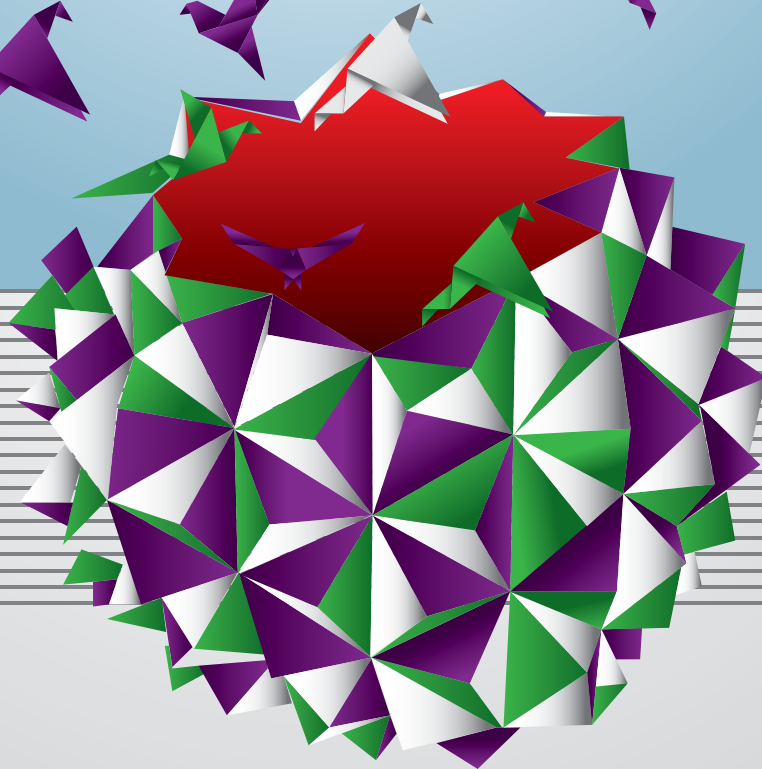


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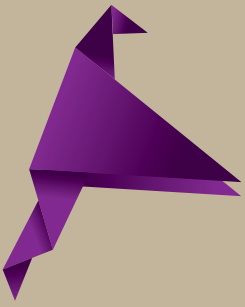
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**RISING TO THE  
CHALLENGE OF  
CHANGE**





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# Letter of Transmittal

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

Subject: Annual Report 2016 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 31<sup>st</sup> December 2016. 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 31<sup>st</sup> December 2016.

This is for your kind information and record please.

Best regards  
Yours truly



Ali Hossain Bhuiyan  
Board and Company Secretariat

# Notice of the 4<sup>th</sup> Annual General Meeting

Notice is hereby given that the 4<sup>th</sup> Annual General Meeting of the Members of Union Bank Limited will be held on Saturday, April 21, 2018 at 11:30 am at Union Bank Ltd. Head Office, Bahela Tower, 72, Gulshan Avenue, Gulshan-1, Dhaka-1212 to transact the following business:

## ORDINARY BUSINESS:

01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on December 31, 2016 along with the Auditors' Report and the Directors' Report thereon.
02. To approve Dividend for the year ended 31<sup>st</sup> December 2016 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  
Board and Company Secretariat

Date: March 29, 2018  
Dhaka

## NOTES:

- a. The Board of Directors has recommended 12% stock dividend for the year ended 31<sup>st</sup> December 2016. 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 re- appointment).

# Corporate Profile

## REGISTERED NAME OF THE COMPANY

Union Bank Limited

## LEGAL FORM

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

## 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)/2013-1153 Dated: March 10, 2013

## VAT REGISTRATION NUMBER

18121026762

## TAX PAYER'S IDENTIFICATION NUMBER

796739852073

## EXTERNAL AUDITOR

Syful Shamsul Alam & Co  
Chartered Accountants  
Corporate Office:  
Paramount Heights (Level- 06)  
65/2/1, Box Culvert Road,  
Purana Paltan, Dhaka-1000  
Bangladesh

## TAX CONSULTANT

K M Hasan & Company  
Chartered Accountants  
Hometown Apartment (8<sup>th</sup> & 9<sup>th</sup> 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 and creating demand to establish a quality service oriented global banking services to the doors of the people.
- The economy of Bangladesh continues to demonstrate satisfactory & steady growth performance maintaining macroeconomic stability.
- Unlock the potentials of missing middle of the country who are beyond the coverage of corporate banking service.
- Focus on rural & microeconomic developments.
- Bring the unbanked rural people under the umbrella of banking service.
- Modern Technology based banking as well as environmental banking.



## 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.

## FOCAL POINTS OF FIVE (05) YEARS STRATEGIC PLAN

- Proactive Risk Management and Governance
- Corporate Governance
- Compliance with Laws and Regulations
- Strengthening Internal Control & Compliance & Review System
- Maintaining Stakeholders Loyalty
- Constant Monitoring of Customer Service
- Optimization of Operating Cost
- Reducing Non Performing Loans
- Increasing Bad Loan Recovery
- Deposit Growth with a View to Optimizing Cost of Fund
- Lending Growth with Industry Business Segment focuses i.e. Sustainable Financing, SME Financing, Green Financing, Agriculture Financing, Women Entrepreneurship Development etc.
- Increase Profitability Aligned with Environment Friendly Sustainable Development
- Maintaining Optimum Liquidity
- Risk Appetite Statement for all Material Risks
- Reducing Service Fee
- Increasing Customer Base for Addressing Financial Inclusion
- Efficient Communication with Stakeholders
- Automation and Effective Management Information System
- Corporate Social Responsibilities (CSR) Activities of Union Bank
- Human Resource Development

# Financial Performance at a Glance

Amount in million Taka

SL No.	Particulars	2016	2015
1	Authorized capital	10,000.00	10,000.00
2	Paid - up capital	4,708.00	4,280.00
3	Shareholder's Equity	6,012.42	5,111.96
4	Total capital (Tier - 1 + Tier - 2)	6,774.24	5,596.68
5	Statutory Reserve	527.66	233.24
6	Total Assets	83,917.24	63,048.76
7	Total Liabilities	77,904.82	57,936.81
8	Deposits	74,250.56	55,555.44
9	Total Investment and Advance	67,150.19	45,592.87
10	Total contingent Liabilities	6,465.39	4,642.78
11	Total Risk Weighted Asset	58,315.04	42,247.72
12	Total Fixed Assets	829.42	679.20
13	Operating Income	3,179.45	2,061.29
14	Operating Expenditure	1,403.84	1,016.47
15	Profit before provision & Tax	1,775.61	1,044.81
16	Profit before Tax	1,472.11	788.31
17	Net profit after provision & Tax	849.61	488.31
18	Foreign Exchange Business:		
	a) Import Business	14,658.80	5,958.60
	b) Export Business	30,973.50	15,816.42
	c) Remittance	3,268.60	919.66
19	No. of Foreign Correspondent	123.00	103.00
20	Profit Earning Assets	74,360.93	55,789.91
21	Non profit Earning Assets	9,556.31	7,258.86
	<b>SL No. Particulars</b>	<b>2016</b>	<b>2015</b>
22	Investment as a % of Total Deposit	90.44%	82.07%
23	Capital To Risk weighted Assets Ratio (CRAR)	11.62%	13.25%
24	Dividend:		
	a) Cash		
	b) Bonus		
	c) Right Share		
25	Cost of Fund	9.53%	11.82%
26	Net asset value per share		
27	Earning per share (EPS)	1.80	1.04
28	Price Earnings Ratio (times)		
29	Return on Assets (ROA)	1.16%	0.94%
30	No. of shareholders		
31	Number of Employees	1,051	832
32	Number of Branches	57	44

FINANCIAL PERFORMANCE AT A GLANCE

# Shareholders' Information

## Union Bank Limited Details of Capital Fund As on December 31, 2016

Taka In Crore

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

Less: Regulatory adjustments (Deferred tax assets)

b. Additional Tier –1 Capital (AT-1)

Total Tier 1 Capital (a + b)

II. Tier –2 Capital

General Provision

A. Total Regulatory Capital (I+II)

B. Total Risk Weighted Assets

C. Minimum Capital Requirement

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

Capital to Risk Weighted Assets Ratio (CRAR)

Capital to Risk Weighted Assets Ratio (CRAR):

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

b. Tier - 1 Capital to Risk Weighted Assets

c. Tier - 2 Capital to Risk Weighted Assets

Total (b+c)

	2016	2015
Paid up Capital	470.80	428.00
Statutory Reserve	52.77	23.32
Other Reserve	14.57	14.57
Retained Earnings	63.10	45.30
	<b>601.24</b>	<b>511.20</b>
Less: Regulatory adjustments (Deferred tax assets)	2.32	1.12
	<b>598.92</b>	<b>510.08</b>
	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
Total Tier 1 Capital (a + b)	<b>598.92</b>	<b>510.08</b>
	78.50	49.59
	<b>78.50</b>	<b>49.59</b>
A. Total Regulatory Capital (I+II)	<b>677.42</b>	<b>559.67</b>
B. Total Risk Weighted Assets	5831.50	4224.77
C. Minimum Capital Requirement	583.15	422.48
D. Surplus/(Deficiency)...(A - C)	<b>94.27</b>	<b>137.19</b>
Capital to Risk Weighted Assets Ratio (CRAR)	<b>11.62%</b>	<b>13.25%</b>
<u>Held</u>	<u>Held</u>	
a. Common Equity Tier-1 Capital to Risk Weighted Assets	10.27%	12.07%
b. Tier - 1 Capital to Risk Weighted Assets	10.27%	12.07%
c. Tier - 2 Capital to Risk Weighted Assets	1.35%	1.17%
Total (b+c)	<b>11.62%</b>	<b>13.25%</b>



# MANAGEMENT INFORMATION

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# BOARD OF DIRECTORS



Shahidul Alam

Chairman



Ahsanul Alam

Vice-Chairman



**Hussain Muhammad Ershad**  
Director



**Ms. Marzina Sharmin**  
Director



**Shahedul Huq**  
Director



**Rashedul Alam**  
Director



**Showkat Hossain, FCA**  
Director



**Ms. Farzana Begum**  
Director



**Mohammad Fazlay Morshed**  
Director



**Mohammad Manzoor Alam Seth**  
Director



**Ziauddin Ahmed**  
Director

BOARD OF DIRECTORS



**Dr. Mehe Zebunnesa Rahman**  
Director



**Ms. Sarwar Jahan Maleque**  
Director



**Ms. Halima Begum**  
Director



**Md. Abdul Quddus**  
Independent Director



**Md. Enayet Ullah, FCA**  
Independent Director



**Omar Farooque**  
Managing Director

BOARD OF DIRECTORS



# SPONSOR SHAREHOLDERS

1. Shahidul Alam

2. Hussain Muhammad Ershad

3. Ahsanul Alam  
Nominee of Unique Investment & Securities Ltd.

4. Ashik Ahmed

5. Ms. Farzana Parveen

6. Ms. Marzina Sharmin

7. Belal Ahmed

8. Mortuza Siddique Chowdhury

9. Ms. Halima Begum  
Nominee of Lion Securities & Investment Ltd.

10. Md. Arshed

11. Mohammad Fazlay Morshed  
Nominee of C&A Fabrics Ltd.

12. Shahedul Huq  
Nominee of Crystal Bridge (Pvt) Ltd.

13. Ms. Shahana Ferdous

14. Mohammad Manzoor Alam Seth  
Nominee of C&A Accessories Ltd.

15. Morsalin Islam Shouradip

16. Rashedul Alam  
Nominee of Western Designer Ltd.

17. Showkat Hossain, FCA  
Representative of Ocean Resorts Ltd.

18. Arif Ahmed

19. Mohammad Mostan Billah Adil

20. Ms. Sarwar Jahan Maleque

21. Chowdhury Mohammed Hanif Shoeb

22. Ms. Farzana Begum

23. Dr. Mehe Zebunnesa Rahman

24. Ziauddin Ahmed

25. Reliable Entrepreneurs Ltd.

# COMMITTEES

as on 31.03.2018

## EXECUTIVE COMMITTEE

Ahsanul Alam	Chairman
Ms. Marzina Sharmin	Member
Shahedul Huq	Member
Md. Abdul Quddus	Member
Rashedul Alam	Member

## AUDIT COMMITTEE

Showkat Hossain, FCA	Chairman
Ms. Farzana Begum	Member
Mohammad Fazlay Morshed	Member

## RISK MANAGEMENT COMMITTEE

Md. Abdul Quddus	Chairman
Md. Enayet Ullah, FCA	Member
Dr. Mehe Zebunnesa Rahman	Member
Mohammad Manzoor Alam Seth	Member

## SHARI'AH SUPERVISORY COMMITTEE

Prof. Dr. Abu Reza Muhammad Nezamuddin Nadwi, MP	Chairman
Maulana Mohammad Shamsul Hoque Siddique	Member
Mufti Muhammad Muhibullahil Baqui	Member
Mufti Shamsuddin Zia	Member
Maulana Mohammad Abdul Hai Nadvi	Member Secretary
Shahedul Huq	Observer Member
Md. Abdul Quddus	Observer Member

## EMPLOYEE PROVIDENT FUND TRUSTY BOARD

A.B.M. Mokammel Hoque Chowdhury	Chairman
Md. Mainul Islam Chowdhury	Vice-Chairman
Mohammad Kalam Hossain	Member
Md. Ruhul Amin	Member Secretary

