursement during the same period was BDT 5.801 trillion.

Despite challenges, Union Bank Limited has achieved significant success in 2015 in all areas of operations. In the year 2015, our Bank had good growth in the field of deposit mobilization, investment, overall activities in import, export and

remittance. The growth of deposit and investment of our Bank in 2015 were 59.82% and 61.23% respectively. Total deposit of the Bank as on 31st December, 2015 stood at Tk. 55,568.43 million while total amount of investment of the Bank stood at Tk. 45,592.87 million. During the year import volume stood at Tk. 5,958.60 million and export business was Tk. 15,816.42 million. Foreign remittance of equivalent Tk. 919.66 million received during 2015. The Bank earned a profit before tax of Tk. 1,044.81 million in 2015 and we attained first position among the 9 new banks. Comparing to Tk. 455.54 million profit in 2014, the profit in 2015 increased 129.40 percent.

As a 4th generation Bank UBL pays utmost attention and sincere care to the customers. We are introducing a wide range of products and services and always competitive in offering services to the customers and continuously redesigning our products to meet customers' demands and satisfaction. We are providing a full range of banking and financial services to different segments of clients including individuals, small and medium sized entrepreneurs and corporate bodies etc.

At the end of 2015, the total number of branches stood at 44 in various location of the country. In 2015 UBL has been successful to open 17 new branches with an aim to give services to all types of customers. Our Bank also set-up new ATM booths in different parts of the country.

In its 3 years journey, UBL is always committed to serve the causes of humanity. We stand beside the under privileged segment of the society with our Corporate Social Responsibility (CSR). We have already formed the Union Bank Foundation to give a pace to our commitment to the society. We donated total of Tk. 109.28 million in 2015 and we are expanding our CSR activities focusing on Education, Health, Disaster management, Environment, Art & Culture and other sectors throughout country.

Honorable Shareholders are the source of inspiration of the Bank. I would like to express my heartfelt gratitude to all our honorable shareholders for their immense confidence on us. I also express my thanks and gratitude to our valued customers for their patronization and continued support. We are indebted and grateful to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission, Registrar of Joint Stock Companies & Firms,

National Board of Revenue and all other concerned bodies for their continuous guidance, support & assertive roles. We are also looking forward to getting their continuous support and co-operation in future and we renew our promise to remain disciplined and compliant.

May Almighty Allah bestow His unbound favors upon all of us.

Allah Hafez.



Shahidul Alam
Chairman



Md. Abdul Hamid Miah
Managing Director

ব্যবস্থাপনা পরিচালকের বক্তব্য

বিস্মিল্লাহির রাহমানির রাহিম

সকল প্রশংসা মহান রাব্বুল আলামিনের, যিনি আমাদের সৃষ্টি করেছেন। সাথে সাথে প্রিয় নবী হযরত মুহাম্মদ (সা:) এর প্রতি দুরুদ ও সালাম পেশ করছি। পরিচালনা পর্ষদের সম্মানিত সদস্যবৃন্দ, সম্মানিত শেয়ারহোল্ডারবৃন্দ এবং ইউনিয়ন ব্যাংক লিমিটেড-এর সহকর্মীবৃন্দ

আসসালামু আলাইকুম ওয়া রাহমাতুল্লাহ।

ইউনিয়ন ব্যাংক লিমিটেড এর তৃতীয় বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাই। পরিচালনাগত দক্ষতা ও অভিজ্ঞ লক্ষ্যের প্রতি নিরন্তর প্রচেষ্টার ফলে ইউনিয়ন ব্যাংক লিমিটেড আরো একটি সফল বছর অতিক্রম করলো। আমি সর্বশক্তিমান আল্লাহর প্রতি কৃতজ্ঞতা প্রকাশ করছি এবং আপনাদের সক্রিয় সমর্থন ও সহযোগিতার জন্য আন্তরিকভাবে ধন্যবাদ জ্ঞাপন করছি। প্রকৃতপক্ষে পরিচালনা পর্ষদের দূরদর্শী দিকনির্দেশনা, নিবাহী ও কর্মকর্তাবৃন্দের অক্লান্ত পরিশ্রম, উন্নত গ্রাহক সেবা, সরকার ও বাংলাদেশ ব্যাংকের সার্বিক সহযোগিতার কারণেই এই সাফল্য।

বৈশ্বিক ও বাংলাদেশের অর্থনীতি

২০১৫ সালে বিশ্ব অর্থনীতির প্রবৃদ্ধি প্রত্যাশার চেয়ে কিছুটা কম হয়েছে। অন্যদিকে বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধি ছিল বরাবরের মতো উর্ধ্বমুখী। নিয়ন্ত্রিত মুদ্রাস্ফীতি, ফরেন রিজার্ভে উত্তরোত্তর বৃদ্ধি, কৃষি উৎপাদনে সাফল্য, দারিদ্র্য ও বেকারত্ব হ্রাস, জনগনের জীবনমানের উন্নয়ন, বহুমাত্রিক স্বাস্থ্যসেবা নিশ্চিতকরণ, সবার জন্য শিক্ষা নিশ্চিতকরণ, অবকাঠামো উন্নয়ন, বিদ্যুৎ উৎপাদনে রেকর্ড, এবং ধারাবাহিকতায় বাংলাদেশ বর্তমানে নিম্ন মধ্যম আয়ের দেশে উন্নীত হয়েছে। এই ধারাবাহিকতা ধরে রাখার জন্য সরকারী বিনিয়োগের পাশাপাশি বেসরকারী বিনিয়োগেও গতি আনতে হবে।

ইউনিয়ন ব্যাংকের সফলতা

বিভিন্ন প্রতিকূল পরিস্থিতি মোকাবেলা করে ইউনিয়ন ব্যাংক লিমিটেড সাফল্যের আরো একটি বছর অতিক্রম করলো। আমি এই পর্ষায়ে ব্যাংকের বিভিন্ন সাফল্যের পরিসংখ্যান সংক্ষেপে তুলে ধরছি।

শাখা ও এটিএম স্প্রসার

দেশের অর্থনৈতিক প্রবৃদ্ধির এই ধারায় আমাদের ইউনিয়ন ব্যাংকের প্রবৃদ্ধি ত্বরান্বিত করার জন্য আমাদের কৌশল ছিল ব্যাংক শাখা ও এটিএম বুথ স্প্রসার। এই সময়ে আমরা নতুন ১৭টি শাখা স্থাপন করেছি, যার মধ্যে ৯টি শহরে এবং ৮টি পল্লী অঞ্চলে। ২০১৫ সালে শেষে আমাদের মোট শাখা সংখ্যা ৪৪টি। গ্রাহককে আরো অধিক মানসম্পন্ন সেবা দানের লক্ষ্যে ২০১৫ সালে ৭ টি এটিএম বুথ উদ্বোধন করেছি। নিকট ভবিষ্যতে আরো এটিএম বুথ স্থাপন করার পরিকল্পনা আমাদের রয়েছে। ব্যাংকিং সুবিধা সকলের নিকট পৌঁছে দেওয়া, কৃষি ও ক্ষুদ্র বিনিয়োগ সহায়তা বাড়ানো, রেমিটেন্স আহরণ, বৈদেশিক বাণিজ্যে অবদান রাখা, মহিলা উদ্যোক্তাদের বিশেষ সহযোগিতাকরণ এবং গ্রীন ব্যাংকিং কার্যক্রমকে ত্বরান্বিত করার জন্য আমাদের এই প্রয়াস অব্যাহত থাকবে।

করপূর্ব মুনাফা

২০১৫ সালে আমাদের কর পূর্ব মুনাফা হয়েছে ১,০৪৪.৮১ মিলিয়ন টাকা। যা গত বছর ৪৫৫.৪৫ মিলিয়ন টাকার চেয়ে ১২৯.৪% বেশি।

আমানত সংগ্রহ

আমানত ব্যাংকের জন্য প্রাণসঞ্জীবনী, তাই আমানত সংগ্রহের প্রবৃদ্ধির উপর ব্যাংকের প্রবৃদ্ধি নির্ভরশীল। ২০১৫ সালে আমাদের মোট আমানতের পরিমাণ ৫৯.৮২% বৃদ্ধি পেয়ে ৫৫,৫৬৮.৪৩ মিলিয়ন টাকায় দাঁড়িয়েছে। যা গত বছর ছিল ৩৪,৭৬৭.৩০ মিলিয়ন টাকা। এদিকে আমানত হিসাবের সংখ্যা ১১৪.৪৬% বৃদ্ধি পেয়ে ৭৩,৯৩৪ টিতে দাঁড়িয়েছে।

বিনিয়োগ

আমানত প্রবৃদ্ধির সাথে সাথে ব্যাংকের বিনিয়োগেও সাফল্য অর্জিত হয়েছে। ২০১৫ সালের শেষে ব্যাংকের মোট বিনিয়োগ ৬১.২৩% বৃদ্ধি পেয়ে ৪৫,৫৯২.৮৬ মিলিয়ন টাকায় দাঁড়িয়েছে। যা গত বছর ছিল ২৮,২৭৭.৭৮ মিলিয়ন টাকা। বিনিয়োগ গ্রাহকের সংখ্যাও উল্লেখযোগ্য পরিমাণ বৃদ্ধি পেয়ে ২,৬০৩ টিতে দাঁড়িয়েছে। উল্লেখ্য যে, ২০১৫ সালে এসএমই খাতে ৩৫৭.৪ মিলিয়ন টাকা, কৃষিখাতে ৪১৯.৬ মিলিয়ন টাকা, গ্রীন ফাইন্যান্স খাতে ২৩.৫ মিলিয়ন টাকা এবং মহিলা উদ্যোক্তা খাতে ৭.৩ মিলিয়ন টাকা বিনিয়োগ প্রদান করা হয়েছে।

আন্তর্জাতিক ব্যবসা এবং রেমিটেন্স

অন্যান্য খাতের মত ইউনিয়ন ব্যাংক লিমিটেড আন্তর্জাতিক ব্যবসায়ও সফলতা অর্জন করেছে। ২০১৫ সালে ব্যাংক ১৫,৮১৬.৪২ মিলিয়ন টাকার রপ্তানী, ৫,৯৫৮.৬ মিলিয়ন টাকার আমদানী করেছে। বৈদেশিক রেমিটেন্স আহরণের ক্ষেত্রেও আমরা পিছিয়ে নেই; ২০১৫ সালে ইউনিয়ন ব্যাংক ৮৯৬.৮৮ মিলিয়ন টাকার রেমিটেন্স আহরণ করেছে যা নতুন প্রতিষ্ঠিত ব্যাংক হিসেবে ঈশ্বরীয় সাফল্যের দাবিদার। বর্তমানে ইউনিয়ন ব্যাংক ওয়েস্টার্ন ইউনিয়ন, ওয়াল স্ট্রীট ফাইন্যান্স, এক্সপ্রেস মানি, রিয়া, ট্রাণ্ডফার্ট, আল-আনসারি, প্লাসিড এনকে কর্পোরেশন এবং ফাস্ট সিকিউরিটি ইসলামী এক্সচেঞ্জ ইটালী রেমিটেন্স হাউজের সাথে চুক্তিবদ্ধ রয়েছে।

ঝুঁকি ব্যবস্থাপনা

সকল ব্যবসায়িক কর্মকাণ্ডের সাথে ঝুঁকি ওতপ্রোতভাবে জড়িত। আমি আনন্দের সাথে বলতে চাই যে, সুদক্ষ ঝুঁকি ব্যবস্থাপনার কারণে ২০১৪ সালে ব্যাংকের কোন শ্রেণীকৃত বিনিয়োগ ছিল না এবং ২০১৫ সালের শেষেও তা সলোমলজনক পর্যায়ে রয়েছে। উল্লেখ্য CRISL ২০১৫ সালে ইউনিয়ন ব্যাংক লিমিটেডকে দীর্ঘ মেয়াদে AA- এবং স্বল্পমেয়াদে ST-3 দিয়েছে যা ব্যাংকের আর্থিক প্রতিশ্রুতি পূরণে পর্যাপ্ত বলে স্বীকৃত।

তথ্য ও যোগাযোগ প্রযুক্তি

ইউনিয়ন ব্যাংক চতুর্থ প্রজন্মের ব্যাংক হিসেবে সম্পূর্ণ কেন্দ্রীভূত এবং নিরাপদ অনলাইন ব্যাংকিং সেবা প্রদানের জন্য সর্বাধুনিক প্রযুক্তি গ্রহণ করেছে। দৈনন্দিন ব্যাংকিং কার্যক্রম সফলভাবে সম্পাদন করার জন্য ব্যাংক BACH, EFT, RTGS, ATM, POS, NPSB সুবিধাসহ ডেবিট কার্ড, SMS ব্যাংকিং, সুইফট এবং ফরেন রেমিটেন্স সেবাসহ কেন্দ্রীভূত কোর ব্যাংকিং সফটওয়্যার হিসেবে আবাভিল ব্যবহার করেছে। তাছাড়া ইউনিয়ন ব্যাংক স্বল্প সময়ের মধ্যে ইন্টারনেট ব্যাংকিং এবং এজেন্ট ব্যাংকিং সেবা শুরু করতে যাচ্ছে। প্রতিটি ব্যাংকিং সেবা প্রদানের ক্ষেত্রে ডিএমজেড (ডিমিলিটারাইজড জোন) সিকিউরিটি জোন এবং উচ্চ ক্ষমতার ফায়ারওয়াল ডিভাইসের মাধ্যমে আর্ন্তজাতিক মানসম্পন্ন পদ্ধতি ও বিধির বাস্তবায়ন করেছে।

মানব সম্পদ উন্নয়ন

দক্ষ ও আত্মপ্রত্যয়ী মানব সম্পদ ব্যাংকের চলমান প্রবৃদ্ধি ও উন্নয়নের পূর্বশর্ত। সেই লক্ষ্য পূরণকল্পে ২০১৫ সালের মধ্যেই আমরা আধুনিক প্রযুক্তির সকল সুযোগ সুবিধা সম্বলিত ট্রেনিং ইনস্টিটিউট স্থাপন করতে সক্ষম হয়েছি। ইউনিয়ন ব্যাংক উপযুক্ত কর্মীবাহিনী নিয়োগ থেকে শুরু করে উপযুক্ত প্রশিক্ষণের মাধ্যমে আরো দক্ষ করে তুলছে। ২০১৫ সালে ইউনিয়ন ব্যাংক ট্রেনিং ইনস্টিটিউট ৪ টি ফাউন্ডেশন ট্রেনিং কোর্স ও ৩টি এ্যাডভান্সড ট্রেনিং কোর্স এর মাধ্যমে ২১৫ জন কর্মকর্তাকে প্রশিক্ষণ প্রদান করেছে। এছাড়া ১৪টি ওয়ার্কশপ ও অন্যান্য উন্নয়নমূলক কর্মসূচির মাধ্যমে আরো ৫৯১ জন কর্মকর্তাকে প্রায়োগিক জ্ঞান প্রদান করেছে। এছাড়া BIBM, BBTB ও অন্যান্য প্রতিষ্ঠানে প্রশিক্ষণের মাধ্যমে মানব সম্পদ উন্নয়ন প্রচেষ্টা অব্যাহত আছে।

সামাজিক দায়বদ্ধতা

সামাজিক দায়বদ্ধতার অংশ হিসেবে ২০১৫ সালে ইউনিয়ন ব্যাংক মোট ১০৯.২৮ মিলিয়ন টাকা প্রদান করেছে যার মধ্যে রয়েছে মাননীয় প্রধানমন্ত্রীর ত্রাণ তহবিলে অনুদান, দরিদ্র ও মেধাবী ছাত্র-ছাত্রীদেরকে শিক্ষাবৃত্তি প্রদান, গরীব ও অসহায় মানুষের মধ্যে শীত বস্ত্র বিতরণ, স্বাস্থ্যসেবা খাতে অবদান এবং বিভিন্ন সামাজিক সংগঠন ও দাতব্য প্রতিষ্ঠানে আর্থিক সহায়তা প্রদান ইত্যাদি। আমাদের মোট অনুদানের মধ্যে ৩০.৪৪% শিক্ষাখাতে, ৬.৬৩% স্বাস্থ্যখাতে, ৬৯% দুর্যোগ ব্যবস্থাপনা খাতে এবং ১% সাংস্কৃতিক উন্নয়ন খাতে দেওয়া হয়েছে।

শারী'আহ্ পরিপালন

ইউনিয়ন ব্যাংক লিমিটেড ব্যাংকিং ব্যবসায় শারী'আহ্ নীতিমালা পরিপালনে বদ্ধ পরিকর। বাংলাদেশ ব্যাংকের গাইড লাইন অনুসারে ব্যাংকে দেশ বহুগণ্য উলামায়ে কেরামের সমন্বয়ে একটি শারী'আহ্ সুপারভাইজরি কমিটি রয়েছে যা শারী'আহ্ বিষয়ে সময়ে সময়ে দিক নির্দেশনা দিচ্ছে। ইউনিয়ন ব্যাংক শারী'আহ্ পরিপালনকারী ব্যাংক হিসেবে নিজেদের প্রতিষ্ঠা করার প্রয়াসে সর্বাঙ্গিক প্রচেষ্টা অব্যাহত রেখেছে।

২০১৬ সালের পরিকল্পনা

ভারসাম্যপূর্ণ উন্নয়নের লক্ষ্যে আমরা ২০১৬ সালকে আমানত সংগ্রহ ও বিনিয়োগ বহুমুখীকরণ বর্ষ হিসেবে ঘোষণা করেছি। আমানত সংগ্রহ, বিনিয়োগ ও আন্তর্জাতিক ব্যবসায় প্রবৃদ্ধি ধরে রেখে বিশ্বের সাথে তাল মিলিয়ে টেকসই উন্নয়ন ও গ্রীন ব্যাংকিং এর আলোকে সামাজিক ও নৈতিক, পরিবেশবান্ধব ও লাভজনক ব্যবসায় আরো অধিকতর বিনিয়োগের পরিকল্পনা গ্রহণ করা হয়েছে। আমাদের অঙ্গীকার মোতাবেক ব্যাংকের কর্মদক্ষতা বৃদ্ধি, কর্পোরেট সুশাসনের মান নিশ্চিতকরণ এবং বিনিয়োগ বহুমুখীকরণসহ মান সম্পন্ন সেবা, বিশুদ্ধতা ও সম্পদের মান বজায় রাখতে বদ্ধপরিকর।

পরিশেষে, আমি ব্যাংক ব্যবস্থাপনা কর্তৃপক্ষের পক্ষ থেকে বিচক্ষণ ও দূরদর্শী পরিচালনা পর্ষদ, সম্মানিত শেয়ার হোল্ডার বৃন্দ, বাংলাদেশ ব্যাংক ও অন্যান্য নিয়ন্ত্রণক সংস্থা, গ্রাহক ও শুভানুধ্যায়ীদের অব্যাহত সমর্থন, পৃষ্ঠপোষকতা, সহযোগিতা ও মূল্যবান দিক নির্দেশনার জন্য আন্তরিক কৃতজ্ঞতা প্রকাশ করছি। আমাদের সম্মানিত শেয়ারহোল্ডারদের আকাঙ্ক্ষার সাথে সংগতি রেখে আমরা ব্যাংকের সক্ষমতা বৃদ্ধি এবং এর কার্যক্রমের উন্নয়ন ও মূনাফা বৃদ্ধি করতে প্রতিশ্রুতিবদ্ধ। অদূর ভবিষ্যতে ইউনিয়ন ব্যাংক লিমিটেড একটি আধুনিক ও কল্যাণমুখী ইসলামী ব্যাংক হিসেবে আবির্ভূত হবে ইন-শা-আল্লাহ। আল্লাহ হাফেজ।



মোঃ আব্দুল হামিদ মিশ্র
ব্যবস্থাপনা পরিচালক

From the Desk of Managing Director

Bismillahir Rahmanir Rahim,

All praises to the Almighty Allah, who created us and peace be upon to our beloved Prophet (SM). Honorable Members of Board of Director, Honorable Shareholders and my colleagues of Union Bank Limited

Assalamualaikum Wa Rahmatullah,

I welcome to you all in the 3rd Annual General meeting of Union Bank Limited. With relentless strive for business accomplishments and operational excellence, Union Bank Limited passed another successful year in 2015. I am grateful to the Almighty Allah and to you for your active support and co-operation. In fact forethought direction of the Board of Directors, steady effort of executives and employees, advanced client service and overall support from Government, Bangladesh Bank and all other regulatory authorities are the key point for this success.