### Members from Board of Directors:

Ahsanul Alam	Member
Showkat Hossain, FCA	Member
Md. Abdul Quddus	Member

# Management Team

as on 31.12.2017

DESIGNATION	NAME	PLACE OF POSTING
Managing Director	Mr. Omar Farooque	Head Office
Adviser	Mr. S. M. Aminur Rahman	Head Office
AMD	Mr. Syed Abdullah Mohammed Saleh	Head Office
	Mr. A. B. M. Mokammel Hoque Chowdhury	Head Office
DMD	Mr. Hasan Iqbal	Head Office
EVP	Mr. Shah Md. Mahtubuddin Al-Mamun	Manager, Gulshan Branch
	Mr. Md. Mainul Islam Chowdhury	Head of HRD & GSD, Head Office
SVP	Mr. Faridul Hoque Chowdhury	Manager, Agrabad Branch, Chittagong
	Mr. Joyanta Kumar Mandal	Head of Treasury Division, Head Office
	Mr. Md. Munirul Islam	Manager, Hatkhola Branch, Dhaka
	Mr. Md. Idris Ali	Manager, Dilkusha Branch, Dhaka
	Mr. Md. Azadur Rahman	Head of Investment Division, Head Office
	Mr. Md. Main Uddin	Head of BOCD & Marketing & Dev. Div., Head Office
	Mr. Md. Kabirul Hasan	Manager, Dhanmondi Branch, Dhaka
	Mr. Saiful Momin	Head of ICT Division, Head Office
	Mr. Gazi Mahmud Hassan	Head of ID, Head Office
	Mr. Md. Abdul Kader	Manager, Panthapath Branch, Dhaka
VP	Mr. Mansoor Ahmed	Head of IAD, Head Office
	Mr. Md. Arfan Ali	Manager, Kumira Branch, Chittagong
	Ms. Lipe Azad	Manager, Laldighi Branch, Chittagong
	Mr. Abdus Samad Shaheen	Head of MIS & In-charge of IC&CD, Head Office
	Mr. Enamul Elahi	Manager, Banani Branch, Dhaka
	Mr. G.M Mamunur Rahman	Head of IMRD, Head Office
	Mr. Md. Ahsanullah	Manager, Talshahor Branch, B-Baria
	Mr. Md. Rofiqul Islam	In-charge of RMG & Trade Finance, Head Office
	Mr. Mohammad Sirajul Kabir	Manager, Khatungonj Branch, Chittagong
	Mr. Muhammed Didarul Alam	Manager, Mirpur Branch, Dhaka
SAVP	Mr. Niaz Mohammed Khan	Manager, Barisal Branch, Barisal
	Mr. A. N. M. Sadan Jahan	Manager, Nawabpur Road Branch, Dhaka
	Mr. Chowdhury S M Atiqur Rahman Hyder	Manager, D.T. Road Eidgah Branch, Chittagong
	Mr. Mohammad Rubel Alam Khan	Manager, Mymensingh Branch, Mymensingh
	Mr. Humayun Kabir	Manager, Zindabazar Branch, Sylhet
	Mr. Khan Md. Abu Muhit	Manager, Khulna Branch, Khulna
	Mr. Riyadh Mohammad Chowdhury	Khatungonj Branch, Chittagong
	Mr. Syed Fazle Elahi	Manager, Comilla Branch, Comilla

MANAGEMENT TEAM

DESIGNATION	NAME	PLACE OF POSTING
AVP	Mr. Delwar Hossain Delu	Head of AMLD, Head Office
	Mr. Md. Mosaref Hossain	GSD, Head Office
	Mr. Mohammed Mahfuzur Rahman	IMRD, Head Office
	Mr. Md. Shahidul Islam	Manager, Rajshahi Branch, Rajshahi
	Mr. Mohammad Mafidul Haque	HRD, Head Office
	Mr. Md. Abul Kalam	GSD, Head Office
	Mr. Abdul Kayum	Manager, Muradpur Branch, Chittagong
	Mr. Md. Shahidul Islam	Manager, Bogra Branch, Bogra
	Mr. Md. Ruhul Amin	In-charge of FAD, Head Office
	Mr. Didarul Haque Miah	ICT Division, Head Office
	Mr. Mohammad Moniruzzaman	Manager (CC), Sebarhat Branch, Noakhali
	Mr. Iskandar Parvez	ID, Head Office
	Mr. Shah Md. Mustafizur Rahman	BACH, Treasury Division, Head Office
	Mr. Sajjad Karim	Manager, Keranihat Branch, Chittagong
	Mr. M. Rezaul Karim	Manager, Eidgaon Branch., Cox's Bazar
	Mr. Mohammad Farhad	MD's Sec., Head Office
	Mr. Golam Sarwarul Hoque	Manager Operation, Agrabad Branch, Chittagong
	Mr. Md. Hedayet Ullah	In-charge of Training Institute, Head Office
	Mr. M.Q.M Obaidullah	GSD, Head Office
	FAVP	Mr. Md. Shariful Alam Mondal
Mr. Md. Abdul Matin		Investment Division, Head Office
Mr. Md. Monsur Ahmed		Investment Division, Head Office
Mr. Hafez Anwar Hossain		Manager, Ashkonabazar Branch, Dhaka
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 Operation, Hatkhola Branch, Dhaka
Mr. S. M. Fakhruddin Omar		Manager, Islampur Branch, Sylhet
Mr. Anis Ahmed		Manager Operation, Dhanmondi Branch, Dhaka
Mr. Md. Mamnur Rashid		BOCD, Head Office
Mr. Mohammad Khaled Hossain		Manager, Uttara Branch, Dhaka
Mr. Kayes Mahmud		Manager, Atibazar Branch, Keranigonj
Mr. Abu Kawser		Manager Operation, Banani Branch, Dhaka
Mr. Md. Nandit Rahman Tazvi		Manager, Bogabari Branch, Ashulia, Dhaka
Mr. Md. Rezaul Hoque		Manager Operation, Jamuna Future Park Branch, Dhaka
Mr. Golam Sarowor		Manager Operation, Dilkusha Branch, Dhaka
Mr. Md. Mizanur Rahman		Manager, Mouchak Branch, Dhaka
Mr. M M Mazharul Islam		Manager, Narayangonj Branch, Narayangonj
Mr. Mohammad Shamim Ahmed Akan		Manager, Panchaboti Branch, Narayangonj
Mr. Mohammad Nurul Amin		Manager, Feni Branch, Feni
Mr. Mohammad Manir Hossain	Manager, Jaksinbazar Branch, Laks mipur	
Mr. Mohammad Salequr Rahman	Manager, Lichubagan Branch, Chittagong	

DESIGNATION	NAME	PLACE OF POSTING
FAVP	Mr. Mohammed Abdul Kader Bhuyan	Manager, Lalmai Branch, Comilla
	Mr. Mofazzal Haider	Investment Division, Head Office
	Mr. A. K. M. Zahiruddin Iqbal Chowdhury	In-charge of PRD, Head Office
	Mr. Mohammad Thohidul Mawla	RMG & Trade Finance, Head Office
	Mr. Ahammad Bin Shahirul Ibna Riaz	ICT Division, Head Office
	Mr. Feroz Mahmud	ICT Division, Head Office
	Mr. Md. Shariful Islam	Manager, Banskhal Branch, Chittagong
	Mr. Mohammad Moynul Hasan	ICT Division, Head Office
	Mr. Shanker Kumar Roy	Investment Division, Head Office
	Mr. Md. Hafigur Rahman	Manager, Ataikula Branch, Pabna
	Mr. Mohammad Kalam Hossain	FAD, Head Office
	Mr. Md. Bashir Uddin Sikder	HRD, Head Office
	Mr. Md. Shahriar Rauf	Investment Division, Head Office
	Mr. Saiful Azam	Gulshan Branch, Dhaka
	Mr. Syed Abdullah Al Masum	Manager, Sarkarhat Branch, Chittagong
	Mr. Kazi Reza Shahinoor Alam	Manager, Rangpur Branch, Rangpur
	Mr. Syed Mizanur Rahman	Manager, Tangail Branch, Tangail
Mr. Md. Nizam Uddin	Manager, Madhabdi Branch, Narsingdi	
Mr. Mohammad Salah Uddin	In-charge of RMD, Head Office	



# MESSAGES

# মাননীয় চেয়ারম্যানের বাণী



বিস্মিল্লাহির রাহমানির রাহিম

সম্মানিত শেয়ারহোল্ডারবৃন্দ

আস্সালামু আলাইকুম ওয়া রাহ্মাতুল্লাহ।

পরিচালনা পর্ষদ এবং ব্যাংক ব্যবস্থাপনা কর্তৃপক্ষসহ সকল কর্মকর্তাদের পক্ষ থেকে ইউনিয়ন ব্যাংকের চতুর্থ বার্ষিক সাধারণ সভায় আপনাদেরকে স্বাগত জানাতে পেরে আমি আনন্দিত। ৩১ ডিসেম্বর ২০১৬ সমাপ্ত বছরের ব্যাংকের পরিচালক মন্ডলীর প্রতিবেদন ও বার্ষিক প্রতিবেদন আপনাদের সামনে উপস্থাপন করতে পেরে গর্ব বোধ করছি।

বিশ্ব অর্থনীতির জন্য ২০১৬ সাল আরো একটি চ্যালেঞ্জিং বছর হিসেবে বিবেচিত হয়েছে। ব্রেক্সিট, চীনের ধীর প্রবৃদ্ধি, জনসংখ্যা বৃদ্ধি, শরণার্থী সমস্যা এবং সন্ত্রাসবাদ- এগুলো ২০১৬ সালকে কঠিন করে তুলেছিল। আন্তর্জাতিক মুদ্রা তহবিলের ধারণাপত্র অনুযায়ী বিশ্ব অর্থনীতির প্রবৃদ্ধির প্রাক্কলিত মাত্রা ছিল ৩.১%। এছাড়াও সাম্প্রতিক বিশ্লেষণে আরো ধারণা করা হচ্ছে যে, ২০১৭ সালে অগ্রসরমান অর্থনীতি ও বিকাশমান অর্থনীতির প্রবৃদ্ধির হার বৃদ্ধি পাবে। ২০১৫ সালে ২.৬% হারে চমৎকার প্রবৃদ্ধি অর্জনের পর যুক্তরাষ্ট্রের অর্থনীতির প্রবৃদ্ধি ২০১৬ সালে ১.৬% এ নেমে আসে। ইউরোপীয় অর্থনীতি অনুমিতভাবেই ২০১৬ সালে ধারাবাহিক উন্নতি ধরে রেখেছে। ব্রেক্সিট এর তেমন কোন বিরূপ প্রভাব পরিলক্ষিত না হলেও যুক্তরাজ্য এবং ইউরোপীয় ইউনিয়নের মধ্যে ব্যবসা বাণিজ্য ও প্রাতিষ্ঠানিক ভবিষ্যত নিয়ে এখনই স্পষ্ট কিছু বলা যাচ্ছে না। ২০১৬ সালে রাশিয়ার অর্থনৈতিক পরিস্থিতির অবনতি ঘটে যার মূল কারণ ছিল বিশ্ব বাজারে তেলের মূল্য কমে যাওয়া এবং রাশিয়ার উপর পশ্চিমা দেশগুলোর আরোপিত নিষেধাজ্ঞা।

সামগ্রিকভাবে ২০১৬ সালে বাংলাদেশের অর্থনীতি স্থিতিশীলতা বজায় রেখেছে। বিগত প্রায় এক দশক ধরে গড় প্রবৃদ্ধি ৬% এ ধরে রাখার পর ২০১৬ সালে বাংলাদেশের আর্থিক প্রবৃদ্ধি ৭.১% এ উন্নিত হয়। ২০১৬ সালে মাথাপিছু আয় ২০১৫ সালের ১৩১৬ মার্কিন ডলার হতে বৃদ্ধি পেয়ে ১৪৬৬ মার্কিন ডলার এ উন্নিত হয়। গত বছরের তুলনায় এ বছর শিল্প, সেবা এবং কৃষি খাতে প্রবৃদ্ধি অর্জিত হয়েছে। রেমিটেন্স খাতে কিছুটা হেঁচট খেলেও সামগ্রিকভাবে জাতীয় অর্থনীতি নিয়ন্ত্রিত মূল্যস্থিতি, বৈদেশিক রিজার্ভ বৃদ্ধি এবং আমদানী ও রপ্তানীতে আশাতীত প্রবৃদ্ধি পরিলক্ষিত হয়। বৈশ্বিক পণ্যের মূল্য হ্রাস এবং আন্তর্জাতিক কোন অস্থিতিশীলতা না থাকায় মূল্যস্থিতির নিশ্চয়তা প্রবনতা দেখা যায়।