Global and Bangladesh Economy

The Growth of global economy fell short of expectation in 2015 on the other hand; Bangladesh economy is uprising with steady GDP Growth. Controlled inflation, rising foreign reserve, success in agricultural production, reduction of poverty and unemployment, improving in living standard, ensuring versatile healthcare services, ensuring education for all, infrastructure development, record electricity production. Consequently, Bangladesh upgraded to lower middle income country. To retain this, acceleration in private investment growth is necessary along with public investment.

Success of Union Bank

Union Bank Limited completed another successful year facing various obstacles of banking sector. Now I am presenting a few statistics of our success in brief:

Expansion of Branches and ATM

Rapid Branch and ATM Booth expansion was one of major strategic initiatives for increasing the growth of Union Bank in line with the consistent growth of the country. During this period we have established 17 new branches, 09 Branches in Urban area and 08 Branches in rural area. Therefore, total branches stood 44 at the end of 2015. To provide quality service we have established 07 ATM Booth in 2015. We have a plan to establish more ATM Booth near future. Our endeavor to deliver banking services at the door step of all, expansion of agricultural and small investment support,

collection of Remittance, special support to women entrepreneur, contribution to international business and expansion of green banking operations will be continued.

Profit Before Tax

In 2015 Profit before Tax of Union Bank Limited amounted to Tk. 1044.81 million. This is 129.4% higher than Tk. 455.45 million from previous year.

Deposit

Deposit is the life blood of Bank, So Bank's growth depends on deposit growth. In 2015 Union Bank's deposit increased by 59.82% and stood at Tk. 55,568.42 million which was Tk. 34,767.30 million in 2014. Meanwhile, the deposit accounts stood 73,939 which is 114.46% higher compare to that of the previous year.

Investment

In line with the rising growth of deposit, Union bank limited achieved success in investment. In 2015 Union Bank investment increased by 61.23% which stood at Tk.45,592.86 million. In 2014 Investment was Tk. 28,277.78 million. Number of investment accounts increased to 2,603. It is mentionable that, Union Bank limited provides investment of Tk. 357.4 million in SME, Tk. 411.6 million in Agriculture, Tk.23.5 million in Green finance and Tk. 7.3 million in women entrepreneur.

International Business and Remittance

Union Bank Limited also achieved success in international business like other sectors. In 2015, Union Bank Limited made Tk. 15,816.42 million Export and Tk. 5,958.6 million Import. Regarding foreign remittance, we are not lag behind; during this period we collected Tk. 896.88 million which is a tremendous success for a newly established bank. At present Union Bank Limited has agreement with Western Union, Wall Street Finance, Xpres Money, Ria, Transfast, Al-Ansari, Placid NK Corporation and First Security Islami Exchange House Italy remittance house.

Risk Management

Risk is inherent to all business activities. I am delighted to say that, due to effective risk management, we had no classified investment in 2014 and at the end of 2015 it was remain satisfactory. It is noteworthy; CRISL had assigned Union Bank Limited AA- in long term and ST-3 which denotes adequate safety for timely repayment of financial obligation.

Information and Communication Technology

Union Bank, as a fourth generation bank, has adopted latest technology to provide full-fledged centralized and secured online banking services since its inception. To operate the day to day banking activities successfully, bank uses BACH, EFT, RTGS, ATM, POS, Debit Card with NPSB facility, SMS Banking, SWIFT and foreign remittance services along with centralized core banking software Ababil. Besides this, Union Bank is going to start Internet Banking & Agent Banking services within short time. In every banking service, Bank is complying international standard & protocol through using DMZ (Demilitarized Zone) security zone and high capacity firewall devices.

Human Resource Development

Competent and self-depended human resource is a pre-condition for continuous growth and development. To attain this goal, we have been able to establish a full-fledged training institute in 2015, equipped with all modern technological facilities. Union Bank Limited recruits proper human resources and makes competent through proper training. Union Bank Training Institute organized 4 Foundation raining course and 3 Advanced training course, which trained 215 of bank officials. In addition, 591 officials received practical knowledge through 14 workshops and other development program. Moreover, the effort of human resources development through BBT, BIBM and other training institute is continued.

Corporate Social Responsibility

In 2015 Union Bank Limited Contributed Tk. 109.28 million as corporate social responsibility which includes donation to honorable prime minister's relief fund, awarding of scholarship to the needy and meritorious students, distributing winter cloth among helpless people, contributing in healthcare sector and contributing to various social organization etc. We have distributed 30.44% in Education sector, 6.63% Healthcare sector, 61% Disaster Management sector and 1% in Art & cultural development sector of our total contribution.

Shari'ah Compliance

Union Bank Limited is committed to stick adherence to the Shari'ah Principles. According to the guideline of Bangladesh Bank, Union Bank Limited has a Shari'ah Supervisory Committee comprised with national famous islamic thinkers who provides direction to us time to time. To become Shari'ah complied bank, Union Bank limited continued its earnest effort.

Plan for 2016

To achieve balanced development, we have declared 2016 as year of diversification of Deposit & Investment. Retaining the growth of deposit mobilization, investment and international business, Union Bank Limited focuses on social and ethical, environment friendly and profitable business in light with global pace on sustainable development and green banking effort. We are committed to deliver quality services, achieving faithfulness and maintaining quality of assets along with keeping all our commitments to improve the Bank's performance, diversification of investment and highest standard of corporate governance.

Finally, I, on behalf of the management of the bank, would like to express my heartfelt gratitude to the foresight Board of Directors, Honorable shareholders, Bangladesh Bank and other regulatory agencies, respected clients and well-wishers for their continuous support and patronization. We are committed to promote the capabilities of the bank and developing its operation and profit in line with the aspirations and ambitions of our respected shareholders. Union Bank Limited will emerge as a modern and welfare oriented Islami Bank in the near future, Ins-sha-Allah.

Allah Hafez



Md. Abdul Hamid Miah
Managing Director



REPORTS





Directors' Report

Bismillahir Rahmanir Rahim

Esteemed Shareholders

Assalamu Alaikum wa Rahmatullah,

The Board of Directors has the privilege of welcoming you all to the 3rd Annual General Meeting of Union Bank Limited. The Board of Directors take immense pleasure in presenting the Director's Report along with the Auditors' Report and Audited Financial Statements of the Bank for the year ended on 31st December, 2015.

The activities of the Bank and its operational performance in 2015 as compared to those of 2014 have been presented in this report. In spite of the tough competition in the banking industry you will be happy to know that Union Bank Limited has registered significant growth in 2015 in all areas i.e., Deposit, Investment, Import, Export, Remittance and Profit etc.

GLOBAL ECONOMY

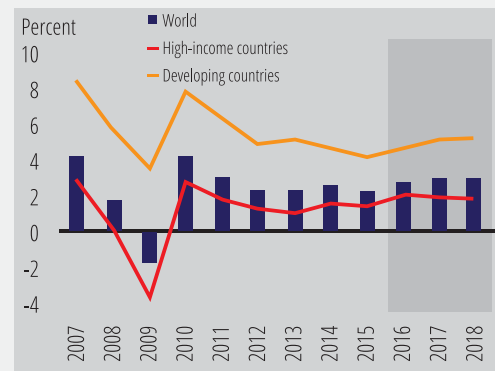
2015 was yet another difficult year for the global economy. Global growth for 2015 is projected at 3.1 percent, 0.3 percentage point lower than in 2014, and 0.2 percentage point below the forecasts in the October 2015 World Economic Outlook (WEO) update. Prospects across the main countries and regions remain uneven. Relative to last year, the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow for the fifth year in a row, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

Prospects across the main countries and regions remain uneven. Relative to last year, growth in advanced economies is expected to pick up slightly, while it is projected to decline in emerging market and developing economies. With declining commodity prices, depreciating emerging market currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies. Global

activity is projected to gather some pace in 2016. In advanced economies, the modest recovery that started in 2014 is projected to strengthen further. In emerging market and developing economies, the outlook is projected to improve: in particular, growth in countries in economic distress in 2015 (including Brazil, Russia, and some countries in Latin America and in the Middle East), while remaining weak or negative, is projected to be higher next year, more than offsetting the expected gradual slowdown in China.

According to Global Financial Stability Reports (GFSR) of October 2015, The Financial stability has improved in advanced economies since April, but risks continue to rotate toward emerging markets. The global financial outlook is clouded by a triad of policy challenges: emerging market vulnerabilities, legacy issues from the crisis in advanced economies, and weak systemic market liquidity. Although many emerging market economies have enhanced their policy frameworks and resilience to external shocks, several key economies face substantial domestic imbalances and lower growth. Recent market developments such as slumping commodity prices, China's bursting equity bubble and pressure on exchange rates

GDP growth, actual and projected



Sources: Haver Analytics; CPB Netherlands Bureau for Economic Policy Analysis; World Bank. A. Shaded areas indicate forecasts.

underscore these challenges. The prospect of the U.S. Federal Reserve gradually raising interest rates points to an unprecedented adjustment in the global financial system as financial conditions and risk premiums "normalize" from historically low levels alongside rising policy rates and a modest cyclical recovery.

While Asia's growth has recently disappointed, the region is expected to grow at a steady 5.4 percent in 2015-16, remaining the global growth leader. Asia's growth should benefit from relatively strong labor markets and disposable income growth along with the ongoing gradual recovery in major advanced economies. Across most major Asian economies, lower commodity prices should help consumption. Negative risks to growth dominate, especially the possibility of a sharper slowdown in China or larger spillovers from the changing composition of China's demand. In addition, further U.S. dollar strength accompanied by a sudden tightening of global financial conditions, weaker growth in Japan, and weaker regional potential growth could also dim Asia's growth prospects. High leverage could amplify shocks, and lower commodity prices will also hurt corporate investment in key commodity-producing sectors. All in all, despite its resilient outlook, Asia is facing a challenging economic environment. This calls for carefully calibrated macroeconomic policies and a renewed impetus on structural reforms to facilitate investment and improve economic efficiency, bolstering economic resilience, and potential growth.

GDP at constant prices	% change			Projections	
	2012	2013	2014	2015	2016
World	3.4	3.3	3.4	3.1	3.6
Advanced Economies	1.2	1.1	1.8	2	2.2
USA	2.2	1.5	2.4	2.6	2.8
Euro Area	-0.8	-0.3	0.9	1.5	1.6
Other Advanced Economies	1.7	2.1	2.8	2.2	2.4
Emerging Market and Developing Economies	5.2	5.0	4.6	4.0	4.5
China	7.7	7.7	7.3	6.8	6.3
India	5.1	6.9	7.3	7.3	7.5
Bangladesh	6.3	6.0	6.3	6.5	6.8

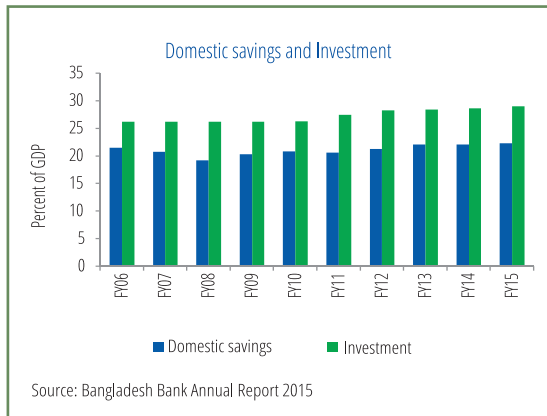
Source: IMF World Economic Outlook (October 2015)

The economic outlook for Asia and Pacific is stable and robust, with growth expected to hold steady at 5.6 percent in 2015, easing slightly to 5.5 percent in 2016, according to the latest Regional Economic Outlook for Asia and Pacific, published on May 7, 2015. Although Asia will remain the global growth leader, vulnerabilities associated with increased domestic and foreign debt are rising. Potential growth is likely to slow, reflecting weaker productivity gains, and the effects of aging populations and infrastructure bottlenecks in some

countries. The report finds that monetary and fiscal policy settings are broadly appropriate, but boosting resilience and potential growth remain top priorities, with structural reforms continuing to play a big role. The report also explores Asia's role in global value chains and the factors affecting financial integration within Asia.

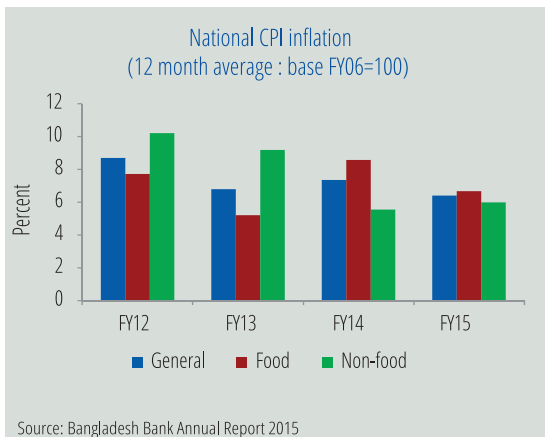
BANGLADESH ECONOMY

Bangladesh's fiscal year 2014-15 (FY2015) is closing with a number of macroeconomic advantages including lower inflation, declining interest rate, stable exchange rate, manageable fiscal deficit, positive balance of payment and augmented foreign exchange reserves. The low level of global commodity prices including that of oil has also provided some respite in terms of resources needed to meet subsidy demands. Some of the fault lines of the elapsing fiscal year included unachieved revenue targets, low flow of foreign assistance, sluggish exports to the US market, failure to ensure incentive price to the rice farmers. Acceleration in private investment remained an elusive target. Efforts to bridge the infrastructure gap did not experience much discernible success. Admittedly, all these



opportunities and challenges are going to define the benchmarks for the next fiscal year FY2016. The upcoming fiscal year is also unique as it will coincide with the period when the member states of the United Nations will finalize the Sustainable Development Goals (SDGs) which are likely to inform the global development policies over the next one and half decade. Interestingly, the launch of the global agenda will also overlap with the initial year of the next mid-term national development plan of Bangladesh, i.e. the Seventh Five Year Plan.

The Bangladesh Bureau of Statistics (BBS) recently established a provisional estimate of 6.5 per cent for gross domestic product (GDP) growth in fiscal year 2015. This was 0.8 of a percentage point lower than the target of 7.3 per cent in the FY2015. Many analysts, including those from the World Bank and Asian Development Bank, expected economic growth in FY2015 to be between 5.6 and 6.1 per cent due to political turmoil in the third quarter of the fiscal year and trends of associated macroeconomic correlates. Of the 6.5 per cent overall provisional growth estimate for FY2015 – agriculture contributed 0.5 per cent (compared to 0.7 per cent in FY2014 and 0.4 per cent in FY2013), industry's contribution is estimated to be 2.7 per cent (compared to 2.3 per cent in FY2014 and 2.6 per cent in FY2013), and the contribution of the services sector is estimated to be 3.0 per cent (compared to 2.9 per cent in FY2014 but 3.4 per cent in FY2012). Over the past



five years, the average increase in the GDP growth rate was 0.01 of a percentage point per year

Manufacturing is estimated to have achieved a significantly high growth of 10.3 per cent in FY2015 in real terms despite the severe disruption of the supply chain during the aforementioned political turmoil. The services sector's estimated growth rate of 5.8 per cent in FY2015 is a surprise. The industry sector, mainly driven by manufacturing growth, is estimated to have largely contributed to the additional growth of 0.45 of a percentage point in FY2015. A more disaggregated analysis is necessary to determine how the manufacturing sector could achieve such growth, which represents a moderate share of between 19 and 20 per cent in GDP. The manufacturing sector is composed of two Quantum Indexes of Industrial Production (QIPs), Large and medium scale and small scale. Both QIPs are estimated to have

achieved 10-11 per cent growth despite the fact that the small-scale QIP has a comparatively smaller share of about 3.5 per cent in total GDP.

BANKING SECTOR

Banking sector is a highly contributed sector in national economy. Despite of the tough start to the year, banking sector has managed to do well in 2015. Banks managed to log in profits for 2015 despite political turmoil for the first few months. The growth in profit was slim though, owing to lowering investment rates and sluggish business environment. As per the latest figure of Bangladesh bank, investment growth to the private sector by the end of November of the year 2015 was 13.7 percent. The total deposit in the banking sector by the end of November last year was BDT 7,331 trillion. The amount of disbursement during the same period was BDT 5,801 trillion. Bangladesh Bank has taken several measures in the recent past to put in place good corporate governance in banks. These include a "fit and proper" test for appointment of chief executive officers of PCBs, specifying the constitution of audit committee of the board, enhanced disclosure requirements, etc. In continuation of the above reforms, the roles and functions of the board and management have been redefined and clarified with a view to specifying the powers of the management and restricting the intervention of directors in day-to-day management of the bank.

ISLAMIC BANKING SCENARIO IN BANGLADESH

Islamic banking system has been introduced in Bangladesh since 1983. In FY15, out of 56 banks in Bangladesh, 08 Public Commercial Banks operated as full-fledged Islamic banks and 16 conventional banks were involved in Islamic banking through Islamic banking branches. The Islamic banks have continued to show strong growth since its inception, as reflected by the increased market share of the Islamic banking in terms of assets, financing and deposits of the total banking system. Total deposits of the Islamic banks and Islamic banking branches of the conventional banks stood at Taka 1417.3 billion at the end of December 2014 which accounted for 20.3 percent of total deposits. Total credit of the Islamic banks and the Islamic banking branches of the conventional banks stood at Taka 1195.4 billion at the end of December 2014 which accounted for 22.2 percent of total credit of the banking system of the country.

AN OVERVIEW OF THE BANK

With the vision of Providing global opportunities to the clients, Union Bank Limited was formed on 1st April, 2013. Union Bank Limited started operation as Shari'ah 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. 4,280 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 thirteen members of Board of Directors.

Islamic banking is now spread not only Asia region but also over the entire world 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 "Shari'ah".

The bank provides high quality customer services through the integration of the latest banking technology and also Shari'ah based products. Last year our Bank was succeeded to open 17 new branches at various commercially important locations in urban and rural area. Now the total 44 branches are operation whereas 23 are urban branches and 21 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. Our Bank made an agreement with one of the leading Vendor in the Banking Software Sectors named ABABIL to ensure fast, accurate, best effective customer services and online banking facilities for our customers. Our main goal is providing the physical banking facilities to all of the rural customers door to door and bringing them under the umbrella of banking service. Now in-a-days we all know that all Commercial Bank is providing overseas facilities. Our Bank has been dealing foreign Remittance through NOSTRO account with different Banks of different countries in the world.

FINANCIAL HIGHLIGHTS / BANK'S PERFORMANCE IN 2015

Union Bank Ltd was able to make an operating profit of BDT 1044.81 million as on 31 December, 2015. 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 1044.81 million as on 31 December 2015 that is 129.40 percent increases against BDT 455.45 million of the previous year. At the same time, total deposit of the Bank is BDT 55,568.43 million which is 59.83 percent increases against BDT 34,767.31 million of the previous year and total investment is BDT 45,592.87 million against BDT 28,277.79 million of the previous year which is 61.23 percent increase. Total Asset of the bank is BDT 63,059.96 million as on 31 December 2015 against BDT 40,951.53 million of the previous year. During 2015, the Bank handled BDT 15,816.42 million of Export business and BDT 5,958.60 million of Import business. The Bank also handled foreign remittance of BDT 919.66 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 Saving Deposit Account
- Mudaraba Saving Salary Account
- Mudaraba Student Saving (Udvash) Account
- Mudaraba Short Notice Deposit Account
- Mudaraba Term Deposit Account

Present Scheme Products of the bank are:

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

Investment Products:

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

Services:

- ATM Banking
- SMS Banking

INFORMATION & COMMUNICATION TECHNOLOGY DIVISION

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. In many cases ICT division takes the leadership to introduce some technological advantages for its client.

Considering all, 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 Seven (07) ATM across the country & Debit Card facility with POS transaction
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 Forty Four (44) Branch Opening Task
13. Introduced the centrally network & Internet

- Connectivity,
14. World renowned Antivirus means McAfee & Kaspersky.
 15. Provident Fund Software Implementation
 16. NPSB Joining under Bangladesh Bank Payment System
 17. Implementation of Auto Backup & Recovery system & migrate on new core system
 18. Achievement of ISO 9001:2008 certification
 19. In-House Software
 - a. GoAML Reporting Tools
 - b. Website

Also, below mentioned software are going to be implemented and being operational within short time.

- 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 below:

1. 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 others necessary modules.

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

Later on, gradually others 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 others division 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. Introduced Seven (07) ATM across the country & Debit Card facility with POS transaction

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 are Seven (07) ATM Machine has been established & operational in different places across the country.

In this regard, ICT Division is working with General Services Division to implement more ATM in different places across the country.

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.

7. 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 continue by the assistance of CBS vendor by proper testing in test server as per the requirement of Branches & ID personnel.

8. 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 arrangement the remittance facility in all branches like prepare the computer with the authentic internet connectivity through proper web link within stipulated time frame.

9. 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 prerequisite 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 his 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:

- Collect the Branch code & Routing No from Bangladesh Bank
- Establish the LAN & WAN in each branch
- New branch create in CBS and mapping it to other branch along with Head Office
- Provide a short & effective hand on training in new branch people at branch premises just before the every new branch opening.
- 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 maintain 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 developed Software are as follows:

- a. Website:Official Website (i.e. www.unionbank.com.bd) developed, being operational and maintenance as regular basis.
- b. 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 is going to implement some very essential software after getting proper approval & authorization from Management

Those mentionable software are s follows:

- a. Full Automated HRIS Software
- b. ICT Asset Management Software
- c. 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 Debit 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

SL. No	Name of the Branch	Name of the Division	Name of the District	Name of Thana Upazilla	Urban/Rural
01.	Gulshan Branch	Dhaka	Dhaka	Gulshan	Urban
02.	Dilkusha Branch	Dhaka	Dhaka	Motijheel	Urban
03.	Hatkhola Branch	Dhaka	Dhaka	Motijheel	Urban
04.	Lichubagan Branch	Chittagong	Chittagong	Rangunia	Rural
05.	Sathibari Branch	Rangpur	Rangpur	Mithapukur	Rural
06.	Mouchak Branch	Dhaka	Gazipur	Kaliakoir	Rural
07.	Shantirhat Branch	Chittagong	Chittagong	Patiya	Rural
08.	Bogabari Branch	Dhaka	Dhaka	Ashulia	Rural
09.	Khatungonj Branch	Chittagong	Chittagong	Kotwaly	Urban
10.	Zindabazar Branch	Sylhet	Sylhet	Sylhet Sadar	Urban
11.	Ashkhona Bazar Branch	Dhaka	Dhaka	Dakkinkhan	Urban
12.	Panthapath Branch	Dhaka	Dhaka	Kalabagan	Urban
13.	Sheberhat Branch	Chittagong	Noakhali	Senbag	Rural
14.	Badarkhali Branch	Chittagong	Cox's Bazar	Chakaria	Rural
15.	Islampur Branch	Sylhet	Sylhet	Sylhet Sadar (Shahporan)	Rural
16.	Pahartali Branch	Chittagong	Chittagong	Raojan	Rural
17.	Bogra Branch	Rajshahi	Bogra	Bogra Sadar	Urban
18.	Khulna Branch	Khulna	Khulna	Khulna Sadar	Urban
19.	Sarkarhat Branch	Chittagong	Chittagong	Hathazari	Rural
20.	Agrabad Branch	Chittagong	Chittagong	Double Moring	Urban
21.	Lalmal Branch	Chittagong	Comilla	Comilla Sadar	Rural
22.	Comilla Branch	Chittagong	Comilla	Comilla Sadar	Urban
23.	Talsahar Branch	Chittagong	Bramnbaria	Ashugonj	Rural
24.	Hnila Branch	Chittagong	Cox's Bazar	Teknaf	Rural
25.	Cox's bazar Branch	Chittagong	Cox's Bazar	Cox's Bazar Sadar	Urban
26.	Uttara Branch	Dhaka	Dhaka	Uttara	Urban
27.	Muradpur Branch	Chittagong	Chittagong	Panchliash	Urban
28.	Banani Branch	Dhaka	Dhaka	Banani	Urban
29.	D.T. Road Eidgah Branch	Chittagong	Chittagong	Pahartoli	Urban
30.	Pabna Branch	Rajshahi	Pabna	Pabna Sadar	Urban
31.	Rajshahi Branch	Rajshahi	Rajshahi	Bowalia	Urban
32.	Patiya Branch	Chittagong	Chittagong	Patiya	Urban
33.	Joksin Bazar Branch	Chittagong	Laxmipur	Laxmipur Sadar	Rural
34.	Munshirhat Branch	Chittagong	Comilla	Chowddogam	Rural
35.	Bahubol Branch	Sylhet	Habigonj	Bahubol	Rural
36.	Mawna Branch	Dhaka	Gazipur	Sreepur	Rural
37.	Panchaboti Branch	Dhaka	Narayangonj	Fatulla	Rural
38.	Narayangonj Branch	Dhaka	Narayangonj	Narayangonj Sadar	Urban
39.	Miar Bazar Branch	Chittagong	Chandpur	Kachua	Rural
40.	Bazar Hasnabad Branch	Dhaka	Narsingdi	Raipura	Rural
41.	Nanupur Branch	Chittagong	Chittagong	Fatickchari	Rural
42.	Mirpur Branch	Dhaka	Dhaka	Mirpur	Urban
43.	Feni Branch	Chittagong	Feni	Feni Sadar	Urban
44.	Bonpara Branch	Rajshahi	Nator	Boraigram	Urban

INTERNAL CONTROL & COMPLIANCE

Internal Control and Compliance Division has been established since the very beginning of the Bank. Now Internal Control and Compliance Division consist of three wings following:

- i. Compliance Wing
- ii. Monitoring Wing and
- iii. Audit/Inspection Wing

Internal Control refers to the mechanism in place on a permanent basis to control the activities in an organization. In absence of it, risks resulting in unexpected losses caused by faulty internal processes, human errors, frauds & forgery, technology failure and documentary lapses may surface.

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 & Compliance is not only for getting things done but also to ensure that those are done properly. Internal Control & Compliance 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.

As a part of robust risk management policy, the bank has formulated a comprehensive Investment Risk Management Policy to address investment risks. To mitigate operational risk, money laundering and terrorist financing risk, circumvention or over-riding the internal control procedures, Internal Audit, Board Audit committee and IC&C Division are carrying out regular audit & inspection of the functions of the branches and divisions of Head Office.

The bank has set up Internal Control & Compliance (IC&C) Division at Head Office to ensure that the internal control processes are in place. As per instruction of Bangladesh Bank, the Audit Committee of the Board has been constituted to assist the board in fulfilling the objectives, strategies and overall business plans set by the board for effective functioning of the bank. The committee reviews the financial reporting process, financial risks, the audit process, health report of

the bank and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct. In the year 2015, 04 meetings of the Audit Committee were held. 'Risk Based Internal Audit (RBIA)' has been introduced by the Bank to assess the business risk as well as control risk associated with the branches, and determines how much follow up, monitoring & periodicity of internal audit would be required to bring a particular branch back to normalcy, if it is found that the performance of the branch is not satisfactory, and which may pose a potential threat for the bank.

Each year the IC&C Division sets out an Audit Plan (internal) for the year, which is approved by the Managing Director and placed before the Audit Committee of the Board for concurrence. In 2015 IC&C Division conducted Comprehensive Audit in 27 Branches, Special Audit in 06 Branches and 02 divisions/departments at Head Office of the Bank.

The Bank has already prepared the Risk Assessment Matrix of various banking functions and trying to incorporate the same in the Department Control Function Checklist (DCFCL) and Quarterly Operation Report (QOR). The branches and divisions will follow these attaching due importance to high risk and medium risk functions. The Bank also prepared Internal Control & Compliance manual to strengthen internal control functions.

Internal Control & Compliance Division of UBL is an Integral part of Bank Management and a foundation for safe & sound operation. ICCD is thoroughly guided by the motto "Prevention is better than cure". The array of ICCD activities can be categorized as per following order:

- Performance Objective: To accelerate compliance and effectiveness of involvements.
- Information Objective : To ensure dependability, efficiency and time worthiness of financial and management information.
- Compliance Objective : To adhere to regularity framework including applicable laws and regulations.

It, intensively, follows-up compliance of audit/ inspections reports conducted by the ICC Division, Bangladesh Bank and External Auditors. The Division monitors the banking activities, specially the sensitive areas of Foreign Exchange, Finance & Accounts and Investments.

The IC&C Division submit summary report (twice a year) on audit findings and corrective action taken is placed in a meeting of the Audit Committee of the Board for reviewing and necessary suggestion.

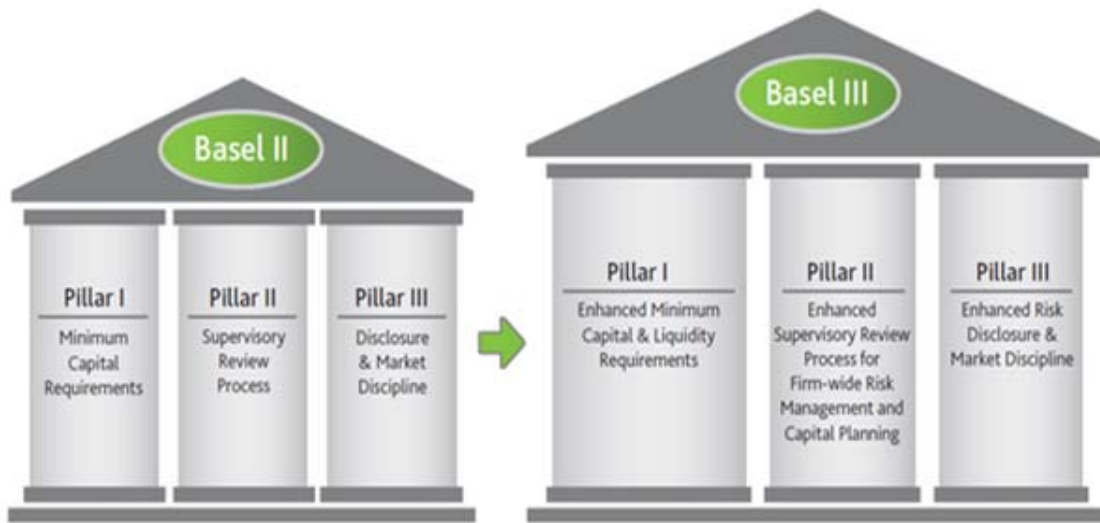
RISK MANAGEMENT

Risk management is the deliberate acceptance of risk for profit making. It requires informed decisions on the tradeoff between risk and reward, and uses various financial and other tools to maximize risk adjusted returns within pre-established limits.

Risk Management's main objectives are to identify and measuring the risk in a specific framework and advise mitigation there against. Risk Management

Supervisory Review Process (SRP) team of the bank. We also formed a committee by the Board Members named "Board Risk Committee". All these committees are looking after the implementation of integrated risk management systems of the bank. Also that, it is supported by an independent risk management division headed by the Chief Risk Officer (CRO) to ensures the implementation of process and performance of these functions and that the risks are managed within the pre-defined and tolerable levels through effective monitoring of the three main areas of risks namely, credit risk, market risk and operational risk, across the Bank. Our risk management framework remains compliant with the relevant directives and regulations by the Bangladesh Bank.

To strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector, the Basel committee on banking supervision issued "Basel-III: A global regulatory framework for more resilient banks and banking systems" in December 2010.



have to minimize the adverse effect of a possible financial loss through identification of potential sources of loss, measuring the financial consequences of a loss, using tools to minimize actual losses or their financial consequences.

- Commencement of Basel III Implementation process in Bangladesh: January 2015
- Initiation of Full Implementation of Basel-III in Bangladesh: January 2019.

Union Bank Limited has put in place unified risk management architecture to attain global best practices for effective implementation of risk management initiatives in consistence with the Basel III framework. In compliance with the instruction of Bangladesh Bank, a separate Risk Management Committee was formed with top level executives named "All Risk Committee (ARC)" and

The objective of the Basel-III was to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. We are now pointing out the main objective of the capital framework:

- Strengthening the capital framework;
- Enhancing risk coverage;
- Supplementing the risk-based capital requirement with a leverage ratio;
- Reducing procyclicality and promoting countercyclical buffers;
- Addressing systemic risk and interconnectedness;
- Introducing a global liquidity standard;
- Transitional arrangements.

Risk Management Division's main activities are preparation of various reports, policies & risk based report which is required to submit before the Board as mentioned:

- Internal Capital Adequacy Assessment Process (ICAAP); including an evaluation of the bank's preferred risk profile, the actual risk identified, the means by which the bank will be mitigated, and what risks will be covered by capital
- Key figures from the credit portfolio, it includes credit quality indicators focusing on unauthorized excess and overdue payments, the number of upgrades & downgrades in the classification system;
- Banks current equity, interest rate risk and foreign exchange risk position i.e. market risk.
- Equal or exceeding 10% exposures of the bank's capital base;
- Industry analysis for those in which are concentrated;
- Liquidity gap & different time buckets;
- Review the risk policies, including a consideration of whether any revisions are required;
- A thorough analysis of the bank's risk profile, including identification and description of risks and an update on the risk management;
- Total analysis of classified investment, provisions, area concentration, growth of Asset & Liability products, movement of classification & recovery positions.

TREASURY OPERATIONS AND FUND MANAGEMENT

Treasury Division maintains liquidity, based on historical requirements, anticipated funding requirements from operation, current liquidity position and collection from financing available sources of funds and risks and returns. 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. Treasury 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 functions of treasury have expanded considerably. Treasury Division also ensures Balance Sheet Risk Management and oversees the asset-liability position and recommends and implements appropriate measures to mitigate liquidity risk.

ASSET LIABILITY COMMITTEE (ALCO)

The Asset Liability Committee (ALCO) is constituted with the senior management of the bank and headed by the Managing Director and supported by Asset Liability Management (ALM) Desk. This is a decision making unit responsible for balance sheet planning from risk-return perspective including the strategic management of profit rate risk and liquidity risk being within the limits. The Committee meets at least once in a month to review economic, market status, outlook and liquidity position of the bank. ALCO also assesses pricing of assets and liabilities, maturity wise grouping of assets and liabilities, liquidity contingency funding plan in order to manage the Balance Sheet Risk in a prudent way. The Committee also reviews transfer pricing, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Maximum Cumulative Outflow (MCO), other liquidity ratios, sensitivity of asset liabilities etc.

The Asset Liability Committee of the bank monitors balance sheet risk, liquidity risk, Investment Deposit Ratio (IDR), deposit mix, investment mix, gap analysis etc. The primary objectives of the ALCO are liquidity management, fund management and assets liability matching. The committee also monitors and averts significant volatility in Net Investment Income (NII), investment value and exchange earnings. In every ALCO meeting, the committee reviews action taken in previous ALCO meeting, economic and market status and outlook, liquidity risk related to Balance Sheet, profit rate structure etc. Special ALCO meeting is arranged as and when any contingent situation arises.

ANTI-MONEY LAUNDERING AND TERRORIST FINANCING ACTIVITIES:

Money Laundering is an act of converting property from the proceeds of an offence into licit property under the form of conversion or transfer, the concealment or disguise of its true nature, acquisition, and its possession or utilization, using the banking and financial system, the security trading system, legal companies and other specialized professions. These activities are widespread and have negative effect on the national, regional and the world economics.

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 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.

Moreover, the bank is in process to formulate Anti Money Laundering Risk Assessment guideline as per directives of BFIU.

GREEN BANKING FOR SAFE ENVIRONMENT:

Green Banking is a common concept in the world and global warming is a great issue in protection of hygienic society. There is a high possibility of playing significant role of Green Banking in global warming issue. Green Banking indicates endorsing environment friendly practices and reducing carbon footprint from banking activities.

Main objectives of green banking are to ensure the use of organizational resources infavour of the environment and society.

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, 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.

The Managers of the branches are being motivated and encouraged to put their best effort for boosting up investment in green projects.

HUMAN RESOURCES MANAGEMENT

Human resources always consider an integral part of a successful Business Strategy. Successful organizations realize the importance of well-trained and motivated employees to achieve the company's financial goals. Successful HR departments realize the importance of keeping employees' focus on the company's financial goals while providing opportunities for employee growth and advancement. Employees and management must both realize that a cooperative, not adversarial, relationship is vital to a company's success.

Union Bank Ltd. being a service based financial institute, always give emphasis on the growth & development of its manpower to provide quality services of its clients. It believes that the factors which help the Bank 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 their works. As our human resources give the organization a significant competitive edge, we continue our policy of recruiting the best possible 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 efforts 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.

DIVIDEND

The Board of Directors has recommended 10% stock Dividend for the year ended December 31, 2015.