বাংলাদেশের ব্যাংকিং খাতের জন্য ২০১৬ সাল ছিল পরীক্ষার বছর এবং ব্যাংকগুলোর মধ্যে ছিল ব্যাপক প্রতিযোগিতা। এই প্রতিযোগিতার ফলশ্রুতিতে বিগত বছর ছিল গ্রাহকদের জন্য আশীর্বাদ স্বরূপ যেখানে গ্রাহকরা অতীতের যে কোন সময়ের চেয়ে সস্তায় মূল্যে উন্নত সেবা ও সুবিধা পেয়েছেন। যদিও নন-পারফরমিং লোন এর উর্ধ্বগতির কারণে ব্যাংকিং সেক্টরের অর্জিত মুনাফার অনেকটাই প্রভিশন এর মধ্যে চলে গেছে। সেপ্টেম্বর ২০১৬ পর্যন্ত ব্যাংকগুলোর নন-পারফরমিং লোন ৬৫৭.৩১ বিলিয়ন টাকায় গিয়ে দাঁড়ায় যা মোট বিনিয়োগের ১০.৩৪%। বাংলাদেশ ব্যাংকের রিপোর্ট অনুযায়ী জুন ২০১৪ এর পর যা সর্বোচ্চ। বিনিয়োগের গড় মুনাফার হার উল্লেখযোগ্য হারে কমে ৯.৯৪% এ দাঁড়িয়েছে।

ইউনিয়ন ব্যাংক লিমিটেড একটি চতুর্থ প্রজন্মের ব্যাংক এবং

এটি তার চতুর্থ বছর অতিক্রম করেছে। অনেক প্রতিকূলতা এবং প্রতিযোগিতা সত্ত্বেও বিগত বছরগুলোর মত ২০১৬ সালেও আমরা উল্লেখযোগ্য প্রবৃদ্ধি ধরে রেখেছি। বছর শেষে আমাদের মোট আমানতের পরিমাণ গিয়ে দাঁড়ায় ৭৪,২৫০.৫৬ বিলিয়ন টাকায় যা গত বছরের ৫৫,৫৫৫.৪৪ বিলিয়ন টাকার চেয়ে ৩৩.৬৫% বেশি। মোট বিনিয়োগের পরিমাণ দাঁড়ায় ৬৭,১৫০.১৯ বিলিয়ন টাকায় যা গত বছরের ৪৫,৫৯২.৮৭ বিলিয়ন টাকার চেয়ে ৪৭.২৮% বেশি। ২০১৬ সালে মুনাফা অর্জনের ক্ষেত্রে আমাদের ব্যাংক ৬৯.৯৫% প্রবৃদ্ধি অর্জন করে। আমাদের মোট অপারেটিং মুনাফার পরিমাণ দাঁড়ায় ১,৭৭৫.৬১ বিলিয়ন টাকা যেখানে গত বছর এর পরিমাণ ছিল ১,০৪৪.৮১ বিলিয়ন টাকা। এছাড়া আমদানী-রপ্তানী এবং রেমিটেন্স-এর ক্ষেত্রেও আমাদের ব্যাংক ভালো করেছে। আমাদের ব্যাংক ২০১৬ সালে আমদানী এবং রপ্তানী ক্ষেত্রে যথাক্রমে ১৪,৬৫৮.৮০ বিলিয়ন টাকা এবং ৩০,৯৭৩.৫০ বিলিয়ন টাকার ব্যবসা করেছে।

অত্যাধুনিক ব্যাংকিং প্রযুক্তি এবং শারী'আহ্ ডিভিক প্রডাক্ট অন্তর্ভুক্তির মাধ্যমে ইউনিয়ন ব্যাংক লিমিটেড উচ্চ মানের গ্রাহক সেবা প্রদানের অতিপ্রায় নিয়ে কাজ করে যাচ্ছে। ব্যাংকিং সুবিধা বহির্ভূত মানুষদেরকে ব্যাংকিং সুবিধার আওতায় নিয়ে আসা আমাদের কাছে সর্বাধিক গুরুত্বপূর্ণ এবং এই ভিশনকে সামনে রেখে আমরা সারা দেশে বিশেষ করে গ্রামীণ এলাকায় আমাদের ব্যাংকিং কার্যক্রম বিস্তৃত করছি। ২০১৬ সালে আমরা গ্রামীণ ও শহর এলাকা মিলিয়ে মোট ১৩টি নতুন শাখা খুলতে সক্ষম হয়েছি। ২০১৬ সাল শেষে আমাদের মোট শাখার সংখ্যা গিয়ে দাঁড়ায় ৫৭টি এবং শাখাগুলো ব্যাংকের ভিশনকে বাস্তবায়নের লক্ষ্যে নিরলসভাবে কাজ করে যাচ্ছে। ভালো মানের সেবা প্রদানের লক্ষ্যে আমাদের শাখাগুলোতে আধুনিক প্রযুক্তির সুবিধাসমূহ অর্ন্তভুক্ত করা হয়েছে এবং পর্যায়ক্রমে আমরা দেশের বিভিন্ন প্রান্তে নতুন নতুন এটিএম বুথ প্রতিষ্ঠা করছি। বিদেশে অবস্থানরত আমাদের বাংলাদেশী নাগরিকরা যাতে সহজে তাদের পরিবারের নিকট বিদেশ থেকে অর্থ প্রেরণ করতে পারে সে লক্ষ্যে আমরা বিভিন্ন প্রতিষ্ঠানের সংগে চুক্তি সম্পাদন করছি। গ্রাহকদেরকে মানসম্মত সেবা প্রদানের জন্য প্রয়োজন মানসম্মত মানবসম্পদ; এজন্য ইউনিয়ন ব্যাংক লিমিটেড তার কর্মীদের যথোপযুক্ত প্রশিক্ষণ প্রদানের বিষয়টি নিশ্চিত করেছে।

সামাজিক দায়বদ্ধতা কর্মসূচীর মাধ্যমে মানবতার সেবা করার ব্যাপারে ইউনিয়ন ব্যাংক লিমিটেড দৃঢ়ভাবে বিশ্বাসী। আমাদের ব্যাংক তার প্রতিষ্ঠালগ্ন থেকে সমাজের সুবিধা বঞ্চিতদের পাশে দাঁড়ানোর ব্যাপারে সচেতন। ভবিষ্যতে ইউনিয়ন ব্যাংক লিমিটেড ফাউন্ডেশনের মাধ্যমে আমরা সমাজের প্রতিটি ক্ষেত্রে অবদান রাখার চেষ্টা চালিয়ে যাবো। ভবিষ্যত প্রজন্মের বৃহত্তর



স্বার্থে শিক্ষা, স্বাস্থ্যসেবা, দারিদ্র বিমোচনে সহায়তা এবং পরিবেশ বান্ধব সমাজ নিশ্চিত করনের লক্ষ্যে ইউনিয়ন ব্যাংক লিমিটেড তার সিএসআর কার্যক্রম চালিয়ে যাচ্ছে। ২০১৬ সালে আমাদের ব্যাংক আনুমানিক ১১৫.০৭ মিলিয়ন টাকা তার সিএসআর কার্যক্রমে ব্যয় করেছে।

সীমাহীন আস্থা ও সহযোগিতা বজায় রাখার জন্য আমরা ধন্যবাদ ও কৃতজ্ঞতা জ্ঞাপন করতে চাই সকল রেগুলেটরী অথরিটি, আমাদের আমানতকারী গ্রাহক, বিনিয়োগগ্রহী গ্রাহক, শেয়ারহোল্ডারবৃন্দ এবং অন্যান্য স্টেকহোল্ডারবৃন্দকে।

ব্যাংকের উন্নতি ও অগ্রগতিতে অবিচ্ছিন্ন এবং দৃঢ় সহযোগিতা, পৃষ্ঠপোষকতা, বিচক্ষণতা, দিকনির্দেশনা প্রদানের জন্য আমাদের পরিচালনা পর্ষদের সদস্যবৃন্দ, শারী'আহ সুপারভাইজরি কমিটির সদস্যবৃন্দ এবং ব্যাংকের সকল কর্মকর্তাদের প্রতি জানাই কৃতজ্ঞতা।

সর্বশক্তিমান মহান আল্লাহ-র নিকট প্রার্থনা তিনি যেন আমাদের লক্ষ্য ও উদ্দেশ্য বাস্তবায়নে আমাদের সাহস ও শক্তি প্রদান করেন এবং আশা করি আগামী বছরগুলোতে আমরা আমাদের সাফল্যের ধারা অব্যাহত রাখতে পারব। ইনশাআল্লাহ।

আল্লাহ হাফেজ



শহীদুল আলম

চেয়ারম্যান

মাননীয় চেয়ারম্যানের বাণী

# Message from the Chairman

Bismillahir Rahmanir Rahim

Esteemed Shareholders

Assalamu Alaikum Wa Rahmatullah,

It gives me immense pleasure to welcome you all to the 4<sup>th</sup> Annual General Meeting (AGM) of Union Bank Limited. On behalf of the Board of Directors, the Management and the employees of the Bank, I am honored to place before you the highlights of our Bank's performance along with the Directors' Report and the Audited Financial Statements for the year ended 31<sup>st</sup> December 2016.

In the year 2016, the Global Economy has witnessed another challenging year with some important events like Brexit, China's slow growth, rise of populism, refugee crisis and terrorism. Global growth for the year 2016 was estimated at 3.1 percent, as projected in the October 2016 forecast by International Monetary Fund (IMF). Further to that, the latest global economic outlook predicts economic activity in both advanced economies and emerging economies to accelerate in 2017. After achieving a decent growth of 2.6 percent in 2015, the US economy contracted to 1.6 percent in 2016. European economies are projected to continue growing at a relative steady pace in 2016. While the market response to the Brexit shock was encouragingly calm, the final result remains very uncertain, as the fate of trade and institutional arrangements between the European Union and United Kingdom is unclear. The Russian economy recessed in 2016 while dealing with low oil prices and the western sanctions against it.

The Bangladesh economy as a whole exhibited stability throughout the year 2016. After languishing in an average of 6 percent for almost a decade, Bangladesh economy finally posted up a 7.1 percent GDP growth during the year 2016. The Per-Capita Income increased to USD 1,465 in the year 2016 from USD 1,316 in the previous year. The industrial, service and agriculture sector registered higher growth comparing to the previous year. Overall the national economy demonstrated controlled inflation, rising foreign reserve, hopeful rise in export and import with stumbling of remittance market. Inflation was on a downturn trend caused by low global commodity price and no major internal shocks.

2016 was a testing year for the banking sector of Bangladesh and there was a huge competition among the banks. Last year the sector witnessed intense competitions among themselves in term of pricing, but it was a boon for the clients as they got much improved services and better facilities at cost lower than

ever before. While rising of Non-Performing Loans (NPL) are eating away profits in the form of provisions. As of September 2016, the cumulative NPLs of banks reached BDT 657.31 billion which is 10.34 percent of the total outstanding loans. It was highest since June 2014 according to Bangladesh Bank. Lending rate registered a record low to 9.94 percent.

Union Bank Limited is a fourth generation bank and it is just on its four-year journey. Despite all the challenges and huge competition, we have been able to retain a steady growth in the year 2016 like the previous years. At year-end, our total deposit reached to BDT 74,250.56 million which is 33.65 percent growth from the prior year's BDT 55,555.44 million. Total investment stands on BDT 67,150.19 million which is 47.28 percent increase against BDT 45,592.87 million of the previous year. The Bank achieved an operating growth of 69.95 percent during the year 2016. Our total operating profit stands BDT. 1,775.61 million this year while in the previous year it was BDT 1,044.81 million. Our bank has also done well in the area of Export, Import and Remittance attainment. The bank has exhibited quality financing while facilitating total export and import business transacted during the year 2016 for BDT 30,973.50 million and BDT 14,658.80 million respectively.

Union Bank Limited intends to provide high quality customer services through the integration of the latest banking technologies and Shari'ah based products. Our utmost interest is to bring the unbanked people under the banking services. With this vision we are spreading our banking umbrella all over the country specially in the rural areas. During the year 2016, we have been able to open 13 new branches both in rural and urban areas. At the end of 2016 we have total 57 branches which are working hard to serve bank's vision. For providing better services we have established the branches with modern facilities and we are also establishing new ATM booths in different parts of the country. We are going through new agreements with various organizations so that our Bangladeshi citizens in abroad can send

remittance to their family easily. For providing quality services to the clients, quality manpower is needed and for this reason Union Bank Limited ensures proper training to its manpower.

Union Bank Limited believes in serving the humanity through its Corporate Social Responsibility (CSR). From the beginning of our Bank's journey we always try our level best to stand beside the under privileged society. Through Union Bank Limited Foundation, we are looking forward to serve the society by any means. UBL has been concentrating on value added CSR activities particularly supporting education, healthcare, reducing poverty and ensuring environment friendly society for the greater benefit of the future generations. UBL spent around BDT 115.07 million in 2016.

We would now like to extend our sincere thanks and appreciation to all the regulatory authorities, our depositors, investment clients, Shareholders and all other Stakeholders for their unbound confidence.

Our deepest gratitude to our fellow Board Members, members of the Shari'ah Supervisory Committee, all the Bank officials for their continuous and consistent support, encouragement, wisdom, input, guidance for development and progress.

Let us pray to Almighty Allah (SWT) to give us courage and strength to achieve our set vision and mission and hope that our sailing through success shall continue in the years to come In Sha Allah.

Allah Hafez.