RETIREMENT & RE-ELECTION OF DIRECTORS

In the 3rd 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 (2015) year as Auditor. Board of Directors has recommended Syful Shamsul Alam & Co as Auditor for the year 2016.

FUTURE OUTLOOK OF THE BANK

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. We are expecting that policy taken by Bangladesh Bank to strengthen the quality of bank's assets will continue in 2016. To comply with Basel III 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 them 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 introduction of new liability/asset products;
- Expansion of ATM network.

APPRECIATION

Thanks to almighty Allah for the Business success of the Bank in 2015. 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 Ltd.

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 thanks 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 Director of Union Bank Limited has been constituted to serve as a watchdog 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.

Composition of the Audit Committee

The Audit Committee is comprised of the following four 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

Roles and Responsibilities of Audit Committee:

Beside any other responsibilities, which may assign from time to time by the Board, the Audit Committee is responsible for the following matters:

Internal Control

- Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have understanding of their roles and responsibilities.
- Consider whether internal control strategies/structure recommended by Internal & External Auditors time to time have been implemented by the management.
- Review the corrective measures taken by the management as regards the reports relating to fraud-forgery, deficiencies in internal control or other and inspectors of the regulatory authority and inform the Board on a regular basis.
- Review Management Letters/Letter regarding weakness of Internal Control issued by statutory auditors.
- Monitor choice of accounting policies and principles, internal control risk management process, appointing of external auditors and its' performance.

Financial Reporting

- Review along with the management, the annual, half yearly and quarterly financial statement submission to the Board for approval and determine whether they are complete and consistent with the accounting standards set by the regulatory authority.
- Meet with management and the external auditors to review the financial statements before their finalization.

Internal Audit

- Evaluate whether Internal Audit functions operate independently.
- Review the efficiency and effectiveness of internal audit plan.
- Review the efficiency and effectiveness of internal audit functions.
- Review the findings and recommendations made by internal auditors for removing the regularities are duly complied by the management in running the affairs of the Bank.

External Audit

- Review the auditing performance of the external auditors and audit report.
- Review the findings and recommendations made by the internal auditors for removing the detected irregularities and running the affairs of the Bank are duly considered by the management.
- Make recommendations to the Board regarding the appointment of the external auditors for conducting audit works of the Bank.

Compliance with existing laws and Regulations

- Review whether the laws and regulations framed by the regulatory authorities (Bangladesh Bank, BSEC and other bodies) and internal regulations approved by the Board are being complied with.

Other Responsibilities

- Place compliance report before the Board on quarterly basis regarding regularization of the errors & omissions, fraud and forgeries and other irregularities and inspectors of regulatory authorities ;
- Perform other oversight functions as requested by the Board and evaluate the committee's own performance on a regular basis.

Meeting of the Audit Committee

The Audit Committee of the Bank held four meetings during the year 2015 and had detail discussions and review sessions with Head of Internal Control & Compliance, External Auditors etc., regarding their findings, observations and remedial suggestions on issue of the bank affairs that need improvement. The Audit Committee instructed management to follow those remedial suggestions and monitored those accordingly.

Dates of Audit Meetings held during the year 2015 are:

Meeting	Date of Meeting Held
7th Audit Committee Meeting	26-02-2015
8th Audit Committee Meeting	11-06-2015
9th Audit Committee Meeting	19-08-2015
10th Audit Committee Meeting	19-12-2015

Activities in 2015:

- Reviewed and examined the Annual Financial Statements, 2014 prepared by the Management and audited by the external auditors K. M. Hasan & Co. Chartered Accountants and recommended these to place before the Board of Directors for consideration.
- Reviewed Risk Based Audit Policy.
- Reviewed Admonitory/Reproving Measures to add in ICC Manual as a Para.
- Reviewed draft copy of Internal Audit Charter.
- Reviewed summary report of Comprehensive Audit report and Surprise Audit Report and Compliance of both comprehensive and surprise audit report audited by Internal Audit during the year and recommended to submit it to the Board Meeting.
- Reviewed Compliance report Bangladesh Bank's Comprehensive Audit report of Head Office as on 31-12-2013 and recommended to submit it to the Board Meeting.
- Reviewed Annual Health Report-2014.
- Reviewed Review of Overall Performance of Internal Control and Compliance Division and Issuance of Certificate on the Effectiveness of the Internal Control System of the Bank for the year 2014 by MANCOM.
- Reviewed Financial Report of the Bank as on 31 March, 2015 and recommended to place it to the Board Meeting.
- Reviewed summary report of Comprehensive Audit report and Surprise Audit Report and Compliance of both comprehensive and surprise audit report audited by Internal Audit up to 30-06-2015 and recommended to submit it to the Board Meeting.
- Reviewed Compliance report Bangladesh Bank's Comprehensive Audit report of Head Office as on 31-12-2014 and recommended to place it to the Board Meeting.
- Reviewed Financial Report of the Bank as on 30 June, 2014 and recommended to place it to the Board Meeting.
- Reviewed Financial Report of the Bank as on 30 September, 2015 and recommended to place it to the Board Meeting.
- Reviewed Self-Assessment of Anti-Fraud Internal Control and recommended to place 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

বিস্মিল্লাহির রাহমানির রাহীম

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

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 দিকনির্দেশনা প্রদানের লক্ষ্যে প্রখ্যাত এবং অভিজ্ঞ উলামায়ে কেরামের 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 দিকনির্দেশনা প্রদান করা, অপরদিকে ব্যাংক কর্তৃপক্ষের দায়িত্ব হলো উক্ত কমিটি প্রদত্ত মতামত ও দিকনির্দেশনা মোতাবেক ব্যাংকের যাবতীয় কার্যক্রম পরিচালনা নিশ্চিত করা।

শারী'আহ সুপারভাইজরি কমিটি ২০১৫ সালে মোট ৩টি সভায় মিলিত হয়েছে। কমিটি কর্তৃক গঠিত সাব কমিটির সভা হয়েছে ৭টি। এ সময় কমিটি মুদারাবা আমানতকারীদের মধ্যে বিতরণের জন্য মুনাফার হার অনুমোদন, যাকাত তহবিল থেকে ৭৬ লক্ষ টাকা ইউনিয়ন ব্যাংক ফাউন্ডেশনে স্থানান্তর অনুমোদন এবং বাই মুরাবাহা বিনিয়োগের ম্যানুয়াল অনুমোদন করে। এছাড়াও ব্যাংকের বিভিন্ন কার্যক্রম শারী'আহর আলোকে পর্যালোচনা পূর্বক ব্যবস্থাপনা কর্তৃপক্ষকে প্রয়োজনীয় দিকনির্দেশনা প্রদান করেছে। এছাড়া কমিটি ২০১৫ সালের স্থিতিপত্র (ব্যালেন্সশীট) ও লাভ-ক্ষতি হিসাব শারী'আহর আলোকে বিস্তারিত পর্যালোচনা পূর্বক অনুমোদন করেছে।

ব্যাংকের সকল লেনদেন নিরীক্ষা ও পরিদর্শন পূর্বক 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 দিকনির্দেশনা দিয়ে যাচ্ছে।

পরিশেষে আল্লাহ রাব্বুল আলামীনের দরবারে ফরিয়াদ, 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 SHARI'AH 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 Shari'ah principles. An independent Shari'ah 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 Shari'ah 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 Shari'ah Rules and Principles.

In 2015, Shari'ah Supervisory Committee has conducted 3 meetings. Moreover 7 meetings has been held by the Sub-Committee which is formed by the Shari'ah Supervisory Committee. In the meantime, Committee has approved percentage of profit for distribution to Mudarabah depositor, transfer of Tk. 76 Lac only to Union Bank Foundation from Zakat fund, and Bai Murabaha Investment Manual. Besides committee has provided necessary directions to the Bank Management analyzing Bank's different activities in the light of Shari'ah principles. The Committee has also approved the Profit and loss accounts and balance sheet of 2015 financial year in the light of Shari'ah Principles.

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

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

May Allah give us tawfiq to achieve His satisfaction through the implementation of Shari'ah 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

UNION BANK LIMITED
SHARIAH BASED BANK



2nd Annual General Meeting held on 19th December, 2015 at Royal Tulip Sea Pearl Beach Resort & Spa, Inani, Cox'sbazar.



Managers' Conference - 2015.



Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. is seen to delivering a speech at Half Yearly Managers' Conference -2015.



Opening of Banani Branch, Dhaka.



Opening of Mirpur Branch, Dhaka.

MEMORIES IN FRAME



Opening of Patiya Branch, Chittagong.



Opening of Banpara Branch, Natore.



Opening of Mawna Branch, Gazipur.



Opening of Narayangonj Branch, Narayangonj.



Opening of Panchabati Branch, Narayangonj.



Opening of Feni Branch, Feni.

MEMORIES IN FRAME



Opening of Pabna Branch, Pabna.



Opening of Bazar Hasnabad Branch, Narshingdi.



Opening of DT Road Eidgaon Branch, Chittagong.



Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. inaugurated the ATM Booth at Banani Branch premises.



Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. inaugurated the ATM Booth at Mirpur Branch premises.



Participants of Foundation Course with Chief Guest & Special Guests.



Participants receiving certificate on workshop on Prevention of Money Laundering Terrorist Financing.

MEMORIES IN FRAME

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 in 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.

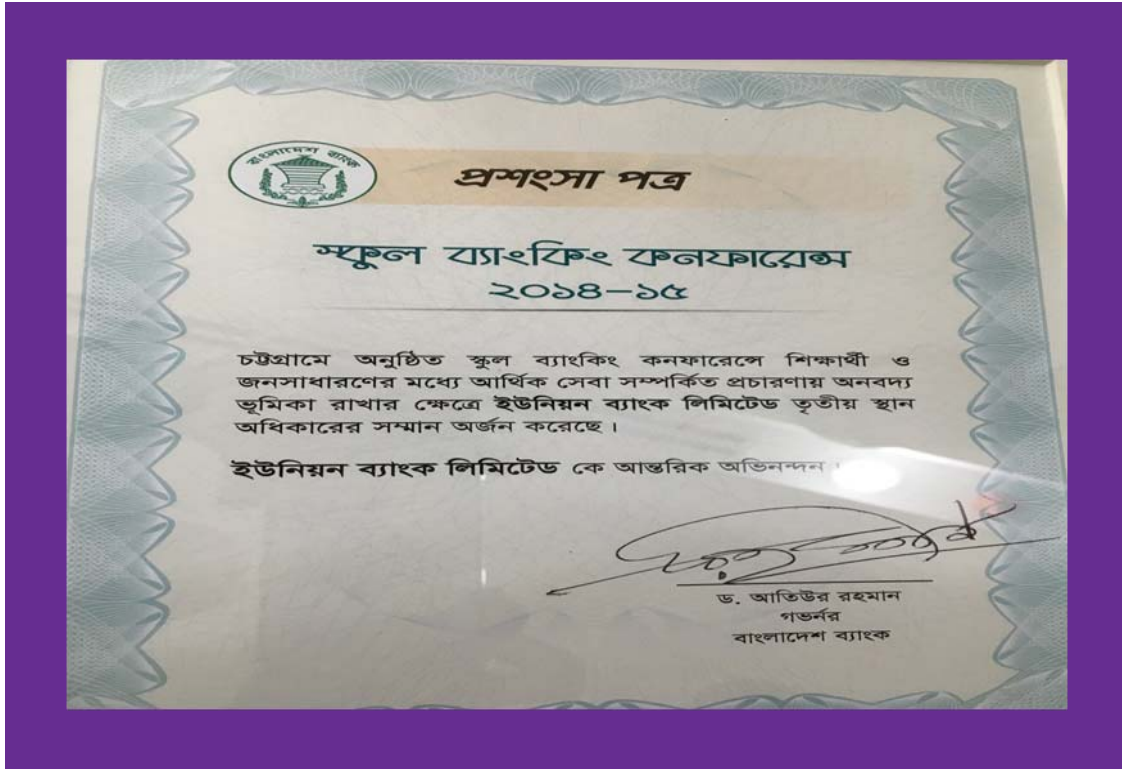
As a fourth generation scheduled commercial Bank we are intensively focusing on CSR activities. Expenditure on CSR activities gradually increasing each and every year of our Bank. Bangladesh Bank

has declared new guidelines for CSR activities. We are proceeding based on this direction.

In 2015 we have spent an amount of Tk.10,92,81,860.00 (Taka Ten Crore Ninety Two Lac Eighty One Thousand Eight Hundred Sixty) only in different sectors. CSR expenditure on different sectors is given here.

Description	Amount in (TK).
Education	3,32,95,000.00
Health	72,47,000.00
Disaster Management	6,66,54,860.00
Cultural welfare	10,00,000.00
Income generating activities for the underprivileged population	15,000.00
Infrastructure improvement in remote/underprivileged areas	50,000.00
Others	10,20,000.00
Total Amount	10,92,81,860.00

We are also adding here some photographs on CSR activities of Union Bank Ltd. for the year 2015 with captions.





Mr. Shahidul Alam, Chairman of Union Bank Ltd. handing over a cheque to Honorable Prime Minister Sheikh Hasina for Prime Minister's Relief Fund as the part of CSR activities.



Mr. Shahidul Alam, Chairman of Union Bank Ltd. handing over blanket to Honorable Prime Minister Sheikh Hasina for Prime Minister's Relief Fund as the part of CSR activities.



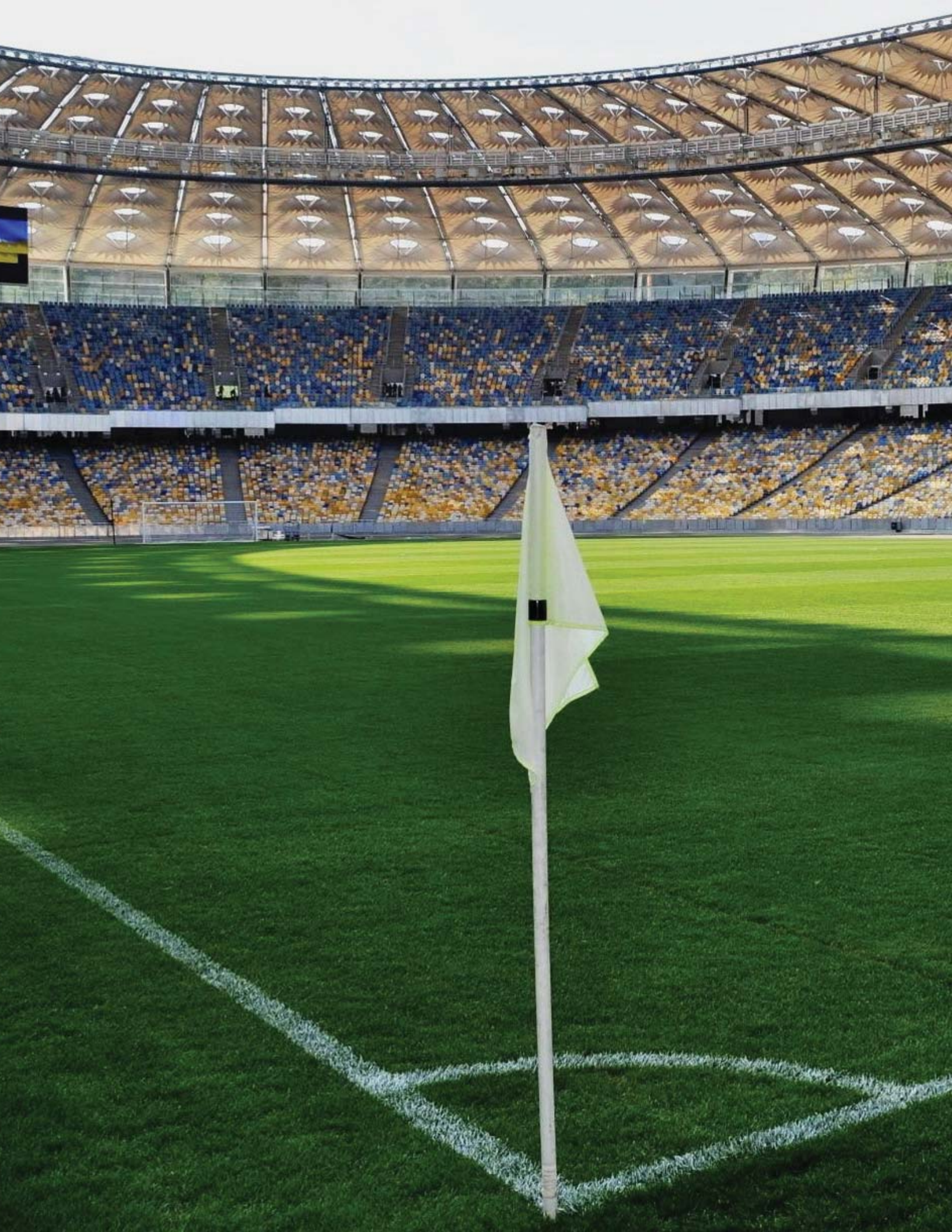
Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. handing over blanket to Bangladesh Bank for less fortunate people.

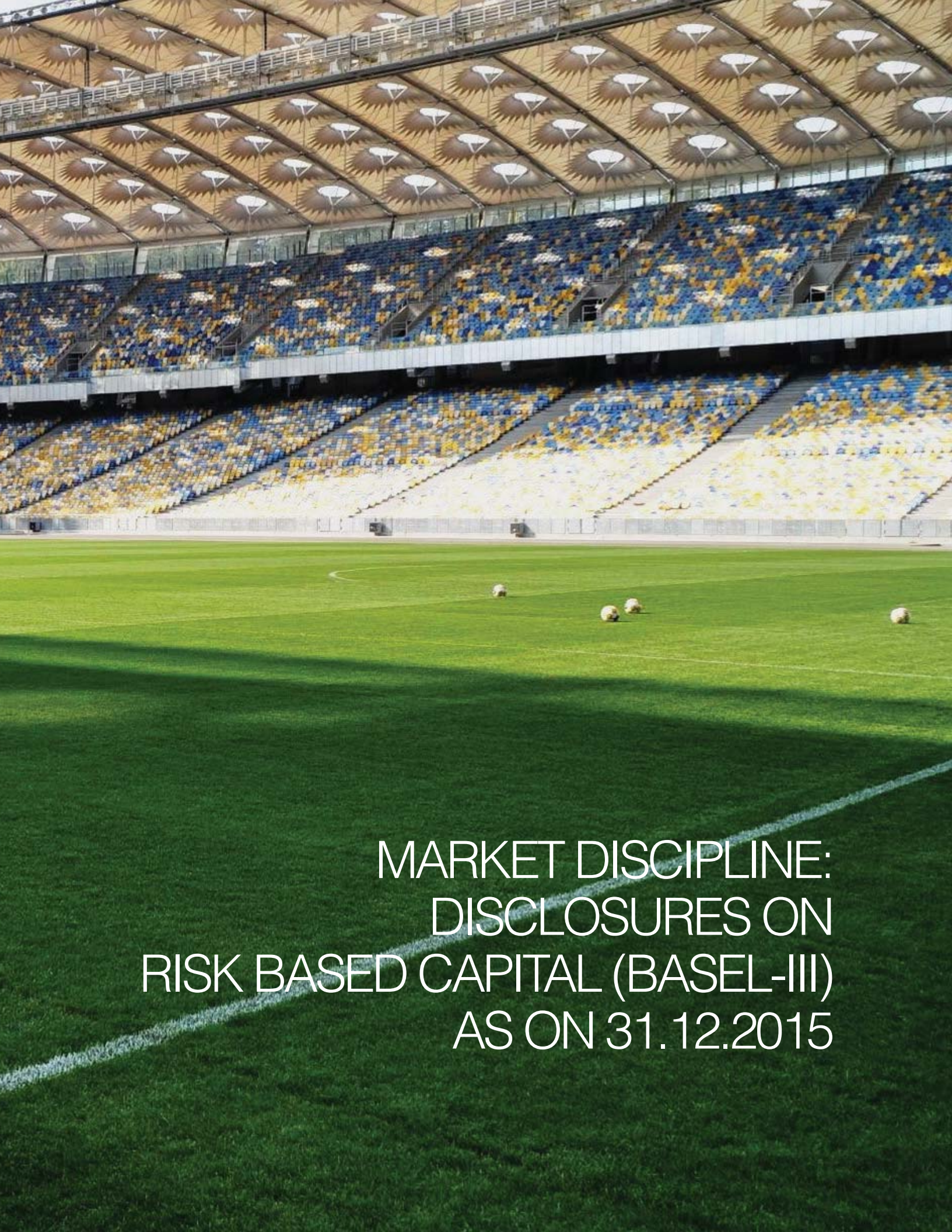


Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. distributing blanket to the less fortunate cold affected people during last winter as the part of CSR activities.



Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd. handing over a cheque to Mr. Md. Sazzad Hossain for his kidney transplant treatment as a part of CSR activities.





MARKET DISCIPLINE:
DISCLOSURES ON
RISK BASED CAPITAL (BASEL-III)
AS ON 31.12.2015

Market Discipline: Disclosures on Risk Based Capital (Basel-III) as on 31st December 2015

Background:

The detailed qualitative and quantitative disclosures of Union Bank 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 Basel Committee on Banking Supervision (BCBS) issued "Basel III: A global regulatory framework for more resilient banks and banking systems" in December 2010. The objective of the reforms was to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy.

The disclosures of the Bank under Basel-III requirements based on the position as of 31.12.2015 are presented as per the guidelines of Bangladesh Bank vide BRPD Circular No.18 dated 21.12.2014 on "Guideline 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 31 December 2015.

Scope of Application:

This disclosure builds on the directive on Disclosure of information by banking institutions, to provide detailed guidance on the public disclosures of information by banks under Pillar 3 of Basel III requirements.

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. Interest (Profit) Rate Risk in Banking Book (IRRBB)
- G. Market Risk
- H. Operational risk
- I. Liquidity Ratio
- J. Leverage Ratio
- K. Remuneration

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 4th generation private commercial bank and started its banking business under the license issued by Bangladesh Bank. Presently the Bank has 44 (Forty Four) 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 enormous 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 surplus capital of insurance subsidiaries (whether deducted or subjected to an alternative method) included in the capital of the consolidated group.	Not Applicable

MARKET DISCIPLINE:
DISCLOSURES ON RISK BASED CAPITAL
(BASEL-III) AS ON 31.12.2015

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 CET -1, Additional Tier 1 or Tier 2.	<p>The capital of bank shall be classified into two tiers. The total regulatory capital will consist of sum of the following categories:</p> <ol style="list-style-type: none"> 1) Tier 1 Capital (going-concern capital) <ol style="list-style-type: none"> a) Common Equity Tier 1 b) Additional Tier 1 2) Tier 2 Capital (gone-concern capital) <p>Common Equity Tier 1 (CET-1) Capital:</p> <ol style="list-style-type: none"> a) Paid up share capital, b) Non-repayable share premium account, c) Statutory Reserve, d) General Reserve, e) Dividend equalization reserve, f) Retained earnings g) Minority interest in subsidiaries. <p>Additional Tier 1 (AT 1) Capital:</p> <ol style="list-style-type: none"> a) Instruments issued by the banks that meet the qualifying criteria for AT1; b) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only); <p>Tier-2 Capital:</p> <ol style="list-style-type: none"> a) General Provisions; b) Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital; c) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties.
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Quantitative disclosure: As on 31.12.2015

b)	The amount of regulatory capital, with separate disclosure of:	Fig. in Crore	
		Solo	Consolidated
	CET-1 Capital:		
	I. Paid up capital	428.00	-
	II. Non repayable share premium account	0.00	-
	III. Statutory reserve	23.32	-
	IV. General reserve	14.57	-
	V. Retained earnings	45.30	-
	VI. Dividend equalization reserve	0.00	-
	VIII. Minority interest in subsidiaries	0.00	-
	Sub-Total:	511.20	-
	Additional Tier 1 Capital:	0.00	-
	Total Tier-1 Capital:	511.20	-
	The total amount of Tier 2 Capital (General Provision)	49.59	-
c)	Regulatory Adjustments/Deductions from capital	0.00	-
d)	Total eligible capital	560.79	-

3) Capital Adequacy

Qualitative disclosure

<p>a) A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.</p>	<ul style="list-style-type: none"> • Bangladesh Bank adopted Basel-1 for credit risk through BRPD circular No. 01 dated January 08, 1996. • As per Section 13(2) of the Bank Companies Act 1991 and instruction contained in BRPD circular No. 35 dated 29 December 2010 Bangladesh Bank published Guidelines on "Risk based Capital Adequacy" (revised regulatory capital frame work in line with Basel II); • Guidelines on Risk Based Capital Adequacy (RBCA) for banks' (revised regulatory capital framework in line with Basel – II) has been introduced from January 01, 2009 parallel to existing BRPD circular no. 10, dated November 25, 2002. At the end of parallel run period, Basel-II regime has been started and the guidelines on RBCA have come fully into force from January 01, 2010. • To implement Basel-III, Bangladesh Bank has published a Roadmap through BRPD circular no-07 dated March 31, 2014; subsequently, issued a guidelines. • Risk Based Capital Adequacy (Revised regulatory capital framework for bank in line with Basel III) on 21st December 2014. Basel III capital regulations would be fully implemented as on January 01, 2019. • Union bank is able to maintain Capital to Risk Weighted Assets Ratio (CRAR) at 13.27% on SOLO basis against the regulatory minimum level of 10.00%. Tier-I capital adequacy ratio under "Solo" basis is 12.10% against the minimum regulatory requirement of 6%.
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**MARKET DISCIPLINE:
DISCLOSURES ON RISK BASED CAPITAL
(BASEL-III) AS ON 31.12.2015**

Qualitative disclosure

	Particulars	Fig. in Crore	
		Solo	Consolidated
b)	Capital requirement for credit risk	396.74	-
c)	Capital requirement for market risk	8.51	-
d)	Capital requirement for operational risk	17.23	-
e)	Total and Tier 1 capital ratio:	-	-
	• For the consolidated group; and	-	-
	Minimum capital requirement	422.48	-
	Total Risk Weighted Assets (RWA)	4224.77	-
	Total and Tier-1 Capital Ratio:	-	-
	• Total CRAR	13.27%	-
	• Tier-1 CAR	12.10%	-
	• Tier-2 CAR	1.17%	-
f)	Capital Conservation Buffer	As per BB guidelines on risk based capital adequacy, Capital Conservation Buffer is not required for the year 2015.	
g)	Available Capital under Pillar 2 Requirement	Yet not calculated	-

4) Investment (Credit) Risk**Qualitative disclosure****a) The General Qualitative disclosure requirement with respect to investment (credit) risk, including:**

i) Definitions of past due and impaired (for accounting purposes):	<p>As per Bangladesh Bank guidelines, any Investment if not repaid within the fixed expiry date will be treated as Past Due/Overdue.</p> <ul style="list-style-type: none"> Any Continuous Loan if not repaid/renewed within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. Any Demand Loan if not repaid within the fixed expiry date for repayment or after the demand by the bank will be treated as past due/overdue from the following day of the expiry date. In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the fixed expiry date, the amount of unpaid installment(s) will be treated as past due/overdue from the following day of the expiry date. The Short-term Agricultural and Micro-Credit if not repaid within the fixed expiry date for repayment will be considered past due/overdue after six months of the expiry date.
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	<p>The investments are classified as follows:</p> <p>Continuous & Demand Loans are classified as:</p> <ul style="list-style-type: none"> • Sub-standard - if past due for 3 months or more, but less than 6 months; • Doubtful - if past due for 6 months or more, but less than 9 months; • Bad/Loss - if past due for 9 months or more. <p>Fixed Term Loans amounting up to 10 lacs are classified as:</p> <ul style="list-style-type: none"> • Sub-standard - if the defaulted installment is equal to or more than the amount of installment (s) due within 6 (Six)months; • Doubtful - if the defaulted installment is equal to or more than the amount of installment (s) due within 9 (Nine)months; • Bad/Loss - if the defaulted installment is equal to or more than the amount of installment (s) due within 12 (Twelve)months. <p>Fixed Term Loans for more than 10 lacs are classified as:</p> <ul style="list-style-type: none"> • Sub-standard - if the defaulted installment is equal to or more than the amount of installment (s) due within 3 (Three)months; • Doubtful - if the defaulted installment is equal to or more than the amount of installment (s) due within 6 (Six) months; • Bad/Loss - if the defaulted installment is equal to or more than the amount of installment (s) due within 9 (Nine)months. <p>Short-term Agricultural and Micro Credit are classified as:</p> <ul style="list-style-type: none"> • Sub-standard - if the irregular status continues after a period of 12 (twelve) months; • Doubtful - if the irregular status continues after a period of 36 (thirty-six) months; • Bad/Loss - if the irregular status continues after a period of 60 (sixty) months. <p>A continuous credit, demand loan or term loan which remains overdue for a period of 60 days or more is classified as a "Special Mention Account (SMA)".</p>
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ii) 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	100%
Demand 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	100%
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%	9 months or more	100%
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	100%
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	100%

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%

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) Qualitative disclosure

Total gross credit risk exposures broken down by major types of credit exposure: Bangladesh Bank guidelines on Basel III, 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	37.33
b.	Claims on Bangladesh Government and Bangladesh Bank	691.04
c.	Claims on Banks & NBFIs	
	i) Original maturity over 3 months	812.46
	ii) Original maturity less than 3 months	674.46
d.	Claims on Corporate	
	Different Risk Weights	1366.32
	Unrated	1019.75
e.	Claims on SME	
	Different Risk Weights	589.78
	Unrated (small enterprise & <BDT 3.00m)	12.29
	Unrated (small enterprise having ≥ BDT 3.00m & Medium Enterprise)	54.09
f.	Claims under Credit Risk Mitigation [From Work Sheet 1(a) of revised RBCA Guidelines]:	
	i) Corporate	309.79
	ii) Retail & Small	90.44
	iii) Consumer finance	11.26
	iv) Residential real estate	0.16
g.	Claims categorized as retail portfolio (excluding SME, Consumer Finance and Staff loan) upto 1 crore	0.00
h.	Consumer finance	2.34
i.	Claims fully secured by residential property	3.14
j.	Claims fully secured by commercial real estate	280.96
k.	Investments in premises, plant and equipment and all other fixed assets	67.92
l.	All other assets	
	i) Staff loan/investment	15.50
	ii) Other assets (not specified above) [Net of specific provision, if any]	225.26

MARKET DISCIPLINE:
DISCLOSURES ON RISK BASED CAPITAL
(BASEL-III) AS ON 31.12.2015

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	2,691.28
		2.	Chittagong	1,855.74
		3.	Khulna	1.43
		4.	Rajshahi	3.21
		5.	Sylhet	4.00
		6.	Rangpur	3.63
			Total	4,559.29
d)	Industry or counterparty type distribution of exposures, broken down by major types of investment exposure	Sl.	Industry-wise investment	Exposure BDT in crore
		1.	Agriculture	46.85
		2.	RMG	51.90
		3.	Textile	283.96
		4.	Ship building	8.65
		5.	Other Manufacturing industry	112.24
		6.	SME Investment	79.70
		7.	Construction	4.45
		8.	Transport, Storage & Communication	4.72
		9.	Trade Service	3,566.38
		10.	Commercial real estate financing	274.88
		11.	Residential real estate financing	3.14
		12.	Consumer Investment (credit)	22.11
		13.	Capital Market	43.86
	Others	56.45		
	Total	4,559.29		
e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of investment (credit) exposure.	Sl.	Particulars	Exposure BDT in crore
		1.	Repayable on Demand	55.51
		2.	Up to 1 month	143.01
		3.	Over 1 month but not more than 3 months	565.26
		4.	Over 3 months but not more than 1 year	3,440.09
		5.	More than 1 year but less than 5 year	330.84
		6.	Over 5 years	24.58
	Total	4,559.29		
f)		By major industry or counterparty type:		
i)	Amount of impaired investment (loans) and if available, past due investment/ loans, provided separately;	The amount of classified investment of the bank is as under:		
		Sl.	Particulars	Fig. in Crore
		1.	SS	0.04
		2.	DF	0.05
		3.	B/L	0.00
	Total –	0.09		

Qualitative disclosure														
ii) Specific and general provisions;	Specific and general provisions were made on the amount of classified and unclassified investments/loans and advances, off-balance sheet exposures and off-shore banking units, interest on receivable, diminution in value of investment and other assets-suspense of the Bank according to the Bangladesh Bank guidelines.													
	<table border="0"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Fig. in Crore</th> </tr> </thead> <tbody> <tr> <td>Provision required:</td> <td>Provisions as on 31.12.2015</td> </tr> <tr> <td>Unclassified Investments</td> <td style="text-align: right;">46.87</td> </tr> <tr> <td>Classified Investment</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>Off-balance sheet</td> <td style="text-align: right;">4.64</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">51.54</td> </tr> </tbody> </table>	Particulars	Fig. in Crore	Provision required:	Provisions as on 31.12.2015	Unclassified Investments	46.87	Classified Investment	0.03	Off-balance sheet	4.64	Total	51.54	
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g)	Gross Non Performing Assets (NPAs):													
	Non-Performing Assets (NPAs) to Outstanding Investment/loans and advances.													
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Write-back of excess provisions	0.00													
Closing Balance	0.03													
Movement of Non Performing Assets (NPAs).														
Movement of specific provisions for NPAs.														

Note: Bank maintained Tk. 52.95crore for provision of investment.

5) Equities: Disclosures for Banking Book Positions

Qualitative disclosurea) **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;

Equity price risk is the risk of losses caused by changes in equity prices. These losses could arise because of changes in the value of listed shares held directly by the bank; changes in the value of listed shares held by bank subsidiary; changes in the value of listed shares used as collateral for loans a bank or a bank subsidiary, whether or not the loan was made for the purpose of buying the shares; and changes in the value of unlisted shares. Equity price risk associated with equities could be systematic or unsystematic. The former refers to sensitivity of portfolio's value to change in overall level of equity price, while the latter is associated with ice velocity that is determined by firm specific characteristics.

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

From an accounting perspective in Bangladesh, equity risk is "one-sided" equity securities must be held at the lower of cost or market value. If market value drops below cost, banks are required to form loss allowances or "provisions" on the liability side of the balance sheet, by means of an expense on the profit & loss statement. However, if market values rise above cost there is no corresponding income recorded unless the securities are sold.

The equity markets are traditionally volatile with a high-risk, high-returns profile. As such investors in the equity market have to plan and strategize to reduce their risks and increase their returns. Equity investments must therefore go hand in hand with a good risk management plan in place. In an uncertain marketplace like the present, investor cannot afford to place all hope in only one thing. Therefore, it is very important to protect the total investment value by means of diversification. Investments in shares of Union Bank are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. The Bank recognizes that no investment is totally free from risk and that occasional measured losses are inevitable in a diversified portfolio and will be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best interest of the Bank.

The Management of Union Bank has constituted an Investment Committee / team comprising of members from the senior executives of the bank who have sound experiences and knowledge on Capital Market activities.

b) Quantitative Disclosures:**BDT in crore**

		At Cost	At Market Value
			40.62
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.		
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting (31 December 2015) period.	0.05	
d)	Total unrealized gains (losses)	(4.70)	
	• Total latent revaluation gains (losses)	Not applicable	
	• Any amounts of the above included in Tier 2 capital.	Not applicable	
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	Not applicable	

6) Interest (Profit) Rate Risk in Banking Book (IRRBB)**Qualitative disclosure**

a)	The general qualitative disclosure requirement including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	<p>Market risk is the potential losses in the on-balance sheet and off-balance sheet positions of a bank, stems from adverse movement in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices.</p> <p>Banks may be exposed to market risk in variety of ways:</p> <ul style="list-style-type: none"> • May be explicit in portfolios of securities/equities and instruments that are actively traded; • May be explicit such as interest rate risk due to mismatch of assets and liabilities; • May arise from activities categorized as off-balance sheet items. <p>Sources of Interest rate risk are:</p> <ul style="list-style-type: none"> • Re-pricing risk; • Yield curve risk; • Basis risk; • Optionality
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**MARKET DISCIPLINE:
DISCLOSURES ON RISK BASED CAPITAL
(BASEL-III) AS ON 31.12.2015**

		<p>Sound interest rate risk management involves the application of following basic elements in the management of assets, liabilities and OBS instruments:</p> <ul style="list-style-type: none"> • Appropriate board and senior management oversight; • Adequate risk management policies and procedures; • Appropriate risk management, monitoring and control function; • Comprehensive internal controls and independent audits. <p>As with other risk factor categories, interest rate risk should be monitored on a consolidated, comprehensive basis, to include interest rate exposures in subsidiaries. At the same time, banks should fully recognize any legal distinctions and possible obstacles to cash flow movements among affiliates and adjust their risk management process accordingly. While consolidation may provide a comprehensive measure in respect of interest rate risk, it may also underestimate risk when positions in one affiliate are used to offset positions in another affiliate. This is because a conventional accounting consolidation may allow theatrical offsets between such positions from which a bank may not in practice be able to benefit because of legal or operational constraints. Management should recognize the potential for consolidated measures to understate risks in such circumstances.</p>																												
b)	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant)	<table border="1"> <thead> <tr> <th>Profit Rate Stress</th> <th>Minor</th> <th>Moderate</th> <th>Major</th> </tr> </thead> <tbody> <tr> <td>Assumed change in Profit Rate</td> <td>1%</td> <td>2%</td> <td>3%</td> </tr> <tr> <td colspan="4">Net investment income impact</td> </tr> <tr> <td><12 months</td> <td>4.55</td> <td>9.11</td> <td>13.66</td> </tr> <tr> <td>Capital after-shock</td> <td>565.34</td> <td>569.90</td> <td>574.45</td> </tr> <tr> <td>CAR after-shock (%)</td> <td>13.38</td> <td>13.49</td> <td>13.60</td> </tr> <tr> <td>Change in CAR after-shock (%)</td> <td>0.11</td> <td>0.22</td> <td>0.32</td> </tr> </tbody> </table>	Profit Rate Stress	Minor	Moderate	Major	Assumed change in Profit Rate	1%	2%	3%	Net investment income impact				<12 months	4.55	9.11	13.66	Capital after-shock	565.34	569.90	574.45	CAR after-shock (%)	13.38	13.49	13.60	Change in CAR after-shock (%)	0.11	0.22	0.32
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7. Market Risk