**Shahidul Alam**  
Chairman

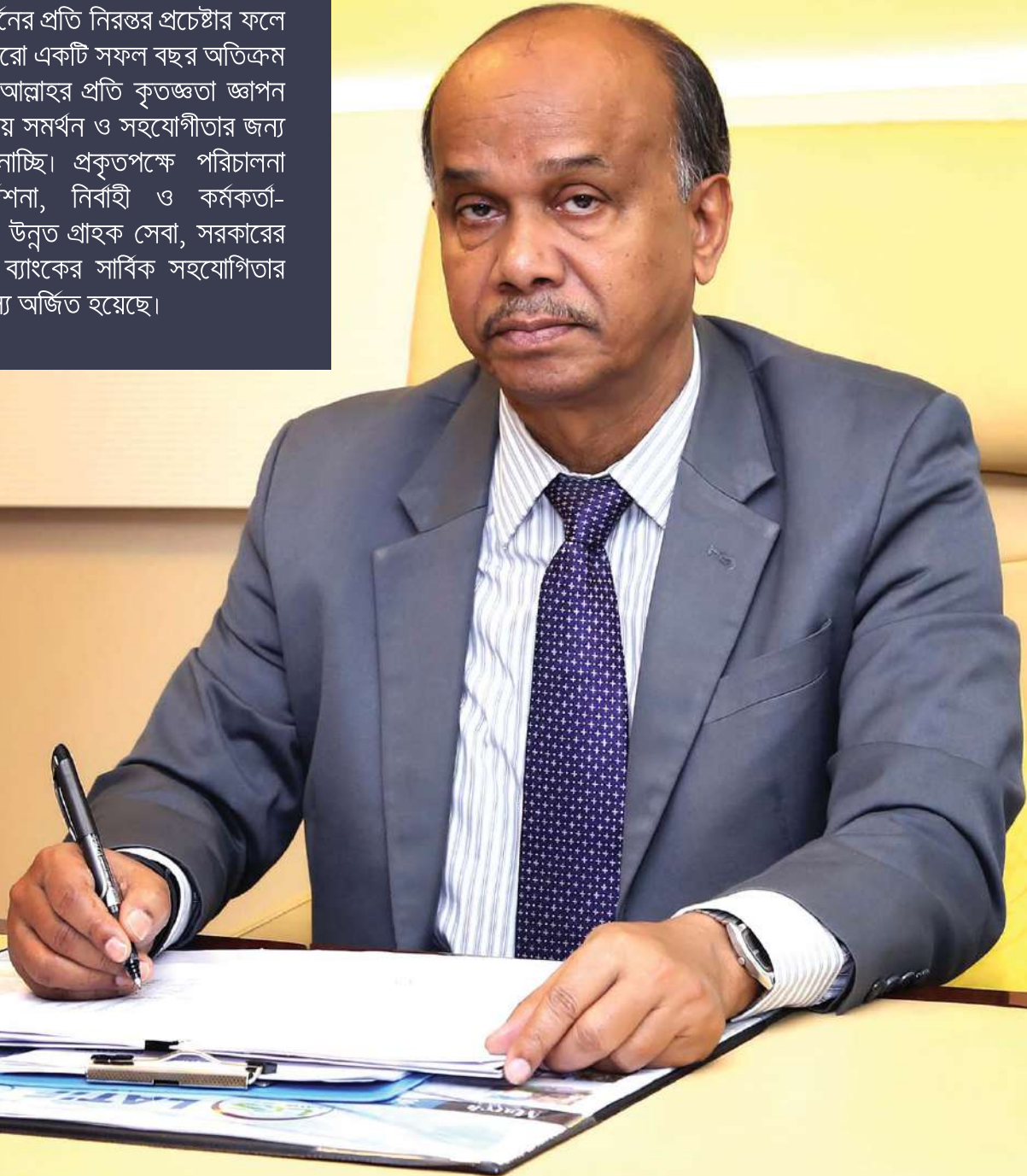
# ব্যবস্থাপনা পরিচালকের বক্তব্য

বিস্মিল্লাহির রাহমানির রাহিম

সম্মানিত শেয়ারহোল্ডারবৃন্দ

আসসালামু আলাইকুম ওয়া রাহ্মাতুল্লাহ

ইউনিয়ন ব্যাংক লিমিটেড এর চতুর্থ বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাচ্ছি। পরিচালনাগত দক্ষতার মাধ্যমে ও অভিষ্ট লক্ষ্য অর্জনের প্রতি নিরন্তর প্রচেষ্টার ফলে ইউনিয়ন ব্যাংক লিমিটেড আরো একটি সফল বছর অতিক্রম করেছে। আমি সর্বশক্তিমান আল্লাহর প্রতি কৃতজ্ঞতা জ্ঞাপন করছি এবং আপনাদের সক্রিয় সমর্থন ও সহযোগিতার জন্য আন্তরিকভাবে ধন্যবাদ জানাচ্ছি। প্রকৃতপক্ষে পরিচালনা পর্ষদের দূরদর্শী দিকনির্দেশনা, নির্বাহী ও কর্মকর্তা-কর্মচারীদের অক্লান্ত পরিশ্রম, উন্নত গ্রাহক সেবা, সরকারের বিভিন্ন সংস্থা ও বাংলাদেশ ব্যাংকের সার্বিক সহযোগিতার কারণেই আমাদের এই সাফল্য অর্জিত হয়েছে।



### বৈশ্বিক ও বাংলাদেশের অর্থনীতি

বহুমুখী যাত-প্রতিঘাতের মাধ্যমে বৈশ্বিক অর্থনীতি ২০১৬ সাল অতিক্রম করেছে। চীনের অর্থনৈতিক প্রবৃদ্ধিতে নিম্নগতি এবং কিছু দেশের অর্ন্তমুখী সংরক্ষণ নীতি বিশ্বে অর্থনীতিকে ঋণাত্মকভাবে প্রভাবিত করেছে। অন্যদিকে বাংলাদেশের অর্থনৈতিক প্রবৃদ্ধি ছিল উল্লেখযোগ্য। নিয়ন্ত্রিত মুদ্রাস্ফীতি, ফরেন রিজার্ভে রেকর্ড, কৃষি উৎপাদনে সাফল্য, দারিদ্র্য ও বেকারত্ব হ্রাস, জনগনের জীবনমানের উন্নয়ন, বহুমাত্রিক স্বাস্থ্যসেবা নিশ্চিতকরণ, সবার জন্য শিক্ষা নিশ্চিতকরণ, অবকাঠামো উন্নয়ন, সামাজিক নিরাপত্তা খাতে বিনিয়োগ বৃদ্ধি এবং সর্বোপরি ৭ শতাংশের উপরে অর্থনৈতিক প্রবৃদ্ধি জাতিসংঘ ঘোষিত টেকসই উন্নয়ন লক্ষ্যমাত্রা এবং সরকার ঘোষিত ২০২১ সালের মধ্যে মধ্যম আয়ের দেশে পরিণত হতে সহায়ক হবে। তাই এই লক্ষ্য অর্জনের জন্য পশ্চিম বহুমুখীকরণ ও বাজার অনুসন্ধানের মাধ্যমে রপ্তানি প্রবৃদ্ধি ও নতুন শ্রমবাজার অনুসন্ধান এবং প্রবেশের মাধ্যমে রেমিট্যান্স আহরণে গতি আনতে হবে।

### ইউনিয়ন ব্যাংকের সফলতা

বৈশ্বিক ও স্থানীয় বিভিন্ন পরিস্থিতি মোকাবেলা করে ইউনিয়ন ব্যাংক লিমিটেড আরো একটি সাফল্যজনক বছর সমাপ্ত করলো। আমি এই পর্যায়ে গত বছরের ব্যাংকের বিভিন্ন সাফল্যের পরিসংখ্যান সংক্ষেপে তুলে ধরছি।

### করপূর্ব মুনাফা

২০১৬ সাল শেষে ইউনিয়ন ব্যাংক ১,৭৭৬ মিলিয়ন টাকা করপূর্ব মুনাফা অর্জন করেছে। যা গত বছরের ১,০৪৫ মিলিয়নের চেয়ে ৭০% বেশি। মানসম্পন্ন বিনিয়োগ বৃদ্ধি ও বিভিন্ন খরচ নিয়ন্ত্রন রাখাসহ বিনিয়োগের উপর কার্যকর তদারকির কারণেই এই সাফল্য অর্জন সম্ভব হয়েছে।

### আমানত সংগ্রহ

টেকসই ও স্থির আমানত ব্যাংকের প্রাণসঞ্জীবনী। প্রকৃতপক্ষে আমানত সংগ্রহের উপর ব্যাংকের সাফল্য নির্ভরশীল। ২০১৬ সাল শেষে ইউনিয়ন ব্যাংকের মোট আমানতের পরিমাণ দাঁড়িয়েছে ৭৪,২৫১ মিলিয়ন টাকা যা গত বছরের ৫৫,৫৫৫ মিলিয়ন টাকার চেয়ে ৩৪% বেশি। মোট

আমানতকারী গ্রাহকের সংখ্যা গত বছরের চেয়ে ৬৬% বৃদ্ধি পেয়ে ১,২২,৫৭৫টি দাঁড়িয়েছে। আমানত ও গ্রাহক সংখ্যার এই প্রবৃদ্ধি ইউনিয়ন ব্যাংকের প্রতি তাদের আস্থার বহিঃপ্রকাশ।

### বিনিয়োগ

আমানত সংগ্রহের প্রবৃদ্ধির সাথে সাথে ব্যাংকের মোট বিনিয়োগও উল্লেখযোগ্যভাবে বৃদ্ধি পেয়েছে। ২০১৬ সালে মোট বিনিয়োগ ৪৭% বৃদ্ধি পেয়ে ৬৭,১৫০ মিলিয়ন টাকায় দাঁড়িয়েছে, যা গত বছর ছিল ৪৫,৫৯৩ মিলিয়ন টাকা। বিনিয়োগগ্রহী গ্রাহকের সংখ্যাও সমান্তরালভাবে বৃদ্ধি পেয়ে ৫,০৯৮ তে দাঁড়িয়েছে। উল্লেখ্য যে, ২০১৬ সালে এসএমই খাতে ২,০৬০ মিলিয়ন টাকা, কৃষি খাতে ৫৫৮ মিলিয়ন টাকা, গ্রীন ফাইন্যান্স খাতে ৪৭ মিলিয়ন টাকা এবং মহিলা উদ্যোক্তা খাতে ১১ মিলিয়ন টাকা বিনিয়োগ প্রদান করা হয়েছে। ক্ষুদ্র ও মহিলা উদ্যোক্তাদের বিনিয়োগ সহায়তা, উৎপাদনশীল খাতে বিনিয়োগ, গ্রামীণ অঞ্চলের উন্নয়ন এবং সর্বোপরি বিনিয়োগের খাতে বৈচিত্র্য আনয়নের মাধ্যমে টেকসই উন্নয়ন লক্ষ্যমাত্রাগুলো অর্জনে আমরা সহায়ক হব।

### বৈদেশিক বাণিজ্য এবং রেমিটেন্স

বিগত বছরের ন্যায় এই বছরও ইউনিয়ন ব্যাংক বৈদেশিক বাণিজ্যে দক্ষতা ও পারদর্শিতা প্রদর্শন করেছে। বর্তমানে ৬টি এডি শাখার সাহায্যে আমরা ৩০,৯৭৪ মিলিয়ন টাকার রপ্তানি এবং ১৪,৬৫৯ মিলিয়ন টাকার আমদানি করেছি, যা গত বছরের চেয়ে যথাক্রমে ৯৬% ও ১৪৬% বেশি। গ্রামীণ পর্যায়ে শাখা খোলা এবং গ্রাহক সেবার মান বৃদ্ধির ফলে রেমিটেন্স আহরণে ইউনিয়ন ব্যাংক ২০১৬ সালেও সফলতা দেখিয়েছে। ২০১৬ সালে আমরা ৩,২৭৫ মিলিয়ন টাকা রেমিটেন্স আহরণ করেছি যা গত বছরের চেয়ে ২৬৫% বেশি। ২০১৬ সালে আমরা রেমিটেন্স আহরণের জন্য আরো দুটি এক্সচেঞ্জ হাউজের সাথে চুক্তিবদ্ধ হয়েছি। ইউনিয়ন ব্যাংকের সাথে ওয়েস্টার্ন ইউনিয়ন, ওয়াল স্ট্রীট ফাইন্যান্স, এক্সপ্রেস ম্যানি, রিয়া, ট্রাণফার্ট, আল-আনসারি, প্লাসিড এনকে কর্পোরেশন, ফাস্ট সিকিউরিটি ইসলামী এক্সচেঞ্জ ইটালী রেমিটেন্স হাউজ, আফতাব কারেগি এবং স্মল ওয়ার্ল্ড-এর চুক্তি রয়েছে।

### শাখা ও এটিএম বুথ সম্প্রসারণ

দেশের অর্থনৈতিক প্রবৃদ্ধির এই ধারার সাথে সম্পৃক্ত থেকে ইউনিয়ন ব্যাংকের প্রবৃদ্ধি ও জনগনের দোর-গোড়ায় ব্যাংকিং সেবা পৌঁছে দেওয়ার লক্ষ্যে আমাদের কৌশল ছিল ব্যাংকের শাখা ও এটিএম বুথ সম্প্রসারণ। সেই লক্ষ্যে ২০১৬ সালে আরো ১৩টি শাখা স্থাপন করা হয়েছে, যার মধ্যে ৬টি শহরে এবং ৭টি পল্লী অঞ্চলে। ২০১৬ সাল শেষে মোট শাখার সংখ্যা দাঁড়িয়েছে ৫৭টি, যার মধ্যে ২৮টি পল্লী অঞ্চলে এবং ২৯টি শহরে অবস্থিত। গ্রাহককে আরো দ্রুত, বিশ্বস্ত ও মানসম্পন্ন সেবা প্রদানের লক্ষ্যে ২০১৬ সালে আরো ১৯টি এটিএম বুথ স্থাপন করা হয়েছে। ব্যাংকিং সুবিধা জনগনের দোর-গোড়ায় পৌঁছে দেওয়া, কৃষি ও ক্ষুদ্র বিনিয়োগ সুবিধা বাড়ানো, মহিলা উদ্যোক্তাদের বিনিয়োগ সহায়তা বাড়ানো, রেমিটেন্স আহরণে গতি বাড়ানো, বৈদেশিক বাণিজ্যে অবদান রাখা এবং গ্রীন ব্যাংকিং কার্যক্রমকে ত্বরান্বিত করার জন্য আমাদের এই প্রয়াস অব্যাহত থাকবে।