Qualitative disclosure

a)	i) Views of Board of Directors (BOD) on trading/investment activities.	<p>Banks may be exposed to market risk in variety of ways. Market risk exposure:</p> <ul style="list-style-type: none"> • May be explicit in portfolios of securities/equities and instruments that are actively traded; • May be explicit such as interest rate risk due to mismatch of assets and liabilities; • May arise from activities categorized as off-balance sheet items. <p>Effective board and senior management oversight of the bank's overall market risk exposure is a foundation of risk management process. For its part, the board is responsible to:</p> <ol style="list-style-type: none"> a) Define bank's overall risk appetite in relation to market risk; b) Ensure that bank's overall market risk exposure is maintained at prudent levels and consistent with the available capital; c) Ensure that senior management as well as individuals responsible for market risk management possesses sound expertise and knowledge to accomplish the risk management function; d) Ensure that the bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of market risk; e) Ensure that adequate resources (technical as well as human) are devoted to market risk management; f) Review and approve market risk policies based on recommendations by the bank's senior management; g) Review periodically, but at least once a year, the market risk management program, policy, techniques, procedures and information systems referred to in that policy; h) Outline the content and frequency of management market risk (for each type of risk) reports to the Board; i) Ensure that an independent inspection/audit function reviews the credit operations, foreign exchange operations and securities portfolio management functions to ensure that the bank's market risk management policies and procedures are appropriate and are being adhered to; and j) Review specially the trends in securities portfolio quality and value.
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7. Market Risk

Qualitative disclosure

	ii) Methods used to measure Market risk.	Standardized approach has been used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for 'specific risk' and 'general market risk' under Basel-III.
	iii) Market Risk Management system.	The Treasury Division manages market risk covering Liquidity, profit rate and foreign exchange risk with oversight from Assets Liability Management Committee (ALCO) comprising Senior Executives of the Bank. ALCO is chaired by the Managing Director & CEO of the Bank. ALCO meets at least once in a month.
	iv) Policies and processes for mitigating market risk.	<p>The bank has put its Asset Liability Management policy by setting various risk limits for effective management of market risk and ensuring that the operations are in line with bank's expectation of return to market risk through proper Asset Liability Management. The policies also deal with the reporting framework for effective monitoring of market risk.</p> <p>The ALM Policy specifically deals with liquidity risk management and profit rate risk management framework. Liquidity risk is managed through Gap & Duration analysis, based on residual maturity/behavioral pattern of assets and liabilities, as prescribed by the Bangladesh Bank. The Bank has put in place mechanism of Liquidity Contingency Plan. Prudential (Tolerance) limits are prescribed for different residual maturity time buckets for efficient Asset Liability Management. Liquidity profile of the Bank is evaluated through various liquidity ratios/indicators.</p> <p>Foreign Exchange risk is the risk or 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. For effective and efficient management of Foreign Exchange Risk, the Bank has a well-developed and well-structured Foreign Exchange Risk Manual and an international standard Dealing Room Manual. Various limits are set to monitor and mitigate the Foreign Exchange risk such as, Net Open Position (NOP) limits (Day limit / Overnight limit), deal-wise cut-loss limits, Stop-loss limit, Profit / Loss in respect of cross currency trading etc. and exception reporting is regularly carried out.</p>

Qualitative disclosure

b)	The capital requirements for: Particulars	Solo	Consolidated
		Fig. in Crore	
	Profit rate risk	0.00	-
	Equity position risk	7.18	-
	Foreign exchange risk	1.33	-
	Commodity risk	0.00	-
	Total Capital Requirement	8.51	-

8 Operational Risk**Qualitative disclosure**

a)	i) View of BOD on system to reduce Operational Risk	<p>Operational Risk is defined as the risk of unexpected losses due to physical catastrophe, technical failure and human error in the operation of a bank, including fraud, failure of management.</p> <p>a) Establish tolerance level and set strategic direction in relation to operational risk. Such a strategy should be based on the requirements and obligation to the stakeholders of the bank;</p> <p>b) Approve the implementation of a bank-wide framework to explicitly manage operational risk as a distinct risk to the bank's safety and soundness;</p> <p>c) Provide senior management clear guidance and direction regarding the principles underlying the framework and approve the corresponding policies developed by senior management;</p> <p>d) Establish a management structure capable of implementing the bank's operational risk management framework specifying clear lines of management responsibility, accountability and reporting; and</p> <p>e) Review the operational risk management framework regularly to ensure that the bank is managing the operational risks. This review process should also aim to assess industry best practice in operational risk management appropriate for the bank's activities, systems and processes.</p>
	ii) Performance gap of executives and staffs	<p>Bank has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. Bank's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap.</p>

	<p>iii) Potential external events</p>	<p>The potential external events that may pose the bank in to operational risks are as follows.</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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.
	<p>iv) Policies and processes for mitigating operational risk</p>	<p>The bank should put in place an operational risk management policy. The policy at minimum, include:</p> <ul style="list-style-type: none"> • The strategy given by the board of the bank; • The systems and procedures to institute effective operational risk management framework; • The structure of operational risk management function and the roles and responsibilities of individuals involved.

v) Approach for calculating capital charge for operational risk	<p>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 calculating the average. The capital charge may be expressed as follows:</p> $K = [(GI_1 + GI_2 + GI_3) \times \alpha] / n$ <p>Where-</p> <p>K = the capital charge under the Basic Indicate or 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.
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Qualitative disclosure

b) The capital requirements for operational risk Capital Charge for Operational Risk-Basic Indicator Approach			BDT in crore 17.23
Year	Gross Income (GI)	Average Gross Income (AGI)	Capital Charge =15% of AGI
2013	40.16	114.86	17.23
2014	98.23		
2015	206.13		

9) Liquidity Ratio

Qualitative disclosure

a)	Views of Board of Directors (BOD) on system to reduce liquidity Risk	<p>The BOD should have the overall responsibility for management of liquidity risk. Generally, the responsibilities of the board include:</p> <ul style="list-style-type: none"> a) Providing guidance on the level of appetite for liquidity risk; b) Appointing senior managers who have ability to manage liquidity risk and delegate to them the required authority to accomplish the job; c) Continuously monitoring the bank's performance and overall liquidity risk profile through reviewing various reports; and d) Ensuring that senior management takes the steps necessary to identify measure, monitor and control liquidity risk.
	Method used to measure Liquidity risk	<p>The liquidity risk strategy defined by Board should enunciate specific policies on particular aspects of liquidity risk management, such as:</p> <ul style="list-style-type: none"> a) Composition of assets and liabilities: The strategy should outline the mix of assets and liabilities to maintain liquidity. Liquidity risk management and asset/liability management should be integrated to avoid high costs associated with having to rapidly reconfigure the asset liability profile from maximum profitability to increased liquidity. b) Diversification and stability of liabilities: A funding concentration exists when a single decision or a single factor has the potential to result in a significant and sudden withdrawal of funds. Since such a situation could lead to an increased risk, the Board and senior management should specify guidance relating to funding sources and ensure that the bank has diversified sources of funding day-to-day liquidity requirements. c) Managing liquidity in different currencies: The bank should have a strategy on how to manage liquidity in different currencies. d) Dealing with liquidity disruptions: The bank should put in place a strategy on how to deal with the potential for both temporary and long-term liquidity disruptions. The interbank market can be important source of liquidity. However, the strategy should take into account the fact that in crisis situations access to interbank market could be difficult as well as costly.

	Liquidity risk management system	<p>In Union Bank, at the management level, the liquidity risk is primarily managed by the Treasury Division under oversight of ALCO which is headed by the Managing Director along with other senior management.</p> <p>Treasury Division upon reviewing the overall funding requirements on daily basis sets their strategy to maintain a comfortable/adequate liquidity position taking into consideration of Bank's approved credit deposit ratio, liquid assets to total assets ratio, asset-liability maturity profile, Bank's earning/profitability as well as overall market behavior and sentiment etc. Apart from Risk Management Division also monitors & measures the liquidity risk in line with the Basel III liquidity measurement tools, namely, LCR, NSFR, and Leverage Ratio. RMD addresses the key issues and strategies to maintain the Basel III liquidity ratios to the respective division(s) on regular interval.</p>
	Policies and process for mitigating risk	<p>The bank should include in liquidity risk management policy;</p> <ol style="list-style-type: none"> a) Develop and implement procedures and practices that translate the Board's goals, objectives, and risk appetite into operating standards that are well understood by bank personnel and consistent with the board's intent; b) Adhere to the lines of authority and responsibility that the Board has approved for managing liquidity risk; c) Oversee the implementation and maintenance of management information and other systems that identify, measure, monitor, and control the bank's liquidity risk; d) Develop and recommend liquidity and funding policies for approval by the Board and implement the liquidity and funding policies; e) Develop lines of communication to ensure the timely dissemination of the liquidity and funding policies and procedures to all individuals involved in the liquidity management and funding risk management process; f) Ensure that liquidity is managed and controlled within the liquidity management and funding management programs; g) Ensure the development and implementation of appropriate reporting systems with respect to the content, format and frequency of information concerning the bank's liquidity position, in order to permit the effective analysis, sound and prudent management and control of existing and potential liquidity needs;

Quantitative Disclosure		BDT in Million/Percentage
b)	Components	Amount
	Liquidity Coverage Ratio (LCR)	280.93%
	Net Stable Funding Ratio (NSFR)	150.77%
	Stocks of high quality liquid assets	702.37
	Total net cash outflows over the next 30 calendar days	250.02
	Available amount of stable funding	5,520.11
	Required amount of stable funding	3,661.17

10) Leverage Ratio

Qualitative disclosure

a)	Views of BOD on system to reduce excessive leverage	The BOD should have the overall responsibility is to monitor overall activities of the bank. The Board should decide the strategy, policies and procedures of the bank to manage leverage ratio in accordance with the risk tolerance/limits as per the guidelines. The risk tolerance should be clearly understood at all levels of management. The Board should also ensure that it understands the nature of the leverage ratio. BOD must periodically reviews information necessary to maintain this understanding, establishes executive-level lines of authority and responsibility for managing the bank's leverage ratio. Bank's top management should be responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the risk management strategy of the bank in line with bank's decided risk management objectives and risk tolerance.
	Policies and processes for managing excessive on and off-balance sheet leverage	The Leverage Ratio (LR) playing a key role in avoiding such adverse developments in the future. The LR is a non-risk-based capital measure and is defined as Tier 1 capital over a bank's total exposure measure, which consists of both on and off-balance-sheet items. It is widely expected that the LR will become a Pillar 1 requirement for banks under Basel III.
	Approach for calculating exposure	At its highest level, the leverage ratio can be summarized as a measure of capital as a proportion of total adjusted assets. More specifically, it has been defined as the average of the monthly leverage ratio over the quarter based on Tier 1 capital (the capital measure) and total exposure (the exposure measure). The minimum ratio is currently calibrated at 3%.

Quantitative Disclosure		BDT in Million/Percentage
b)	Components	Amount
	Leverage Ratio = $\frac{\text{Tire 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$	
	Bangladesh Bank Requirement	>3%
	Leverage Ratio	7.97%
	On balance sheet exposure	6,304.77
	Off balance sheet exposure	109.35
	Total exposer	6,414.12

11) Remuneration

Qualitative disclosure

a)	<p>Information relating to the bodies that oversee remuneration. Disclosures should include:</p> <p>Name, composition and mandate of the main body overseeing remuneration.</p> <p>External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.</p> <p>A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.</p> <p>A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.</p>	<p>Union Bank's remuneration policies are in place to provide assurance that remuneration decisions:</p> <ul style="list-style-type: none"> • Are aligned to the Bank's strategy. • Aid the attraction and retention of talent. • Are market-relevant and affordable. • Are internally equitable, consistent and transparent. • Encourage behavior that supports Bank's long term financial soundness and risk management objectives. • Ensure the independence of risk and control personnel in the performance of their functions is not compromised. • Are compliant with corporate governance requirements. <p>Union Bank's Remuneration Committee comprises of the Board of Directors and the Management Committee who oversees the remuneration for all employees. The Management Committee of the Bank makes recommendations to the Board of Directors on the remuneration policy of the Bank.</p> <p>The functions of the Remuneration Committee include general governance matters which include:</p> <ul style="list-style-type: none"> • Conducting regular reviews and making recommendations to the Board on the Bank's Remuneration Policy. This must include an assessment of the Remuneration Policy's effectiveness and compliance. • Making annual recommendations to the Board on the remuneration of Directors of the Board and the CEO. <p>At present there are no External consultants whose advice has been sought for the remuneration process.</p>
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		<p>Union Bank Ltd. Remuneration Committee oversees remuneration for Senior Managements and all other employees. For the purposes of this remuneration disclosure, a Senior Management includes:</p> <ul style="list-style-type: none"> • Managing Director. • Additional Managing Director. • Deputy Managing Director. • Board Secretary. • Head of HRD. • Risk & Compliance Manager. <p>The Bank has 02 (Two) group of material Risk Takers at present i.e., Senior Management and Branch Managers. The total no. of Senior Management is 14 and the total no. of Branch Managers is 44.</p>
b)	<p>Information relating to the design and structure of remuneration processes.</p> <p>Disclosures should include: An overview of the key features and objectives of remuneration policy.</p> <p>Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.</p> <p>A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</p>	<p>The key features and objectives of the Remuneration policy are as follows:</p> <ul style="list-style-type: none"> • Attract and retain capable, motivated Employees. • Attract Senior Executives with appropriate knowledge and experience, with ability to drive growth while maintaining stability and financial soundness. • Encourage behavior that supports long term financial soundness and the risk management framework. • Ensure Remuneration arrangements are, and remain, compliant with Corporate Governance requirements. <p>In determining Remuneration, the Remuneration Committee uses the following information supplied through the Remuneration surveys:</p> <ul style="list-style-type: none"> • Industry comparative remuneration data across all positions, including Directors. • Remuneration benchmarking for organizations of similar Asset Size.
c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include: An overview of the key risks that the bank takes into account when implementing remuneration measures.</p> <p>An overview of the nature and type of the key measures used to take account of these risks; including risks difficult to measure (values need not be disclosed).</p>	<p>The strategic planning process identifies all key strategic risks and examines the Board's risk in each area. Part of each Executive Manager's Key Performance Areas include reference to ensuring risks of this nature that impact on their operations are kept within Board tolerance levels at all times. If risks fall outside nominated Board risk tolerance levels the Executive Manager must design an action plan that successfully implements controls aimed at mitigating risk to acceptable levels.</p> <p>Current and future risks relating to operational risks follow the same approach as above. Executive Managers are responsible for ensuring key operational risks remain within Board approved tolerance levels.</p> <p>Whilst this is a key performance area for Executive Manager, achievement of satisfactory results is linked to financial incentives/ bonuses in some cases.</p>

<p>d)</p>	<p>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:</p> <p>An overview of main performance metrics for bank, top-level business lines and individuals.</p> <p>A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</p> <p>A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak</p>	<p>The Board sets the Key Performance Indicators (KPIs) while approving the business target/budget for each year for the Bank and business lines/segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence/approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.</p> <p>The remuneration of each employee is paid based on her/his individual performance evaluated as per set criteria. And, accordingly, the aggregate amount of remuneration of the Bank as a whole is linked/ impacted to the same extent.</p> <p>The Bank follows remuneration process as per set criteria with no in general adjustment in the event of weak performance metrics/scorecard.</p>
<p>e)</p>	<p>Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance. Disclosures should include:</p> <p>A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.</p> <p>A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.</p>	<p>The Bank pays variable remuneration i.e. annual increment based on the yearly performance rating on cash basis with the monthly pay. While the value of longer term variable part of remuneration i.e. the amount of provident fund, gratuity fund are made provision on aggregate/individual employee basis; actual payment is made upon retirement, resignation etc. as the case may be, as per rule.</p>

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f)	<p>Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. Disclosures should include:</p> <p>An overview of the forms of variable remuneration offered (ie cash, shares and share-linked instruments and other forms</p> <p>A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.</p>	<p>Variable pay means the compensation as fixed by the Board on recommendation of the Management, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:</p> <ul style="list-style-type: none"> • Performance Linked Incentives to those employees who are eligible for incentives. • Ex-gratia for other employees who are not eligible for Performance linked Incentives. • Different awards based on extra-ordinary performance & achievement. • Employee/Manager of the Month/Quarter award. • Reimbursement/ award for brilliant academic/professional achievement. • Leave Fare Assistance (LFA)
g)	<p>Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.</p>	<p>Not Applicable</p>
h)	<p>Number of employees having received a variable remuneration award during the financial year.</p> <p>Number and total amount of guaranteed bonuses awarded during the financial year.</p> <p>Number and total amount of sign-on awards made during the financial year.</p> <p>Number and total amount of severance payments made during the financial year</p>	<p>Total No. of 07 employees have received a variable remuneration award during the 2014/2015 Financial Year.</p> <p>Total no. & amount of 238 guaranteed bonuses awarded during the 2014/2015 Financial Year.</p> <p>There were no sign-on awards made during the financial year.</p> <p>There was no severance payment made during the 2014/2015 Financial Year.</p>
i)	<p>Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.</p> <p>Total amount of deferred remuneration paid out in the financial year.</p>	<p>There was no outstanding deferred remuneration, split into cash, shares, share-linked Instruments and other forms.</p>

j)	<p>Breakdown of amount of remuneration awards for the financial year to show:</p> <ul style="list-style-type: none"> - Fixed and variable. - Deferred and non-deferred. - Different forms used (cash, shares and share linked instruments, other forms). 	Not Applicable
k)	<p>Quantitative information about employees' exposure to implicit (eg fluctuations in the value of shares or performance units) and explicit adjustments (eg claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:</p> <p>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post explicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post implicit adjustments.</p>	Not Applicable



A close-up photograph of a soccer field. In the upper left corner, a portion of a white soccer ball with black panels is visible. In the lower left, a corner flag is partially shown, featuring a yellow flag and a red flag. The rest of the image is filled with green grass. The text "FINANCIAL INFORMATION" is overlaid in white, sans-serif font in the center-right area.

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 2015 and profit and loss account, statements of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements of the bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements of the bank that are free from material misstatement, whether due to fraud or error. The Bank Company (Amendment) Act, 2013 and the Bangladesh Bank Regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's Responsibility

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

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

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

Opinion:

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


Report on Other Legal and Regulatory Requirements

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

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

- b) To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
- i) internal audit, internal control and risk management arrangements of the Bank as disclosed in Note 2 of the financial statements appeared to be materially adequate;
 - ii) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank;
- c) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- d) The balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account and returns;
- e) The financial statements of the Bank have been drawn up in conformity with Bank Companies Act, 1991 and in accordance with the accounting rules and regulations issued by Bangladesh Bank and the financial statements conform to the prescribed standards set in the accounting regulations issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- f) The financial position of the Bank as at 31 December 2015 and the profit for the year then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards(BFRSs);
- g) Adequate provisions have been made for Investments which are, in our opinion, doubtful of recovery;
- h) The records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- i) The expenditures incurred during the year were for the purposes of the business of the Bank;
 - j) The information and explanation required by us have been received and found satisfactory;
- k) Adequate capital of the bank as required by law, has been maintained during the period under audit;
- l) We have reviewed over 80% of the Risk Weighted Assets of the Bank; and
- m) We have spent approximately 2,520 person hours for the audit of books and accounts of the Bank.