### তথ্য ও যোগাযোগ প্রযুক্তি

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

### মানব সম্পদ উন্নয়ন

ব্যাংকিং কার্যক্রম সুচারুরূপে পরিচালনা, গ্রাহক সেবার মান উন্নয়ন এবং ব্যাংকের চলমান প্রবৃদ্ধির ধারা বজায় রাখতে দক্ষ, আত্মপ্রত্যয়ী মানব সম্পদের বিকল্প নেই। সেই লক্ষ্য অর্জনের জন্য ইউনিয়ন ব্যাংক যথোপযুক্ত কর্মীবাহিনী নিয়োগদান এবং তাদেরকে উপযুক্ত প্রশিক্ষণের ব্যবস্থা ব্যাংকের নিজস্ব আধুনিক ট্রেনিং ইনস্টিটিউটের মাধ্যমেই সম্পন্ন করা হচ্ছে। ২০১৬ সালে ইউনিয়ন ব্যাংক ট্রেনিং ইনস্টিটিউট ৮টি ফাউন্ডেশন ট্রেনিং কোর্সের মাধ্যমে ২৬৩ জনকে ফাউন্ডেশন ট্রেনিং প্রদান করেছে। এছাড়া ১টি এ্যাডভান্সড ট্রেনিং কোর্স, ৭টি ওয়ার্কশপ, ১টি নির্বাহী উন্নয়ন কর্মসূচীর আওতায় মোট ৫৪৭ জন কর্মকর্তা ও নিবাহীর প্রশিক্ষণের ব্যবস্থা করা হয়েছে। কর্মকর্তাদের আরো প্রায়োগিক জ্ঞান প্রদানের লক্ষ্যে ফাউন্ডেশন কোর্সের পাঠ্যসূচিতে নতুন নতুন বিষয় সংযোজিত হচ্ছে। এছাড়া BIBM, BBTA এবং অন্যান্য প্রতিষ্ঠানে প্রশিক্ষণের মাধ্যমে মানব সম্পদ উন্নয়ন প্রচেষ্টা অব্যাহত আছে।

### ঝুঁকি ব্যবস্থাপনা

সুদক্ষ ঝুঁকি ব্যবস্থাপনার সাথেই ব্যাংকের আর্থিক কাঠামো ও সাফল্য নির্ভরশীল। ইউনিয়ন ব্যাংকের সুদক্ষ ঝুঁকি ব্যবস্থাপনার কারণে বিগত বছরগুলোতে শ্রেণীকৃত বিনিয়োগ অত্যন্ত সন্তোষজনক পর্যায়ে ছিল এবং ২০১৬ সালেও তা সন্তোষজনক অবস্থায় আছে। উল্লেখ্য CRISL ২০১৬ সালে ইউনিয়ন ব্যাংক লিমিটেডকে দীর্ঘমেয়াদে A এবং স্বল্প মেয়াদে ST-3 মানে নির্ধারণ করেছে, যা ব্যাংকের আর্থিক প্রতিশ্রুতি পূরণ, তারল্য বজায় রাখা এবং কাঠামোগত স্থিরতারই বহিঃপ্রকাশ।

### সামাজিক দায়বদ্ধতা

একটি সামাজিক কল্যাণমুখী ও প্রগতিশীল ব্যাংক হিসেবে প্রতিষ্ঠিত হওয়ার লক্ষ্যে ইউনিয়ন ব্যাংক সামাজিক দায়বদ্ধতাকে (CSR) কর্পোরেট রীতির অংশ হিসেবে নিয়েছে। সেই জন্য সামাজিক কল্যাণ সাধন এবং বৃহত্তর জনগোষ্ঠীর উন্নতি সাধনের লক্ষ্যে ব্যাংক ২০১৬ সালে ১১৫ মিলিয়ন টাকা প্রদান করেছে, যার মধ্যে মাননীয় প্রধানমন্ত্রীর ত্রান তহবিলে অনুদান, দরিদ্র ও মেধাবী শিক্ষার্থীদের শিক্ষাবৃত্তি প্রদান, গরিব ও অসহায় মানুষের মধ্যে শীত বস্ত্র বিতরণ ইত্যাদি। ব্যাংকের মোট অনুদানের মধ্যে ২% শিক্ষা, ৮০% দুর্যোগ্য ব্যবস্থাপনা এবং ১৮% অন্যান্য খাতে দেওয়া হয়েছে।

### শারী'আহ্ পরিপালন

ব্যাংকিং কার্যক্রমে শারী'আহ্ পরিপালনকারী ব্যাংক হিসেবে নিজেদের প্রতিষ্ঠাকল্পে ইউনিয়ন ব্যাংক সর্বদা সচেষ্ট। বাংলাদেশ ব্যাংকের গাইডলাইন এবং দেশ বরেণ্য উলামায়ে কেরামের সমন্বয়ে গঠিত শারী'আহ্ সুপারভাইজরি কমিটির পরামর্শ আমাদের ব্যাংকিং কার্যক্রমে শারী'আহ্ পরিপালনে উৎসাহ যোগাচ্ছে। উক্ত বছরে আমরা আরো ০৩ (তিন) জন মুরাক্বিব নিয়োগদান করেছি, যারা বিভিন্ন কর্মসূচীর মাধ্যমে শাখাগুলোতে শারী'আহ্ নিরীক্ষা পরিচালনা করছেন। আশা করছি ২০১৭ সালের মধ্যেই সকল শাখায় শারী'আহ্ নিরীক্ষা পরিচালনা সম্পন্ন করা সম্ভব হবে।

### ২০১৭ সালের পরিকল্পনা

আমানত সংগ্রহ, বিনিয়োগ ও বৈদেশিক বাণিজ্যে প্রবৃদ্ধি ধরে রেখে বিশ্বের সাথে তাল মিলিয়ে টেকসই উন্নয়ন লক্ষ্যমাত্রা অর্জনের লক্ষ্যে, নিয়ন্ত্রণকারী সংস্থার সকল বিধিবিধান পরিপালন করে, সামাজিক, নৈতিক, পরিবেশবান্ধব, উৎপাদনশীল ও লাভজনক ব্যবসায় আরো অধিকতর বিনিয়োগের পরিকল্পনা গ্রহণ করা হয়েছে। গ্রাহক সেবার মান বাড়ানো, মূলধন কাঠামোর ভিত্তি সুদৃঢ় করা, নতুন ক্ষুদ্র ও কৃষির শিল্পে এবং পরিবেশবান্ধব খাতে বিনিয়োগ প্রদান, নারী উদ্যোক্তাদেরকে বিনিয়োগ সহায়তা বাড়ানো এবং বিনিয়োগের বৈচিত্র্যতা আনয়নের জন্য আমাদের নিরলস প্রচেষ্টা অব্যাহত থাকবে। আমাদের অঙ্গীকার মোতাবেক ২০১৭ সালে সাফল্যের এই ধারাবাহিকতা বজায় রাখার লক্ষ্যে ব্যাংকের কর্মদক্ষতা বৃদ্ধি, কর্পোরেট সুশাসনের মান নিশ্চিতকরণ এবং মান সম্পন্ন সেবা, বিশুদ্ধতা ও সম্পদের মান বজায় রাখতে আমরা বদ্ধপরিকর।

পরিশেষে, আমি ব্যাংক ব্যবস্থাপনা কর্তৃপক্ষের পক্ষ থেকে বিচক্ষণ ও দূরদর্শী পরিচালনা পর্ষদ, সম্মানিত শেয়ারহোল্ডারবৃন্দ, বাংলাদেশ ব্যাংক ও অন্যান্য নিয়ন্ত্রক সংস্থা, গ্রাহক ও শুভানুধ্যায়ীদের অব্যাহত সমর্থন, পৃষ্ঠপোষকতা, সহযোগিতা ও মূল্যবান দিক নির্দেশনার জন্য আন্তরিক কৃতজ্ঞতা প্রকাশ করছি। আমাদের সম্মানিত শেয়ারহোল্ডারদের আকর্ষণের সাথে সংগতি রেখে আমরা ব্যাংকের সক্ষমতা বৃদ্ধি এবং এর কার্যক্রমের উন্নয়ন ও মুনাফা বৃদ্ধি করতে প্রতিশ্রুতিবদ্ধ। অদূর ভবিষ্যতে ইউনিয়ন ব্যাংক লিমিটেড একটি আধুনিক প্রযুক্তি নির্ভর, প্রগতিশীল ও কল্যাণমুখী ইসলামী ব্যাংক হিসেবে আবির্ভূত হবে ইন্-শা-আল্লাহ্।

আল্লাহ হাফেজ।



**ওমর ফারুক**

ব্যবস্থাপনা পরিচালক

# From the Desk of Managing Director

Bismillahir Rahmanir Rahim,

Respected Shareholders

Assalamu Alaikum Wa Rahmatullah,

I welcome you all in the 4<sup>th</sup> Annual General Meeting of Union Bank Limited. With relentless strive for business accomplishments and operational excellence, UBL completed another successful year. I express my gratitude to almighty Allah and thanks to you all for your active support and co-operation. In fact, foresighted direction of the Board of Directors, steady effort of executives and employees, quality customer service, overall support from different agencies of Government and Bangladesh Bank are the key factors behind our success.

## GLOBAL AND BANGLADESH ECONOMY

Global economy was interacted with multifaceted scenario throughout the year 2016. Declining economic growth of China & few country's inward looking conservative policy affected the global economy negatively. On the other hand, economic growth of Bangladesh is noteworthy. Controlled inflation, record in foreign currency reserve, success in agriculture production, reduction of poverty and unemployment, improvement in living standard, ensuring versatile healthcare services and education for all, infrastructure development, increase investment in social safety and overall economic growth 7% plus will contribute us to achieve Sustainable Development Goals (SDGs) of United Nations and vision 2021 of the Bangladesh Government. To achieve these goals, impetus must be given to raise export through identification of new market and product diversification and increase remittance collection through identification and entrance in new labor market.

## SUCCESS OF UBL

Facing various global and domestic challenges,

our bank successfully completed another year. It is a great privilege for me to highlight some key areas of achievement for the year 2016 as follows:

## PROFIT BEFORE TAX

Profit before tax of the Bank mounted to Tk. 1,776 million in 2016, which is 70% higher than Tk. 1,045 million of previous year. Increasing quality investment, controlling additional cost and effective monitoring in invested fund are the key reasons of this success.

## DEPOSITS

Sustainable and stable deposit is the life blood of Bank. In-fact, Bank's success depends on the collection of suitable deposits. UBL's deposits mounted to Tk. 74,251 million which is 34% higher than previous year's Tk. 55,555 million. Meanwhile, the number of deposit accounts stood at 1,22,575 which is 66% higher than those of previous year. This growth of deposits and number of accounts can be seen as higher level confidence of the customers on our Bank.

## INVESTMENTS

Keeping pace with deposits growth, the bank

also achieved its target in investments. In 2016, total investments stood at Tk. 67,150 million which is 47% higher than previous year's Tk. 45,593 million. Number of investment accounts also increased in the parallel way and stood at 5,098. It is noteworthy, UBL has provided Investments of Tk. 2,060 million in SME, Tk. 558 million in Agriculture, Tk. 47 million in Green finance, Tk. 11 million in Women entrepreneur during 2016. We have been playing a supportive role in achieving sustainable development goals by providing investment facilities to SME and women entrepreneur, investment facilities to productive sector and development of rural areas.

### FOREIGN TRADE AND REMITTANCE

This year UBL has shown its proficiency and adequate growth in foreign trade in compare to previous year. In 2016, Union Bank made Tk. 30,974 million export, Tk. 14,659 million import through 06 (six) AD Branches, which is 96% and 146% higher than those of previous year respectively. In 2016, the Bank achieved success in remittance collection by opening branches in rural areas and improving the quality of customer services. During 2016, we collected Tk. 3,275 million foreign remittance, which is 265% higher than that of previous year. In 2016, We have signed an agreement with 02 (two) more exchange houses for collecting foreign remittance. Moreover, UBL has agreement with Western Union, Wall Street Finance, Xpress Money, Ria, Transfast, Al-Ansari, Placid NK Corporation, First Security Islami Exchange House Italy, Aftab Currency and Small World remittance house.

### EXPANSION OF BRANCHES AND ATM

To increase the growth of UBL and provide banking services at the door step of the people in line with consistent economic growth of the country, rapid branches and ATM Booth expansion was our strategic initiative. To achieve this goal, we have established 13 new branches during 2016, of which 06 (six) branches in urban area and 07 (seven) branches in rural area. Total number of branches stood at 57 at the end of 2016 of which 28 branches situated in rural area, and 29 in urban area. To provide prompt, reliable and quality services, we have established 11 new ATM Booths in 2016. Our endeavor to deliver quality banking services at the door step of all will be continued.

### INFORMATION AND COMMUNICATION TECHNOLOGY

UBL as a fourth generation bank, has adopted state of the art 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 Q-Cash and NPSB facility, SMS Banking, SWIFT and foreign remittance services along with centralized core banking software 'Ababil'. In every banking service, our bank is complying all international standards and protocols through using Demilitarized security zone and high capacity firewall devices. Besides this, UBL is going to start Internet Banking and Agent Banking services within short time.

### HUMAN RESOURCE DEVELOPMENT

Competent and self-driven human resources is a pre-condition for performing the banking activities exhaustively, improving customer service quality and continuing the Bank's growth. To attain those goal, UBL recruits adequate human resources and trains up them with its own modern Training Institute. Union Bank Training Institute provided 253 officials Foundation Training during 2016. In addition, Institute organized 01 Advanced Training Course, 07 Workshops and



01 Executive development program, which trained up 547 Bank officials and executives. To provide more practical knowledge, the syllabus of Foundation Training is updating on a regular basis. Moreover, the effort of human resources development through BBTA, BIBM and other training institute is continued.

### RISK MANAGEMENT

Bank's financial condition and success largely depends on the efficient risk management. Through efficient risk management, UBL's classified investment was very low in the previous years and remain static during 2016. It is noteworthy; CRISL had rated UBL "A" in long term and ST-3 in short term, which denote certainty of timely payment of financial obligation, sufficient liquidity and stability in financial structure of the Bank.

### CORPORATE SOCIAL RESPONSIBILITY

To become a socially committed and world class dynamic bank, our bank has augmented corporate social responsibility as a corporate culture. To attain social welfare and development of common people, our bank donated Tk. 115 million in 2016 as corporate social responsibility. Donation to the honorable Prime Minister's relief fund, awarding of scholarship to the needy and meritorious students and distributing winter cloth among helpless people are remarkable. UBL distributed 2% in education sector, 80% disaster management sector and 18% in other sectors of our total CSR fund as following Bangladesh Bank guideline in this regards.

### SHARI'AH COMPLIANCE

Bank is constantly vigilant to become Shari'ah compliant in its banking operations. Guidelines of Bangladesh Bank and instructions of Bank's Shari'ah Supervisory Committee comprised with national famous Islamic thinkers inspired us to comply with Shari'ah principles. In 2016, we appointed 03 (three) more Muraqibs, who are conducting Shari'ah audit in the Branches. We expect, by 2017 Muraqibs will be able to conduct Shari'ah audit in all branches.

### PLAN FOR 2017

Retaining the growth of deposit mobilization, investment and foreign trade; UBL has taken a plan to invest more on social and ethical environment friendly, productive and profitable business in light with global pace on sustainable development and complying all rules and regulations of the regulatory bodies. Our endeavor to increase the quality of customer services, retaining the well strong capital base, investment facilities to new, small & cottage industry and environment friendly sectors, investment facilities to women entrepreneur and investment diversification will remain active. To retain the success in 2017, we are committed to improve the performance of the Bank, ensure the standard of corporate governance, standard of customer services, maintain faithfulness and quality of assets.

Finally, I, on behalf of the management of the Bank would like to express my heartfelt gratitude to the Honorable shareholders, forethought Board of Directors, 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 to develop its operation and profit in line with the aspirations and ambitions of our respected shareholders. UBL will emerge as a modern state of the art technology based, progressive and welfare oriented Islamic Bank in the near future, In-Sha-Allah.

Allah Hafez



Omar Farooque  
Managing Director



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# REPORTS

# DIRECTORS' REPORT

Bismillahir Rahmanir Rahim

Assalamu Alaikum

Dear Shareholders,

On behalf of Union Bank Limited we have the pleasure of presenting you with the Bank's Annual Report for 2016, which outlines the achievements and financial results. Our performance in the year 2016 bears the testimony that we have succeeded to address the strategically important core areas of banking operation as part of our long term strategy to take this institution to the next trajectory of sustainable growth. I am happy to be able to place before you the Annual report-2016 along with related disclosure such as Directors` Report and Auditors Report together along with Audited Financial Statements of the Bank for the year ended on 31<sup>st</sup> December, 2016.

## GLOBAL ECONOMY

Global growth is projected to slow to 3.1 percent in 2016 before recovering to 3.4 percent in 2017. The forecast, revised down by 0.1 percentage point for 2016 and 2017 relative to April, reflects a more subdued outlook for advanced economies following the June U.K. vote in favor of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global profit rates, as monetary policy is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Financial market sentiment toward emerging market economies has improved with expectations of lower profit rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and Sub-Saharan Africa experiencing a sharp low-down.

In advanced economies, a subdued outlook subject

to sizable uncertainty and downside risks may fuel further political discontent, with anti-integration policy platforms gaining more traction. Several emerging market and developing economies still face daunting policy challenges in adjusting to weaker commodity prices. These worrisome prospects make the need for a broad-based policy response to raise growth and manage vulnerabilities more urgent than ever.

Source: <http://www.imf.org>

## BANGLADESH ECONOMY

The Bangladesh economy is expected to show strong growth in 2016. Both International Monetary Fund (6.8 percent) and Asian Development Bank (6.7 percent) have revised their growth forecasts although none of these is as ambitious as that of the government which is projecting 7.0 percent plus economic growth rate. Inflation is expected to remain at around 6.2 percent mark. ADB said: "The GDP growth forecast for FY2016 is revised somewhat higher still with the expectation that exports will grow with continued economic recovery in the US and the euro area. Strong expansion in remittances will boost consumption demand, private and public investment will pick up as the business climate improves under a stabilizing political situation, and spending will increase under the annual development programme". World Bank has said something similar: "The political dynamics seems to be the main uncertainty for Bangladesh's otherwise favourable economy underpinned by strong macroeconomic stability, prospects of recovery in the US and Euro Zone, and strong domestic demand".

However, the country is passing through an overall pessimistic investment climate as huge amounts of idle money are piled up in the banking system. Apart from that, the Bangladesh Country Risk Report by Fitch says that "The recent series of domestic terror attacks in Bangladesh could pose downside risks to political stability."

Source: <http://www.thefinancialexpress-bd.com>

Bangladesh has made substantial progress in reducing poverty, supported by sustained economic growth. Based on the international poverty line of \$1.90 per person per day, Bangladesh reduced poverty from 44.2 percent in 1991 to 18.5 percent in 2010, and is projected to decrease to 12.9 percent in 2016.

The country achieved the MDG 1 on halving poverty five years ahead of time, with 20.5 million people rising out of poverty during the 1991-2010 period. In parallel, life expectancy, literacy rates and per capita food production have increased significantly. Progress was underpinned by strong economic growth, with 6 percent plus growth over the decade and reaching to 7.1 percent growth in 2015/2016. Rapid growth enabled Bangladesh to reach the lower middle-income country status in 2014.

However, sustained growth has rapidly increased the demand for energy, transport and urbanization. Insufficient planning and investment have resulted in increasingly severe infrastructure bottlenecks. To sustain growth, Bangladesh needs urgently to implement structural reforms, expand investments in human capital, increase female labor force participation, and raise productivity through increased global value chain integration. Reducing infrastructure gaps and improving the business climate would allow new productive sectors to develop and generate jobs. Bangladesh is both an inspiration and a challenge for policymakers and practitioners of development. While the poverty reduction efforts to date have been extraordinary, Bangladesh faces daunting challenges with about 28 million people still living below the poverty line. The country is at an important juncture, when with the right policies and timely action, it can move up within the middle-income bracket. The World Bank has identified job creation as the country's top development priority.

Bangladesh needs to create more and better jobs for the 2.1 million youths entering the job market every year. But to do so, Bangladesh will need to remove the barriers to higher growth posed by low access to reliable and affordable power, poor transportation infrastructure, limited availability of serviced land, rapid urbanization and vulnerability to climate change and natural disasters, among others.

Source: <http://www.worldbank.org>

## MONETARY GROWTH AND FINANCIAL INSTITUTIONS

The growth rates of the monetary aggregates in 2016 evinced a better performance as against their respective targets, except for net domestic assets and public sector credit. Growth rate of broad money exceeded the target limit of 15 percent and reached 16.4 percent at the end of June 2016. Similarly, growth of credit to the private sector surpassed the target of 14.8 percent to reach 16.6 percent. As it is, the growth was the highest since December 2012. However, public sector credit missed the growth target of 18.7 percent.

Notwithstanding, this was the highest since September 2014 which attained a growth of 3.6 percent at the end of June 2016 mainly due to the surge of bank borrowing in the month of June 2016 by the Government to underwrite fiscal deficit. This trend in the growth of monetary aggregates, however, was accompanied by the strong flow of net foreign assets which posted a growth rate of 23 percent against the target of 11.1 percent for the mentioned period. Indeed, robust accumulation of foreign exchange reserves, to keep the exchange rate of Bangladesh Taka (BDT) stable against United States Dollar (USD), contributed towards this strong growth. Bangladesh's banking sector has been entrenched with uneven interest rate spreads, falling profitability, high non-performing loans (NPLs) and uneven competition in recent years.

The challenges confronting the state-owned commercial banks (SCBs) as also specialized banks (SBs) are indeed formidable. Financial discipline of these banks was seriously undermined by scams, high NPLs and inadequate capital adequacy that called for repeated recapitalization (CPD, 2016a). The highlight of the year was perhaps the heist of the central bank's foreign exchange reserve heist. This was followed by a series of ATM scams. Non-performing loans in banking sector increased during both the third quarter (to 9.9 percent of total outstanding loans) and the fourth quarter (to 10.1 percent of total outstanding loans) of 2016. Due to the increase in nonperforming loan at the end of the fiscal year, the SCBs faced yet another capital deficit which in turn created additional fiscal pressure for the government. Tk. 1,800 crore was doled out in 2016 for recapitalization of the SCBs. There has also been a sharp rise in excess liquidity, particularly with the SCBs and foreign commercial banks (FCBs), and to a lesser extent, with private commercial banks (PCBs) during 2016. A part of this rise was

influenced by the increasing amount of external borrowing by the private sector at relatively lower interest rates (CPD, 2016). Due to the moderately surplus liquidity in the banking system, and thanks to the falling inflation, both the lending rate and deposit rate declined during this period, from 11.7 percent and 6.8 percent in June 2015 to 10.4 percent and 5.5 percent respectively in June 2016. At the end of June, the interest rate spread remained at 4.85 percent in June 2016.

## AN OVERVIEW OF THE BANK

With the vision of providing global opportunities to the clients, Union Bank Limited was formed on 1<sup>st</sup> April, 2013. And started operation as Shari'ah based bank in the private sector on 20 May, 2013 by opening its Gulshan Branch. It has an authorized capital of Tk. 10,000 million, paid up capital of Tk. 4708 million and divided into 470.8 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 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 13 new branches at various commercially important locations and also some rural zone. At the end of 2016, the total number of branches stood at 57. In accordance with our Vision and Mission, we are trying hard to provide spectrum of services whether the clients are individual, small entrepreneurs or Industrial firms.

To ensure fast, accurate and effective customer services and online banking facilities we have already made an agreement with the Vendor of Ababil. Not only by technology, our Bank has also plan to provide physical banking facilities to all of our customers and bring the unbanked rural people under the umbrella of banking service. In the age of 21<sup>st</sup> Century we all know that all Commercial Banks are now providing overseas facilities. I am really glad to announce that our Bank has already got the SWIFT code and our skilled and efficient officials are successful in opening NOSTRO account with different Banks of different countries of the world. UBL employees are committed to the highest ethics and a code of conduct. How we do business is as important as the business that we do. Our employees share a common bond and a strong belief that the basic principles of corporate governance, fairness, transparency, accountability and responsibility are relevant in everything they do.

## FINANCIAL HIGHLIGHTS / BANK'S PERFORMANCE IN 2016

Union Bank Ltd has been able to make an operating profit of BDT 1,775.61 million as on 31 December, 2016. The net profit is a result of strong performance across all the business lines. UBL's personal banking strategy with Shari'ah 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 1,775.61 million as on 31<sup>st</sup> December 2016 that is 69.95 percent increase against BDT 1,044.81 million of the previous year. At the same time, total deposits of the Bank are BDT 74,250.56 million which is 33.65 percent increase against BDT 55,555.44 million of the previous year and total investments are BDT 67,150.19 million against BDT 45,592.87 million of the previous year which is 47.28 percent increase. Total Assets of the bank are BDT 83,917.24 million as on 31<sup>st</sup> December 2016 against BDT 63,048.76 million of the previous year.

## FINANCIAL PRODUCTS & SERVICES

Union Bank Ltd. has been operating and reshaping 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 School Banking Saving Account
- Mudaraba Short Notice Deposit Account
- Mudaraba Term Deposit Account
- Mudaraba No Fill Saving Account

**Present Scheme Products of the bank are:**

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

**Investment Products:**

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

**Services:**

- ATM Banking
- SMS Banking

## INFORMATION & COMMUNICATION TECHNOLOGY DIVISION

From the inception of banking operation dated on 20<sup>th</sup> 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 clients.