Place: Dhaka
Date: 29 February 2016



K. M. Hasan & Co.
Chartered Accountants

UNION BANK LIMITED
BALANCE SHEET

As at 31 December 2015

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

UNION BANK LIMITED
BALANCE SHEET

As at 31 December 2015

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

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: 29 February 2016


K. M. HASAN & CO
Chartered Accountants

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

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

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: 29 February 2016


K. M. HASAN & CO
Chartered Accountants

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

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

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: 29 February 2016

STATEMENT OF CHANGES IN EQUITY

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

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



Managing Director




Director



Director



Chairman



K. M. HASAN & CO.
Chartered Accountants

Signed in terms of our separate report of even date

Place: Dhaka
Date: 29 February 2016

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

As at 31 December 2015

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



Managing Director



Director



Director



Chairman



K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Date: 29 February 2016

Notes to the Financial Statements

For the year ended 31 December 2015

1 THE BANK AND ITS ACTIVITIES

1.1 Status of the Bank

Union Bank Limited (UBL) was incorporated (No. C-107837/13) in Bangladesh on 07 March 2013 as a banking company under Companies Act 1994 to carry on Sharia'h based scheduled commercial banking business. It obtained permission from Bangladesh Bank on 10 March 2013 to commence its business (Ref: BRPD (P-3)/745(60)/2013-1153). Presently the Bank carries banking activities through its forty four (44) branches in the country. The Bank has no overseas branches as at 31 December 2015.

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

1.2 Principal Activities

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

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

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

- To facilitate and handle all kinds of commercial banking services to its customers authorized by Bangladesh Bank.
- To handle the export and import trade of Bangladesh
- To take part in international banking etc.

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

2.1 Basis of Accounting

Statements of Compliance

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

2.2 Basis of Preparation of Financial Statements

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

2.3 Use of estimates and Judgements

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

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

2.4 Accruals and Deferrals

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

2.5 Revenue Recognition

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

2.5.1 Income from Investments

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

2.5.2 Income from Investments in Securities

- Investment in shares and securities are stated at cost. Provisions have been made against probable losses on the basis of year end reviewed by the management and in compliance with Bangladesh Bank circulars.
- As per BAS-18 "Revenue" dividend income from investments in shares is recognized when the "Bank's" right to receive dividend is established. Bank recognized dividend income when:
 - I. It is probable that economic benefits, associated with transaction will flow to the entity; and
 - II. The amount of the revenue can be measured reliably.
- Gain on sale of shares transferred to other income on realization basis.
- Profit on investment in Bangladesh Govt. Islamic Investment Bond is recognized on accrual basis.

2.5.3 Commission Income

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

2.5.4 Profit/Rent/Compensation Suspense Account

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

Compensation on unclassified overdue Bai-Murabaha investments is charged as per Islamic Sharia'h such compensation is not shown as income of the Bank.

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

2.5.5 Profit paid and other expenses

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

2.5.6 Dividend Payments

Interim dividend is recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders. The proposed dividend for the year ended 31 December 2015 has not been recognized as a liability in the balance sheet in accordance with the IAS # 10: Events After the Balance Sheet Date.

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

2.6 Foreign Currency Transactions

2.6.1 Foreign Currency

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

2.6.2 Foreign Currency Translations

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per IAS # 21. Assets and liabilities in foreign currencies as at 31 December 2015 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD(R) 717/2004-959 dated 21 November 2004.

2.6.3 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date. The outstanding balances for the same as at 31 December 2015 have been shown in the Balance Sheet under Off-Balance Sheet items.

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

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

2.6.4 Translation gains and losses

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

2.7 Assets and their basis of valuation

2.7.1 Cash and Cash Equivalents

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

2.7.2 Investments

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

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

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

As per instruction of BRPD circular no 16, 09, 08, 05, 14 and 19 dated December 6, 1998, May 14, 2001, October 2005, June 5, 2006, September 23, 2012 and December 27, 2012 respectively an amount has been set aside up of the total unclassified investments as on the balance sheet date at the following rates:

General Provision on:

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

Provision for Short-term agricultural and Micro-Credits:

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

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

e) Investment are normally written off, when there is no chance of recovery of these amounts in accordance with BRPD Circular no. 2, Dated 13 January 2003 and BRPD Circular no. 15, Dated 23 September 2012 respectively. A separate Investment Monitoring and Recovery Division (IMRD) have been set up at the Head Office, which monitors investment written off and legal action through the Money Court. The process of write-offs does not undermine or affect the amount claimed against the borrower by the bank.

2.7.3 Valuation Method

Considerable value of Investments has been considered as follows:

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

2.7.4. Offsetting Financial Instruments

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

2.7.5 Property , Plant and Equipment

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

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

As guided in paragraph 30 of IAS # 16 Property Plant and Equipment: all property and equipment are stated at historical cost less accumulated depreciation. The opening and closing carrying amounts of all property and equipment are presented including the amount of additions, disposals and depreciation charged during the year as required by paragraph 73 (a-e) of IAS # 16. Maintenance expenses that does not increase the value of assets is charged to profit & loss account.

Depreciation on Property , Plant and Equipment

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

Nature of Assets	Rate of Depreciation	Method of Depreciation
Furniture and Fixtures	10%	Reducing Balance Method
Office 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 @ 40% as prescribed in the Finance Act 2015 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with IAS # 12: Income Taxes.

2.8.1.2 Deferred Tax

As per IAS # 12 Deferred Tax Asset are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred Tax Liabilities are the amounts of income taxes payable in

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

2.8.2 Retirement Benefits of Employees

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

2.8.2.1 Provident Fund

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

2.8.2.2 Gratuity

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits if his/her length of service is at least six (06) years. Actual valuation of gratuity scheme had been made to assess the adequacy of the liabilities provided for the scheme as per IAS # 19 "Employee Benefits".

2.8.2.3 Social Security Benevolent Fund

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

2.8.3 Deposits and Other Accounts

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

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

As required in IAS # 37, Contingent Liabilities, commitments and other Off-Balance Sheet items are presented in details in the financial statements.

2.8.5 Sharing of Investment Income

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

2.8.6 Zakat

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

2.9 Others

2.9.1 Cash Flow Statement

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

2.9.2 Liquidity Statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis.

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

2.9.3 Comparative Information

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

2.9.4 Earnings Per Share (EPS)

2.9.4.1 Basic Earnings Per Share

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

2.9.4.2 Diluted Earnings Per Share

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

2.9.5 Functional and Presentation Currency

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

2.10 Risk Management

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

2.10.1 Investments Risk

Investments risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of investments risk arises when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or

have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. To manage investments risk, the bank applies credit limits to its customers and obtains adequate collaterals. Investments risk in the Union Bank's portfolio is monitored, reviewed and analyzed by the Investments Risk Management (IRM).

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

2.10.2 Foreign Exchange Risk

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

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

2.10.3 Asset Liability Management

Asset Liability Management is the key success of any financial intermediary especially for Banks. Asset Liability Committee (ALCO) of the Bank monitors Balance Sheet Risk and liquidity risks of the bank. The Balance Sheet Risk encompasses most part of the Asset Liability risk and deal with change in earnings due to change in rate of profit, foreign exchange rates which are not of trading nature on the other hand, liquidity risk can be defined as the risk or chance of failure to meet up any withdrawal /disbursement request by a counterparty/customer. Asset Liability Committee (ALCO) reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposits and investments pricing strategy and the Liquidity contingency plan. The primary objective of the Asset Liability Committee (ALCO) is to monitor and avert significant volatility in Net Investments Income (NII), investment value and exchange earnings for the purpose of taking future action plan for better interest of the organization.

2.10.4 Prevention of Money Laundering

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

Union Bank Limited identified the money laundering as one of its core risk areas and has been making all out efforts to prevent money laundering. For mitigating the risk, the bank has a designated Chief Anti-Money Laundering Compliance Officer (CAMLCO) at Central Compliance Unit under Anti-Money Laundering Division, Head Office, who has sufficient authority to implement and enforce corporate wide AML policy, procedure & measure and who is reporting directly to the Senior Management and the Board of Directors. Moreover, every branch of our bank has a designated Branch Anti-Money Laundering Compliance Officer (BAMLCO) under Branch Anti-Money Laundering Compliance Unit, who independently reviews the transaction of accounts, with verification of Know Your Customer (KYC) and Suspicious Transaction Report (STR). They are also sending Cash Transaction Report (CTR) to the Central Compliance Unit, Head Office on monthly basis by using FIU Reporting System Software provided by Bangladesh Bank and finally we send the same to Anti-Money Laundering Department of Bangladesh Bank. The Central Compliance Unit has also

arranged Training/Workshop for developing awareness and skill regarding AML activities of Executives and Officers of the bank and conducting inspection regarding AML activities of our branch. Bank has established a Manual for Prevention of Money Laundering and issues circulars time to time giving specific guidelines in accordance with Bangladesh Bank guidelines, regulations, Anti-Money Laundering Act, 2009 & Anti Terrorism Act, 2009. All the guidelines and circulars issued by Bangladesh Bank from time to time are being strictly complied with by Central Compliance Unit and branches of the Bank.

2.10.5 Internal Control and Compliance

Internal Control & Compliance is considered as an eye of an organization. It is a mirror of operations and keeps record of the same. The primary objectives of internal control system are to help the bank to perform in a better height through the use of its resources & under the guidance of Internal Control system; bank identifies its weakness and takes appropriate measures to overcome the same. The main objectives of Internal Control are to ascertain the efficiency and effectiveness of activities, reliability, completeness and timeliness of financial and management information, compliance with applicable laws and regulations.

Operational loss arises for the cause of errors and fraud due to lack of internal control and compliance. Internal Control & Compliance Division undertakes periodical and special audit & inspection of its branches and departments/divisions of Head Office for reviewing its operation and compliance of the statutory requirement. The Audit Committee of the Board of Directors plays a vital role in providing a bridge between the Board and Management. The committee reviews the Financial Reporting process, Audit process and the Bank's process for compliance with laws, regulations and code of conduct.

2.10.6 Guideline on Information & Communication Technology

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

Information assets are critical to the services provided by the Bank to its customers. Protection and maintenance of these assets are vital to its sustainability. In order to ensure protection of critical IT assets from unauthorized access modification, disclosure and destruction, the Bank has already taken initiatives, which safeguard the interest of customers.

In this context bank is implementing a core banking software (Ababil) ensuring adequate security. To protect sensitive information of core banking software and other software in the event of any disaster, the bank implementing a disaster recovery site. The Bank has already developed its own ICT policies for various operation and services which are closely in line with the ICT guidelines of Bangladesh Bank.

The Bank has developed fault tolerance plan of human resources with detail job description for each IT personnel, segregation of duties of IT tasks and system support in respect of severity. Training is a key component of ICT Risk Management. The Bank has been continuously conducting training sessions on sensitive IT tasks (i.e. operational procedure, Business Continuity Planning, Disaster Recovery Planning etc.) for relevant employees. The Bank management has been putting continuous efforts to improve IT Operation Management, Problem Management, Change Management, Asset Management and Request Management to maintain maximum uptime of automated banking business. The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resources. The Bank is strictly following the Information Security Standard of Bangladesh Bank covering Password Control, User ID Maintenance, Input Control, Network Security, Data Encryption, Virus Protection and Access Control to Internet and Emailing. The bank is regularly conducting internal ICT audit to all its' branches and Head Office divisions to ensure proper implementation of the ICT policies.

2.11 Risk Based Capital Adequacy

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

2.12 Stress Testing

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

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

2.13 Reporting Period

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

2.14 General

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

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

3 CASH**3.1 Cash in Hand**

In Local Currency
In Foreign Currencies

	2015 Taka	2014 Taka
	372,935,237	180,706,229
	387,115	1,551,793
	373,322,352	182,258,022
	3,898,518,327	2,734,081,394
	56,614,037	30,916,064
	3,955,132,364	2,764,997,458
	4,328,454,716	2,947,255,480

3.2 Balance with Bangladesh Bank and its Agent Bank

In Local Currency
In Foreign Currencies

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
Actual Reserve maintained
Surplus/(Short)

	3,110,319,277	1,825,553,440
	3,895,326,446	2,485,702,553
	785,007,169	660,149,113

3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:

Required Reserve
Actual Reserve held
Surplus/(Short)

	2,631,808,619	3,370,252,440
	3,856,746,031	4,066,217,000
	1,224,937,412	695,964,560

4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**A. Inside Bangladesh****Al-Wadiah Current Accounts**

Janata Bank Ltd.

	23,035	537,831
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Others Accounts:**Mudaraba Short Notice Deposits**

First Security Islami Bank Ltd.
Prime Bank Ltd.
Sonal Bank Ltd.
Islami Bank Bangladesh Ltd.

	130,120,712	193,477,519
	25,000	25,000
	602,640	-
	8,050,000	-
	138,798,352	193,502,519

Mudaraba Term Deposits

Reliance Finance Limited
Phoenix Finance and Investments Ltd.

	6,605,732,775	6,471,712,613
	90,000,000	90,000,000
	6,695,732,775	6,561,712,613
	6,834,554,162	6,755,752,963

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

C. Maturity-wise Grouping (Inside and Outside Bangladesh)

Payable on Demand

Up to Three Months

Three Months to One Year

One Year to Five Years

Above Five Years

5 INVESTMENTS IN SHARES AND SECURITIES

Government Securities

Bangladesh Govt. Islamic Investment Bonds

Others**Quoted Shares (Note - 5.1)****5.1 Quoted Shares****Name of Companies**

CVO Petrochemical Refinery Limited

Confidence Cement Ltd.

Grameenphone Ltd.

RAK Ceramics (Bangladesh) Ltd.

Heidelberg Cement Bangladesh

Lafarge Surma Cement Ltd.

Legacy Footwear Ltd.

Matin Spinning Mills Ltd.

National Bank Ltd.

Shahjibazar Power Co. Ltd.

Rahima Food Corporation Ltd.

Tallu Spinning Mills Ltd.

5.2 Market Value of Quoted Shares**5.3 Maturity Grouping of Investments in Shares and Securities**

On Demand

One Month to three Months

Three Months to One Year

One Year to Five Years

More than Five Years

6 INVESTMENTS (All Inside Bangladesh)

General Investments (Bai-Murabah, Bai-Muajjal, HPSM etc.) (Note-6.A)

Bills Purchased and Discounted (Note - 6.B)

	2015 Taka	2014 Taka
	394,134,479	218,410,537
	6,695,732,775	4,036,300,000
	-	2,525,412,613
	-	-
	-	-
	7,089,867,254	6,780,123,150
	2,700,000,000	1,400,000,000
	406,187,398	40,040,651
	3,106,187,398	1,440,040,651
	Acquisition cost	Acquisition cost
	18,693,911	18,048,657
	-	673,845
	2,392,092	-
	1,895,371	-
	617,460	-
	14,297,535	16,175,946
	-	5,820
	-	369,030
	365,696,892	-
	488,213	-
	1,446,907	4,051,341
	659,017	716,012
	406,187,398	40,040,651
	359,200,980	53,423,855
	606,187,398	40,040,651
	500,000,000	-
	2,000,000,000	300,000,000
	-	1,100,000,000
	-	-
	3,106,187,398	1,440,040,651
	37,548,628,509	22,097,263,399
	8,044,240,754	6,180,523,835
	45,592,869,263	28,277,787,234

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

6.4 Economic Sector wise Investments**Agriculture:**

Fishing
Tea
Others

Textile and Readymade Garments:

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

Internal Trade Finance:

Whole Sale Trading
Retail Trading
Others

House Building:

Commercial
Staff

Special Program:

Consumer Finance and Hire Purchase Scheme
Others

6.5 Geographical Location-wise Investments**Urban**

Dhaka
Chittagong
Barisal
Rajshahi
Khulna
Rangpur
Sylhet

Rural

Dhaka
Chittagong
Khulna
Barisal
Rangpur
Sylhet

	2015 Taka	2014 Taka
	497,074	-
	-	-
	467,982,120	450,831,059
	468,479,194	450,831,059
	-	-
	602,513,279	520,398,649
	2,839,554,412	6,169,713,199
	-	-
	-	-
	-	-
	133,085,223	-
	-	-
	-	-
	8,228,917	-
	13,080,304	6,006,667
	-	-
	-	-
	3,596,462,135	6,696,118,515
	25,518,041,616	14,222,916,780
	2,869,318,340	577,763,513
	7,954,454,075	-
	36,341,814,031	14,800,680,293
	2,809,656,533	2,598,760,796
	74,889,113	69,375,537
	2,884,545,646	2,668,136,333
	178,931,282	136,782,479
	2,122,636,975	3,525,238,555
	2,301,568,257	3,662,021,034
	45,592,869,263	28,277,787,234
	26,827,872,319	17,350,475,754
	16,239,175,952	9,991,895,842
	-	-
	32,131,508	4,151,926
	14,329,157	2,340,155
	-	-
	31,291,881	4,344,408
	43,144,800,817	27,353,208,085
	84,942,327	118,447,816
	2,318,205,225	791,731,362
	-	-
	-	-
	36,254,643	13,051,558
	8,666,251	1,348,413
	2,448,068,446	924,579,149
	45,592,869,263	28,277,787,234

6.8 Particulars of Investments

	2015 Taka	2014 Taka
i) Investments considered good in respect of which the Bank Company is fully secured	32,633,107,990	21,746,747,439
ii) Investments considered good for which the bank holds no Security other than the debtors personal security	2,613,810,101	4,633,663,487
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	10,345,951,172	1,897,376,308
iv) Investments adversely classified; provision not maintained there against	-	-
	45,592,869,263	28,277,787,234
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	887,137	-
Increase/ (Decrease) during the year	887,137	-
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.	-	-

	2015 Taka	2014 Taka
6.9 Security against Investments including bills purchased & discounted:		
Collateral of movable/immovable assets	22,239,920,341	11,111,646,445
Local banks & financial institutions guarantee	-	-
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	7,881,825,440	6,180,523,845
Fixed deposits receipts:	-	-
Own MTDR	3,960,881,564	4,454,577,149
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	11,510,241,918	6,531,039,795
Other security	-	-
Unsecured	-	-
	45,592,869,263	28,277,787,234
6.10 Maturity Grouping of Bills Purchased and Discount		
Payable within one month	432,415,314	1,236,104,767
Over one month but less than three months	1,764,125,440	927,078,575
Over three months but less than six months	5,847,700,000	4,017,340,493
Six Months and Above	-	-
	8,044,240,754	6,180,523,835
7 FIXED ASSETS INCLUDING PREMISES, FURNITURE & FIXTURES AT COST LESS ACCUMULATED DEPRECIATION (ANNEXURE-A)		
Furniture & Fixtures	412,535,627	174,174,691
Office Equipment	328,953,739	226,873,557
Vehicles	91,486,719	71,601,822
Books	40,470	3,926
	833,016,555	472,653,996
Less: Accumulated Depreciation	153,818,475	61,373,314
	679,198,080	411,280,682
8 OTHER ASSETS		
Inter - branch Transaction Account (*)	42,188,869	20,822,214
Accrued Income on MTDR	142,150,582	463,867,266
Advances, Deposits and Prepayment (Note - 8.1)	1,565,231,726	270,468,916
Advance Income Tax	384,755,231	162,075,093
Stock of Stationery	5,814,921	4,620,541
Suspense Account (Note - 8.2)	111,665,302	172,546,487
Stamps on Hand	378,225	194,180
Deferred tax asset (Note - 2.8.1.2)	11,199,512	447,573
	2,263,384,368	1,095,042,270
(*) Inter-branch transaction account represents outstanding Inter-branch and Head Office transaction (net) originated but yet to be responded at the balance sheet date. However, the status of non respondent entries on 31.12.2015. have been reconciled on 25.02.2016.		
8.1 Advance, Deposits and Prepayment		
Advance against Rent - Office	299,896,894	269,964,499
Prepayment	1,265,334,832	504,417
	1,565,231,726	270,468,916

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

	2015 Taka	2014 Taka
VAT on FDD collection charge	116,032	-
VAT on commission on export bill	171,293	-
VAT on income from ATM	55,969	-
VAT in Misc. Earnings	3,227	-
Income Tax Deduction at Source - Office rent	282,166	106,760
Income Tax Deduction at Source - Bills	688,887	382,887
Income Tax Deduction at Source - Advertising Bill	30,906	64,112
Income Tax Deduction at Source-Employee's	890,743	773,763
Govt. Tax on Export (Garments)	5,348,284	-
Marginal Deposit Export	468,857	-
F.C. Held against B.B. L/c	106,899,842	-
F.C. Held against EDF L/c (Dollar)	12,990,443	-
Sundry Deposit - Swift charge	30,908	-
Sundry Deposit LAC (Export)	2,635,532	-
S/D/A/C ATM Charge collection Account	57,563	-
D&B Credit report collection fee	27,161	-
ATM Charge (NPSB)	14,580	-
S/D/A/C VAT on Polli Bidyut Samity	427,201	-
NR. USD A/C Wall street Finance	826,042	-
NR. Taka A/C Wall street Finance	680,055	-
Security Deposit A/C Wall Street	1,946,250	-
S/D Cash incentive against export	170,070	-
NR. Tk. A/C Transfast Remittance	49,849,172	-
SD. A/C Transfast Remittance	1,950,000	-
	404,529,133	72,737,453
10.2 Bills Payable		
Pay Order Issued	59,264,040	171,196,226
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	83,118,217	25,506,120
91% of total Mudaraba Savings Bank Deposits	840,417,527	257,895,209
	923,535,744	283,401,329
10.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
Payable on Demand	102,300,000	156,300,000
Up to Three Months	19,784,345,831	15,743,592,009
From Three Months to Six Months	10,654,412,090	3,985,595,574
Above Six Months to One Year	14,741,084,335	10,272,618,182
Above One Year to Two Years	5,900,000	350,000
Above Two Years	8,070,000	4,850,000
	45,296,112,256	30,163,305,765
10.5 Mudaraba Deposit under Schemes		
Mudaraba Monthly Savings Scheme	248,308,530	62,513,660
Mudaraba Double Benefit Deposits Scheme	3,432,194,132	1,582,686,308
Mudaraba Monthly Profit Scheme	2,574,339,942	840,104,418
Mudaraba Millionaire Savings Scheme	139,864,258	33,318,204
Mudaraba Kotipoti Deposit Scheme	12,973,679	403,500
Mudaraba Marriage Scheme	2,593,228	703,832
Mudaraba Pension Scheme	205,644	86,605
Mudaraba Hajj Deposit Scheme	164,500	67,000
Mudaraba Pension Scheme	17,571,101	5,308,867
Mudaraba Muhor Savings Scheme	39,000	-
Mudaraba Corepoty Sanchaya Scheme	1,032,020	-
	6,429,286,034	2,525,192,394

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

11.3 Accrued Profit and Expenses Payable

Mudaraba Term Deposit Receipt (MTDR)
Mudaraba Monthly Benefit Savings Scheme
Mudaraba Double Benefit Savings Scheme
Mudaraba Monthly Profit Scheme
Mudaraba Pension Prokolpa
Mudaraba Marriage Deposit Scheme
Mudaraba Hajj Deposit Scheme
Mudaraba Millionaire Savings Scheme
Mudaraba Kotipotri Deposit Scheme (MKDS)
Mudaraba Pension deposit Scheme
Mudaraba Mohor Saving Scheme
Mudaraba Corepoty Sanchaya Prokalpa

	2015 Taka	2014 Taka
979,440,873	716,857,831	
9,889,772	2,042,903	
184,628,158	61,995,606	
13,270,153	5,649,317	
848,796	221,093	
80,811	14,928	
7,388	1,592	
6,318,455	1,182,573	
474,106	8,249	
14,585	4,319	
645	-	
7,928	-	
1,194,981,670	787,978,411	
10,000,000,000	10,000,000,000	
4,280,000,000	4,280,000,000	
Percentage(%)	Percentage(%)	
100.00	100.00	
-	-	
-	-	
-	-	
100.00	100.00	
No. of Shares	Percentage (%)	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
4,000,000	0.93	
424,000,000	99.07	
428,000,000	100.00	

12 CAPITAL**AUTHORISED CAPITAL**

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

12.1 Issued, Subscribed and Paid-Up Capital

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

12.2 Category of shareholding as at 31 December 2015**Name of Category**

Sponsors/Directors

Financial Institutes

Non-Resident Bangladeshi

General Public

12.3 Classification of Shareholders by holding position as at 31 December 2015**Shareholding Range**

Less than 500 Shares

501 to 5000 Shares

5001 to 10,000 Shares

10,001 to 20,000 Shares

20,001 to 30,000 Shares

30,001 to 40,000 Shares

40,001 to 50,000 Shares

50,001 to 100,000 Shares

100,001 to 1,000,000 Shares

Over 1,000,001 Shares

12.4 Regulatory Capital Requirement in line with Basel-III**I. Tier - 1 Capital****a. Common Equity Tier-1 Capital (CET-1)**

Paid up Capital
Statutory Reserve
Other Reserve
Retained Earnings

2015 Taka	2014 Taka
4,280,000,000	4,280,000,000
233,241,638	75,578,898
145,749,665	145,749,665
452,966,555	122,315,596
5,111,957,858	4,623,644,159

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

-	-
-	-

Total Tier 1 Capital (a + b)

5,111,957,858	4,623,644,159
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II. Tier -2 Capital

General Provision

495,924,976	320,000,000
495,924,976	320,000,000

A. Total Regulatory Capital (I+II)

5,607,882,834	4,943,644,159
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B. Total Risk Weighted Assets

42,247,723,691	34,552,800,000
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C. Minimum Capital Requirement

4,224,772,369	3,455,280,000
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D. Surplus/(Deficiency)...(A - C)

1,383,110,465	1,488,364,159
----------------------	----------------------

Capital to Risk Weighted Assets Ratio (CRAR)

13.27%	14.31%
---------------	---------------

Capital to Risk Weighted Assets Ratio (CRAR):

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

<u>Held</u>	<u>Held</u>
12.10%	13.38%

b. Tier - 1 Capital to Risk Weighted Assets

12.10%	13.38%
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c. Tier - 2 Capital to Risk Weighted Assets

1.17%	0.93%
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Total (b+c)

13.27%	14.31%
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13 STATUTORY RESERVE

Opening Balance
Transferred during the year from Profit & Loss A/C
Closing Balance

75,578,898	33,468,582
157,662,740	42,110,316
233,241,638	75,578,898

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

14 OTHER RESERVE

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

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

Opening Balance
Add: Net Profit after tax for the year
Less: Transferred to Statutory Reserve
Closing Balance

122,315,596	53,874,331
488,313,699	110,551,581
157,662,740	42,110,316
452,966,555	122,315,596

16 LETTER OF GUARANTEES

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

Letters of Guarantee - Local
Letter of Guarantee - Foreign

Less: Margin Taken on Guarantees

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

Directors
Government
Banks and Other Financial Institutions
Others

17 IRREVOCABLE LETTERS OF CREDIT

Letters of Credit - Cash
Letter of Credit - Cash Inland
Back to Back Letters of Credit - Local
Back to Back Letters of Credit - Foreign

18 BILLS FOR COLLECTION ISSUED BY THE BANK

Foreign Documentary Bills
Outward Bills
Inland Documentary Bills

	2015 Taka	2014 Taka
	612,755,013	606,973,300
	-	-
	612,755,013	606,973,300
	-	-
	612,755,013	606,973,300
	-	-
	-	-
	-	-
	61,255,013	606,973,300
	61,255,013	606,973,300
	1,458,229,907	420,984,086
	-	-
	210,896,290	1,335,932
	116,199,000	23,852,000
	1,785,325,197	446,172,018
	223,786,000	394,000
	-	-
	8,486,000	147,354,000
	232,272,000	147,748,000

19 INVESTMENT INCOME**Profit Received from:**

Deposit with Other Banks
Bai Murabaha - General
Bai Murabaha Hypothecation
Bai Murabaha against MTDR
Bai Murabaha - TR
Bai Murabaha - Agriculture
Musharaka - Agriculture
Musharaka - MDB
Bai Muajjal General
Bai Muajjal Real Estate
Bai Muajjal Agriculture
Bai Murabaha Post Import Bill - TR
HPSM Transport
HPSM Industry
HPSM Real Estate
HPSM Machinery
HPSM Consumer Durables
HPSM SME
Quard against MTDR
Bill Purchased - Inland
Bill Purchased - Foreign
Bai Murabaha Post Import Bill
Bai Murabaha EDF Investment
Back to Back Bill
Bai Istisna

	2015 Taka	2014 Taka
1,026,752,542	943,525,592	
2,097,744,381	1,384,925,668	
306,480,720	263,238,214	
518,829,621	389,559,019	
900,416,293	95,604,356	
62,108,732	-	
-	21,817,021	
969,418,047	171,785,370	
5,266,915	3,226,221	
536,240	310,308	
35,139	-	
20,852,960	23,199,998	
1,610,807	708,769	
107,379,477	14,354,435	
89,568,576	41,499,550	
27,492,188	5,580,537	
5,038,351	2,482,712	
81,034	100,985	
487,381	477,216	
-	2,182,677	
-	10,768	
18,248,861	298,258	
1,488,147	-	
3,046,979	1,043,303	
247,638	170,717	
6,163,131,029	3,366,101,694	
3,550,436,561	2,290,777,480	
340,500,332	63,717,411	
16,047,073	3,266,965	
199,560,915	62,529,856	
49,315,068	-	
19,095,969	4,934,535	
27,126,831	17,158,381	
161,925	17,082	
1,207,160	262,317	
9,341,540	1,614,924	
645	-	
7,928	-	
548,718	8,249	
4,213,350,665	2,444,287,200	
13,750,000	18,664,929	
(1,091,730)	47,816	
393,800	347,800	
13,052,070	19,060,545	
60,554,287	12,598,060	
24,557,647	3,764,422	
26,300,654	4,274,795	
1,743,007	510,373	
85,111,934	16,362,482	

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

Mudaraba Term Deposit
Mudaraba Double Benefit Deposits Scheme
Mudaraba Monthly Savings Scheme
Mudaraba Monthly Benefit Savings Scheme
Bangladesh Government Islami Bond
Mudaraba Savings Deposits
Mudaraba Short Notice Deposits
Mudaraba Marriage Scheme
Mudaraba Pension Deposit Scheme
Mudaraba Millionaire Deposit Scheme
Mudaraba Mohor Savings Scheme
Mudaraba Corepoty Savings Scheme
Mudaraba Kotipoti Deposit Scheme

21 INCOME FROM INVESTMENT IN SHARES AND SECURITIES

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

22 COMMISSION, EXCHANGE AND BROKERAGE

Commission
Exchange Gain
Exchange Earning
Less: Exchange Loss

23 OTHER OPERATING INCOME

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

2015 Taka	2014 Taka
7,751,043	4,013,111
81,985	25,163
1,009,593	6,641,500
4,499,393	14,423,329
13,342,014	25,103,103

24 SALARY AND ALLOWANCES

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

168,499,007	96,164,451
97,640,071	11,975,476
10,892,212	6,879,451
16,000,000	3,760,000
66,510,890	35,992,368
8,274,183	4,195,107
34,547,003	17,674,096
13,139,558	7,563,938
16,009,920	9,362,096
16,041,397	8,632,741
16,739,360	8,909,454
2,378,660	1,461,445
466,672,261	212,570,623

25 RENT, TAXES, INSURANCE, LIGHTING ETC.

Rent
Insurance
Rates and Taxes
Water Charges
Gas Charges
Electric Bills

124,861,917	74,343,706
22,367,861	11,363,873
2,998,498	2,267,627
282,564	131,295
199,580	104,388
15,782,476	9,561,286
166,492,896	97,772,175

26 LEGAL EXPENSES

Law Charges
Stamp
Other Professional Charges

42,750	14,600
15,086	14,570
515,753	418,930
573,589	448,100

27 POSTAGE, STAMP AND TELECOMMUNICATION

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

3,009,715	1,735,779
5,046,763	2,533,320
44,770	19,530
3,019	2,817
3,353,080	1,902,536
1,144,489	452,166
12,601,836	6,646,148

28 STATIONERY, PRINTING AND ADVERTISEMENT

Publicity and Advertisement
Printing and Stationery

26,151,009	32,797,230
8,775,325	6,610,088
34,926,334	39,407,318

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

34 EARNINGS PER SHARE (EPS)

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

2015 Taka	2014 Taka
488,313,699	110,551,581
428,000,000	428,000,000
1.14	0.26

35 RECEIPTS FROM OTHER OPERATING ACTIVITIES

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

7,751,043	4,013,111
81,985	25,163
1,009,593	6,641,500
4,499,393	14,423,329
13,342,014	25,103,103

36 PAYMENTS FOR OTHER OPERATING ACTIVITIES

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

166,492,896	97,772,175
573,589	448,100
12,601,836	6,646,148
5,521,150	4,049,059
278,300	34,500
200,000	200,000
35,383,330	12,639,605
6,000,000	4,625,000
186,577,826	83,740,789
413,628,927	210,155,376

37 INCREASE / DECREASE OF OTHER ASSETS

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

42,188,869	20,822,214
1,565,231,726	270,468,916
5,814,921	4,620,541
111,665,302	172,546,487
378,225	194,180
1,725,279,043	468,652,338
(1,256,626,705)	(86,436,481)

(Increase)/Decrease during the year

38 INCREASE / DECREASE OF OTHER LIABILITIES

Provision for Zakat		
Benevolent Fund		
Clearing Adjustment Account		
Others		

6,025,000	7,625,000
868,504	1,329,446
18,391,607	248,068,439
21,311,086	911,576
46,596,197	257,934,461
(211,338,264)	254,810,447

Increase /(Decrease) during the year

39 NUMBER OF EMPLOYEES

Executives and Officers		
Members of Staff (Contractual)		

666	475
166	125
832	600

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. Reliance Finance Ltd.	MTDR	Common Director	6,605,732,775
ii) Related Party Transactions			Nil
iii) Shares issued to Directors and Executives without consideration or exercisable at discount			Nil
iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991.			Nil
v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991			Nil
vi) Investment in the Securities of Directors and their related concern			Nil

41 DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES

Sl. No.	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
1	Shahidul Alam	Chairman	Managing Director Galco Steel (Bangladesh) Ltd. Prasad Paradise Resorts Ltd. S. Alam Vegetable Oil Ltd. Director First Security Islami Capital & Investment Ltd. Reliance Brokerage Services Ltd. Proprietor M/s. Tazin Enterprise Sonali Traders
2	Ahsanul Alam	Vice Chairman	Managing Director Genesis Textiles Accessories & Apparels Ltd. Western Designers Ltd. Chairman Hasan Abasan (Pvt) Ltd. Proprietor Genesis Enterprise Chief Executive S. Alam & Co.
3	Hussain Muhammad Ershad	Director	Chairman Podagonj Cold Storage Ltd.
4	Ashik Ahmed	Director	Proprietor Ashik Trading

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.
5	Ms. Marzina Sharmin	Director	Managing Director Unique Investment & Securities Limited Times 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	Shahedul Huq	Director	Managing Partner Crystal Bridge (Pvt) Ltd. Director Xebac Trading Service Proprietor S. Huq Properties Ltd.
8	Ms. Shahana Ferdous	Director	Director Galco Steel (BD) Ltd. S. Alam Super Edible Oil Ltd. Proprietor M/S Shahnaj Trading
9	Showkat Hossain, FCA	Director	Resident Partner Hoda Vasi Chowdhury & Co. Director Chittagong WASA Director (Independent) Chittagong Stock Exchange Ltd.
10	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
11	Arif Ahmed	Director	Proprietor M/s. Arif Traders
12	Mohammad Mostan Billah Adil	Director	Managing Director Platinum Endeavors Ltd Proprietor M/s. Mostan Billah Adil M/s. Adil Corporation
13	Ms. Farzana Begum	Director	Managing Director Shah Amanat Praktitik Gas Co. Ltd. Lion Securities & Investment Ltd. Director Global Trading Corporation Ltd Proprietor M/s. Farzana Trading Enterprise

42 **AUDIT COMMITTEE****a) Constitution**

Name	Status with the Bank	Status with the Committee	Educational Qualification
Showkat Hossain, FCA	Director	Chairman	B. Com, Fellow Chartered Accountants
Mortuza Siddique Chowdhury	Director	Member	FAZIL
Shahedul Huq	Director	Member	Bachelor of Business Administration
Arif Ahmed	Director	Member	MS-CEM

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 **EVENTS AFTER BALANCE SHEET DATE**

a) The Board of Directors of the Bank in its 29th Board meeting held on 29 February 2016 approved the financial statements of the Bank for the year ended 31 December 2015 and recommended 10% Stock Dividend for shareholders for the year 2015 to be approved in the next Annual General Meeting and authorized the same for issue.

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



Managing Director



Director



Director



Chairman

Place: Dhaka
Date: 29 February 2016

Annexure A

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

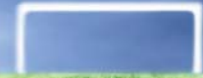
Figure in Taka

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

Annexure B

UNION BANK LIMITED
Financial Highlights
For the year ended 31 December 2015

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



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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



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 3rd Annual General Meeting of the Members of Union Bank Limited will be held on December 29, 2016 at The Palace Luxary Resort, Bahubal, Habiganj at 4.00 pm.

Signed this _____ day of _____, 2016

(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 3rd Annual General Meeting of the Members of Union Bank Limited will be held on December 29, 2016 at The Palace Luxary Resort, Bahubal, Habiganj at 4.00 pm.

Name of the Member/Proxy _____

Membership No.

Signature of Member/Proxy and Date