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

1. Implementation & maintenance of Core Banking Solution (CBS)
2. Implementation, maintenance & being operational full automated BACH System
3. Implementation, maintenance & being operational Tier-ii Data Center
4. Implementation, maintenance & being operational the EFT

5. Introduced Nineteen (19) ATM across the country & Debit Card facility with POS transaction
6. Being live & operational the Foreign Trade module under CBS
7. Introduced SWIFT & Remittance Service through CBS
8. Online CIB reporting System
9. Auto SMS notification & Push-Pull Service
10. Auto Time attendance System
11. Successfully completed Fifty Seven (57) Branch Opening Task
12. Introduced the centrally network & Internet Connectivity between all branches and Head Office users
13. World renowned Antivirus means McAfee & Kaspersky.
14. Provident Fund Software Implementation
15. NPSB Joining under Bangladesh Bank Payment System
16. Implementation of Auto Backup & Recovery system & migrate on new core system
17. Achievement of ISO 9001:2008 certification
18. Introduced e-GP Service through CTPU under Planning Ministry of Bangladesh Govt.
19. Introduced DESCO bill collection facility as utility service for UBL customer
20. Introduced real time online NID Verification system for UBL Customer
21. 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 under.

### 1. Implementation & maintenance 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" along 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 it's first branch i.e. Gulshan Branch dated on 20<sup>th</sup> 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, maintenance & being operational full automated 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.

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, error free & reduce the business man hour on regular basis.

### **3. Implementation, maintenance & being operational Tier-ii 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, wafer & 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. Implementation, maintenance & 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.

### **5. Introduced Nineteen (19) 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.

### **6. Being live & operational the Foreign Trade module:**

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

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

### **7. Introduced 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.

### 8. Online 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.

### 9. 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.

### 10. 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 it's Database as & when required basis with the collaboration of HRD.

### 11. Branch opening Task:

ICT Division is providing the very active support to

open all new branches i.e. Twenty Seven (27) since the very early stage by properly doing the following tasks:

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

### 12. 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, develop and maintain the secured central network connectivity between all branches including all divisions of Head Office considering the very minimal downtime.

Successfully implement & maintain world renowned Antivirus like McAfee & Kaspersky for each & every computer through central antivirus server system

### 13. 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.

### 14. 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.

**15. 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 developed 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.

**16. 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 Limited 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.

**17. Introduced e-GP Service through CTPU under Planning Ministry of Bangladesh Govt.**

By doing proper compliance & all types of technical testing like network connectivity, software implementation, proper reconciliation & reporting system by ICT Division; UBL joined in e-GP system in CTPU under Planning Ministry of Bangladesh Govt. since October 2016 and till now this operation is successfully maintained by ICT Division as a central system for all Fifty Seven (57) branches.

**18. Introduced DESCO bill collection facility as utility service for UBL customer**

By doing proper compliance & all types of technical testing like network connectivity, software

implementation, proper reconciliation & reporting system by ICT Division; DESCO bill collection facility has been introduced for UBL customer which is centrally managed & maintained by ICT Division as a central system for all Fifty Seven (57) branches.

#### 19. Introduced real time online NID Verification system for UBL Customer

By doing proper compliance & all types of technical testing like network connectivity, software implementation, proper reconciliation & reporting system by ICT Division; NID Verification system has been introduced for UBL Customer which is centrally managed & maintained by ICT Division as a central system for all Fifty Seven (57) branches.

Moreover, ICT Division is going to implement some very essential software after getting proper approval & authorization from Management

Those mentionable software are follows:

- Full Automated HRIS Software
- ICT Asset Management Software
- Problem log management or Trouble Ticketing 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:

- Internet Banking Facility
- VISA Debit Facility
- 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 <sup>(Shahporan)</sup>	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.	Lalmai Branch	Chittagong	Comilla	Comilla Sadar	Rural
22.	Comilla Branch	Chittagong	Comilla	Comilla Sadar	Urban
23.	Talsahar Branch	Chittagong	B.Barua	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

SL. No	Name of the Branch	Name of the Division	Name of the District	Name of Thana / Upazilla	Urban/Rural
29.	D.T. Road Eidgah Branch	Chittagong	Chittagong	Pahartoli	Urban
30.	Pabna Branch	Rajshahi	Pabna	Sadar	Urban
31.	Rajshahi Branch	Rajshahi	Rajshahi	Bowalia	Urban
32.	Potiya Branch	Chittagong	Chittagong	Potiya	Urban
33.	Joksin Bazar Branch	Chittagong	Laxmipur	Laxmipur Sadar	Rural
34.	Munshirhat Branch	Chittagong	Comilla	Chowddogram	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	Natore	Boraigram	Urban
45.	Dewan Bazar Branch	Chittagong	Chittagong	Kotwali	Urban
46.	Ataikula Branch	Rajshahi	Pabna	Sathia	Rural
47.	Barisal Branch	Barisal	Barisal	Kotwali	Urban
48.	Keranihat Branch	Chittagong	Chittagong	Satkania	Rural
49.	Mymensingh Branch	Dhaka	Mymensingh	Mymensingh Sadar	Urban
50.	Nawabpur Road Branch	Dhaka	Dhaka	Bongshal	Urban
51.	Atibazar Branch	Dhaka	Dhaka	Keranigong	Rural
52.	Khilpara Branch	Chittagong	Noakhali	Chatkhil	Rural
53.	Eidgaon Branch	Chittagong	Cox's Bazar	Cox's Bazar Sadar	Rural
54.	Jessore Branch	Khulna	Jessore	Jessore	Urban
55.	Kalukhali Branch	Dhaka	Rajbari	Kalukhali	Rural
56.	Banshkhali Branch	Chittagong	Chittagong	Banshkhali	Rural
57.	Jamuna Future Park Branch	Dhaka	Dhaka	Vatara	Urban

## SUB-COMMITTEES OF THE BOARD

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

## EXECUTIVE COMMITTEE

The Executive Committee is comprised of four (04) members of the Board. The Committee takes decision on emergency matter as and when required and assists the Board of directors to fulfill their responsibilities such as to set objectives, strategies, investment proposal and overall business plans for effective functioning of the Bank. During the year 2016, the Executives Committee conducted One (01) meeting.

## AUDIT COMMITTEE

The Audit Committee is comprised of four (04) members of the Board of Board of Directors. The Committee assists the Board of Directors in ensuring and maintaining oversight of the Group's financial reporting system, internal control and risk management framework, audit functions, legal and regulatory requirements. During the year 2016, the committee conducted Seven (07) meetings.

## RISK MANAGEMENT COMMITTEE

A high Power Committee named "Risk Management Committee" was formed in 2014 consisting of 04 members of the Board of Directors as per BRPD circular No. 11 dated 27 October, 2013 issued by the Central Bank. The Committee conducted four (04) meetings during this year.

## SHARI'AH SUPERVISORY COMMITTEE

The Shari'ah Supervisory Committee is comprised of nine (09) members including three (03) members of Board of Directors. The Committee is ensuring and maintaining the shari'ah rules and regulation in all banking activities. During the year 2016, the Shari'ah Supervisory Committee conducted four (04) meetings.

## OTHER COMMITTEE

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

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

## INTERNAL CONTROL & COMPLIANCE DIVISION

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 ICC 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 2016, 07 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 2016 IC&C Division conducted Comprehensive Audit in 44 Branches, Special Audit in 03 Branches, Surprise

Audit/Inspection in 10 Branches and 03 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.

## BRANCHES OPERATION AND CONTROL DIVISION

Branches Operation & Control Division is the prime task for smooth functioning of banking operation & to achieve Annual Targets of the branches. It is an integral part of successful business strategy. To uphold successive growth as well as market position and ensure customer oriented banking, customer

friendly environment; and to achieve business targets especially Profit Target, there is no alternative to successful branch operation. Besides, implementation and monitoring of Bangladesh Bank and Head office guideline/instructions at branch level is essential task for branch operation. To fill up the gap between Head Office and branch; even Bangladesh Bank to branch, Branches Operation & Control Division working as a bridge or mediator or catalyst.

Union Bank Ltd. has introduced Branches Operation & Control Division to accelerate branches operation, monitor branches loopholes & control operation; and most important as mediator between branch & Head Office. It has a set of well-defined Terms of reference which are as follows:

- Arrangement of Business /Managers’ Conference.
- Set Annual Target for branches, Monitoring and follow-up of the performances of the branches on monthly, quarterly and half-yearly basis.
- General Banking related correspondence with different department of Bangladesh Bank & branches, Issuance of different circulars in respect of Banking Operation as per directive of Bangladesh Bank and follow-up of implementation/ compliance of the instruction contained in the circulars.
- Updating of GB Manual, Circulation of Manual and Guideline of Bangladesh Bank.
- School banking reporting to Bangladesh Bank.
- Review of the internal audit report/ special inspection report/ Bangladesh bank inspection report of branch related to General Banking.
- Submission of proposal for payment of branches in deceased accounts and passing approval to the branches for releasing the payment in favor of heirs or nominees duly approved by the Management.
- Issuance of lost instrument circulars, Review and follow-up of locker services of branches.
- Monitoring knowledge sharing session and collected Monthly report of knowledge sharing from Branches.
- Updating the insurance coverage of the rented chambers of locker.
- Fixation or re-fixation and enhancement of insurance limit regarding cash in safe, Cash in counter, Cash in transit & locker & ATM.
- Collection of Accounts information / Freezing of accounts operation, monitoring and On-site supervision.
- Surprise visit at branches to ensure /follow-up

the proper customer service, Implementation of central Complaint cell and correspondence and communication regarding customers queries and customers complaints at various touch points etc.

At last, this division has been working to improve service quality of the branches as well as to achieve business targets assigned to branches.

### MARKETING & DEVELOPMENT DIVISION

The Marketing & Development Division of Union Bank implies to a strategy of procedure to establish a strong brand in the competitive market place which is most of the most valuable asset for the Bank.

The core activities of Marketing and Development Division are to formulate business and marketing promotion policies. Side by side, Marketing and Development Division is also involved in product development & introducing new products & services, to review the product performance of all branches monthly and suggest necessary measures, to arrange all necessary initiatives for corporate agreement with prominent organizations, to ensure proper agreement for the distribution of Bank's gift items, to maintain the expense of branches regarding school banking development fair and any other business development purpose, to design brochure, banner and other branding materials for business promotion and branding for branches, to facilitate pavilion in fairs/exhibition for the bank.

### RISK MANAGEMENT DIVISION

Union Bank Limited has a separate Risk Management Division (RMD) to review and monitor continuously the Banks' Risk Management policies, methodologies, guidelines and procedures for risk identification, measurement and acceptance level of risk. RMD looks after effectiveness of the Core Risks Management of the Bank and also ensure the capital management of the Bank under Basel Accords in association with the directives of Bangladesh Bank time to time.

RMD is responsible to manage and measure risk on the basis of the bank's approved risk parameters, independently of regulatory requirements and category. It is responsible for designing risk management strategy, establishing risk management policies & procedure, communicating views of Board & Senior Management regarding risk issues throughout the bank, informing Board & All Risk

Committee about appetite for risk, measuring & monitoring risk, identifying & quantifying bank's exposure to material loss, independently monitor limits, developing & implementing loss prevention/retention programs, securing & maintaining adequate loss coverage, periodic stress testing, preparation of monthly & half-yearly risk management paper & holding meeting of All Risk Committee etc. The risk management function is responsible for ensuring that effective processes are in place for:

- i. Identifying current and emerging risks;
- ii. Developing risk assessment and measurement systems;
- iii. Establishing policies, practices and other control mechanisms to manage risks;
- iv. Developing risk tolerance limits for Senior Management and board approval;
- v. Monitoring positions against approved risk tolerance limits; and
- vi. Reporting results of risk monitoring to Senior Management and the board

### 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. Treasury Division is responsible for maintaining Cash Reserve Requirement (CRR), Statutory Liquidity Requirement (SLR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Maximum Cumulative Outflow (MCO). Treasury also deals with funding operation for managing the liquidity positions in local and foreign currency dealings, Islami Money Market operation etc. Treasury Division also ensures Balance Sheet Risk Management and oversees the asset-liability mismatch gap position and implements appropriate measures to mitigate liquidity risk. Thus the Treasury Division of UBL essentially deals with liquidity management and as a service center.

### ASSET LIABILITY COMMITTEE (ALCO)

The Asset Liability Committee (ALCO) is constituted with the senior management of the bank and headed by the Managing Director. Treasury Mid office



responsible for balance sheet planning from risk-return perspective including the strategic management of profit rate risk and liquidity risk being within the limits. ALCO 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, other liquidity ratios and sensitivity of asset-liabilities.

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 the 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 in the circulars and circular letters. For constant vigilance against money laundering, every branch has a "Branch Anti Money Laundering Compliance Officer (BAMLCO)" and AMLDD initiated periodic branch visit for looking after the activities relating to Anti Money Laundering.

Moreover, the Bank has formulated Anti Money Laundering Risk Assessment guideline and submitted to BFIU/Bangladesh Bank for their approval.

## 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 in favour 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.

Union Bank Ltd has Green Financing products through which we are able to finance various projects which are environment friendly. During 2016, The bank has extended green finance of tk.13.32 Million in the different green projects like, Auto Bricks and solar power.

## HUMAN RESOURCES MANAGEMENT

Human Resources plays a strategic role in managing people, the workplace culture, environment and to build & accomplish a successful business strategy, Human Resources always play a prime role for an organization. Human Resources is a function within an organization concentrated basically on recruiting, managing and directing people who work in it. Besides, Human Resource Management deals with issues related to compensation, performance management, organization development, safety, wellness, benefits, employee motivation, training and others. If effective, it can contribute greatly to the overall company direction and success of its goals and objectives. Successful organizations realize the importance of well-trained and motivated employees to achieve the company's financial goals. Successful HR divisions realize the importance of keeping employees' focus on the company's financial goals while providing opportunities for employee growth and advancement. Thus, employees and management must both realize that a cooperative, not adversarial, relationship is vital to a company's success.

Union Bank Ltd. is an Islami Shari'ah based 4<sup>th</sup> generation Bank with a progressive and service oriented exposure. Thousands of employees are dedicatedly working for stirring its development with a view to ensure best of the service to its clients and compete with other organizations in the same business line. The Bank being a service based financial institute, always give emphasis on the growth & development of its manpower to provide quality services to 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 the clients and those entirely depends on the qualification of the employees, efficiency & effectiveness of their works. The Bank distinguishes the value and contribution of its human resources in its achievements. As the Bank identifies that the

human resources give the organization a significant competitive edge, it continues the policy of recruiting the best possible professionals making equal opportunity for new talents in its process of recruitment & selection and adopt & implement different programs which includes training, workshops, seminar at home & abroad to develop its human resources with a view to making it a human capital for the organization and to retain high quality professionals to face the challenges of the 21<sup>st</sup> Century.

## UNION BANK TRAINING INSTITUTE

Union Bank being a fourth generation progressive shari'ah based commercial bank; it continuously focuses on the development of its human resources to deliver quality services to its esteemed clients. It believes that quality of client services & satisfaction is the key competitive advantage over other banks those depends on the qualification of employees' efficiency & effectiveness. To attain this goal, Union Bank Training Institute continued its efforts towards the development of manpower by providing required foundation training, workshops & executive development program. In 2016, Union Bank Training Institute organized 08 (eight) Foundation Training Courses, 01 (one) Advanced Training Course, 07 (seven) Workshops & 01 (one) Executive Development Program, where 547 employees received training for improving the attitude, skill and knowledge.

The Foundation Training Course curriculum is continuously revised to build the fresher's more competent and updated. It also organizes priority based trainings/workshops to make its employees complaint to its regulatory body. Moreover, the effort of human resources development through BBTA, BIBM and other training institute is continued.

Synopses of the activities of the Union Bank Training Institute are as follows

### a) Advanced Training Courses conducted during 2016:

SL	Name of the Courses	Period	Duration	No. of Participants
01	Advanced Training on Investment Operations & Management	27.02.16 to 03.03.16	6 Days Long	28

**b) Foundation Training Courses conducted during 2016:**

SL	Name of the Courses	Period	Duration	No. of Participants
01	Foundation Training Course (Phase- I)	06.01.16 to 20.01.16	15 Days	30
		04.02.16 to 18.02.16	15 Days	33
		24.03.16 to 07.04.16	15 Days	34
		05.05.16 to 19.05.16	15 Days	32
		09.08.16 to 24.08.16	15 Days	33
		27.10.16 to 10.11.16	15 Days	32
02	Foundation Training Course (Phase- II)	17.07.16 to 31.07.16	15 Days	27
		26.09.16 to 10.10.16	15 Days	32

**c) Workshops conducted during 2016:**

SL	Name of the Courses	Date	Duration	No. of Participants
01	Workshop on Prevention of Money Laundering & Combating Terrorist Financing	25.01.16	Day Long	32
		23.04.16	Day Long	36
		04.06.16	Day Long	31
		22.10.16	Day Long	35
02	Workshop on Integrated Supervision System (ISS) Reporting	03.02.16	Day Long	39
		24.09.16	Day Long	34
03	Workshop on "Shari'ah Based Banking"	26.11.16	Day Long	33

**d) Other Development Training during 2016:**

SL	Name of the Courses	Date	Duration	No. of Participants
01	Executive Development Series on "Islamic Banking: Concepts, Practices & Development in Bangladesh"	10.05.16	Day Long	26

## DIVIDEND

The Board of Directors has recommended 12% stock Dividend for the year ended December 31, 2016.

## RETIREMENT & RE-ELECTION OF DIRECTORS

As per Companies Act, Bank Companies Act and Articles of Association of the Company, each year one-third of the Directors retire from the office of directors and depending on eligibility, may offer themselves for re-election by shareholders at the Annual General Meeting. Therefore, by rotation, every director is required to submit themselves for re-nomination and re-election by shareholders at regular intervals. A retiring Director may be eligible for re-election.

## APPOINTMENT OF AUDITORS

The present Auditor Syful Shamsul Alam & Co., Chartered Accounts has completed the last year (2016) as Auditor. And in accordance of the recommendation of Board of Directors Syful Shamsul Alam & Co. may again be re-elected as Auditor for the year 2017.

## 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 2017. 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.

## APPRECIATION

Thanks to Almighty Allah for the business success of the Bank in 2016. 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 thank Bangladesh Bank, Registrar 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



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**Shahidul Alam**  
Chairman



Report of the  
AUDIT COMMITTEE  
&

SHARI'AH SUPERVISORY COMMITTEE

# Report of the AUDIT COMMITTEE

The Audit Committee of the Board of Directors of Union Bank Limited has been constituted to act 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 and the Management plans into effect. 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.

## THE EXISTING MEMBERS 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	Farzana Begum	Director	Member
3	Mortuza Siddique Chowdhury	Director	Member
4	Mohammad Fazlay Morshed	Director	Member

## ROLES AND RESPONSIBILITIES OF AUDIT COMMITTEE:

The Audit Committee is responsible for exercising the full powers and authority of the Board in accounting and financial reporting matters and any activity within its terms of reference. The committee reports to Board of Directors as per terms of reference, on the activities assigned. The role and responsibilities of the committee includes:

### I) Activities Related to Internal Control

- Review compliance status of the commercial audit report, comprehensive inspection report conducted by Bangladesh Bank and statutory audit report and advise the Management to ensure full compliance.
- Discuss the decisions of the compliance report of internal audit conducted on different branches on quarterly basis.
- Evaluate whether Management is setting the appropriate compliance culture by communicating the importance of internal control and the Management risk and ensuring that all employees have understanding of their roles and responsibilities.
- Review the corrective measures taken by the Management as regards the reports relating to fraud-forgery, deficiencies in internal control by the inspectors of the regulatory authority and inform the Board on a regular basis.
- Review Management Letter/Letters regarding weakness of Internal Control issued by statutory auditors.

### II) Activities Related to Financial Reporting

- Review along with the Management, the annual, half yearly and quarterly financial statement submission to the Board for approval with the determination whether they are complete and consistent with the accounting standards set by the regulatory authority.
- Check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to the existing rules and regulations and standards enforced in the country as per relevant prescribed accounting standards set by Bangladesh Bank.
- Meet with Management and the external auditors to review the financial statements before their finalization.

### III) Activities Related to Internal Audit

- Discuss the internal audit report on different branches and instructed Management to take necessary disciplinary action against fraud forgery committed by the employees;
- Review responsibility fixation report of internal audit for irregularities in routine works in different branches and recommendation(s) for taking necessary disciplinary action against responsible person;
- 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 irregularities and ensure compliance by the Management in running the affairs of the Bank.

### IV) Activities Related to External Audit

- Review the auditing performance of the external auditors and audit report.
- Review the findings and recommendations made by the external auditors for removing the detected irregularities in 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.

#### V) 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, fraud and forgeries and other irregularities detected by the internal & external auditors 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 seven (07) meetings during the year 2016 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 2016 are:

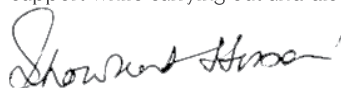
MEETING	DATE OF MEETING HELD
11th Audit Committee Meeting	14-02-2016
12th Audit Committee Meeting	29-02-2016
13th Audit Committee Meeting	17-04-2016
14th Audit Committee Meeting	08-08-2016
15th Audit Committee Meeting	06-09-2016
16th Audit Committee Meeting	17-10-2016
17th Audit Committee Meeting	30-11-2016

### ACTIVITIES IN 2016

- Reviewed and examined the Annual Financial Statements (Un-audited), 2015 prepared by the Management and recommended those to place before the Board of Directors for consideration.
- Reviewed and examined the Annual Financial Statements, 2015 prepared by the Management and audited by the external auditors K. M. Hasan & Co., Chartered Accounts and recommended those to place before the Board of Directors for consideration.
- Reviewed Internal Audit/Inspection Plan-2016 prepared by Internal Control & Compliance Division, Head Office and recommended to submit it to the Board of Directors.
- Reviewed summary report of Comprehensive Audit report and Surprise Audit Report and Compliance of both comprehensive and surprise audit report submitted by Internal Audit from 01-07-2015 to 30-12-2015 and recommended to submit it to the Board of Directors.
- Reviewed Financial Report of the Bank as on 31 March, 2016 and recommended to place it to the Board of Directors.
- Reviewed and Approved "Report of the Audit Committee" to be attached with "Annual Report 2015".
- Reviewed Financial Report of the Bank as on 30 June, 2016 and recommended to place it to the Board of Directors.
- Reviewed Compliance report Bangladesh Bank's Comprehensive Audit report of Head Office as on 31-12-2015 and recommended to submit it to the Board of Directors.
- Reviewed Financial Report of the Bank as on 30 September, 2016 and recommended to place it to the Board of Directors.
- Reviewed Annual Health Report-2015.
- Reviewed 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 2015 by MANCOM.
- Reviewed Self-Assessment of Anti-Fraud Internal Control and recommended to place it to the Board of Directors.

### ACKNOWLEDGEMENT

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



**Showkat Hossain, FCA**  
 Chairman  
 Audit Committee

# শারী'আহ সুপারভাইজরি কমিটির প্রতিবেদন

বিসমিল্লাহির রাহমানির রাহিম

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 দিক নির্দেশনা প্রদানের লক্ষ্যে প্রখ্যাত ও অভিজ্ঞ উলামায়ে কে-রামের সমন্বয়ে একটি স্বাধীন শারী'আহ সুপারভাইজরি কমিটি দায়িত্ব পালন করছে।

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

শারী'আহ সুপারভাইজরি কমিটি ২০১৬ সালে মোট ৪ টি সভায় মিলিত হয়েছে। এ সময় কমিটি মুদারাবা আমানতকারীদের মধ্যে বিতরণের জন্য মুনাফার হার অনুমোদন, যাকাত তহবিল থেকে ৬০ লক্ষ টাকা ইউনিয়ন ব্যাংক ফাউন্ডেশনে স্থানান্তর অনুমোদন করে। কমিটি ২০১৬ সালের স্থিতিপত্র (ব্যালেন্সশীট) ও লাভ-ক্ষতি হিসাব শারী'আহর আলোকে বিস্তারিত পর্যালোচনা পূর্বক অনুমোদন করেছে। এছাড়াও ব্যাংকের বিভিন্ন কার্যক্রম শারী'আহর আলোকে পর্যালোচনা পূর্বক ব্যবস্থাপনা কর্তৃপক্ষকে প্রয়োজনীয় দিক নির্দেশনা প্রদান করছে।

ব্যাংকের সকল লেনদেন নিরীক্ষা ও পরিদর্শনপূর্বক শারী'আহ পরিপালনের বিষয়টি পুঙ্খানুপুঙ্খ বিশ্লেষণের লক্ষ্যে শারী'আহ সুপারভাইজরি কমিটি সচিবালয়ে কর্মরত মুরাক্বিবগণ শারী'আহ পরিদর্শন কার্যক্রম পরিচালনা করে থাকেন।

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 প্রার্থনা, ইসলামী ব্যাংকিং কার্যক্রমে এবং আমাদের জীবনের প্রতিটি ক্ষেত্রে যথাযথভাবে শারী'আহ পরিপালনের তাওফিক দিন। আমীন।



(মুহাম্মদ আবদুল হাই নদভী)  
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 all its 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 Shari'ah principles.

The responsibility of Union Bank Shari'ah Supervisory Committee is to observe the operations of the Bank, Independent opinion based on evaluation of the operations and providing necessary directions relating to Shari'ah. On the other hand Bank Management is responsible for ensuring that Banking operations are conducted according to the directions of the committee.

In 2016, Shari'ah Supervisory Committee has conducted 4 meetings. In these meeting Committee has approved profit rate for distributing to Mudarabah depositors, transfer of Tk. 60 Lac to Union Bank Foundation from Zakat fund. The Committee also approved the Balance Sheet and Profit and Loss accounts for the financial year 2015 after through discussion. Besides committee is providing necessary directions to the Bank Management by analyzing Bank's different activities in the light of Shari'ah principles.

Muraqibs of Shari'ah Supervisory Committee Secretariat have been conducting Shari'ah inspection rigorously to ensure that each and every transactions of the bank conform to the Shari'ah principle.

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

May Allah give us tawfique to achieve His satisfaction through the implementation of Shari'ah in every where of our life including those to Islamic Banking.



Mohammad Abdul Hai Nadvi  
Member Secretary  
Shari'ah Supervisory Committee



Prof. Dr. Abu Reza Muhammad Nezamuddin Nadwi MP  
Chairman  
Shari'ah Supervisory Committee





**MEMORIES  
IN FRAME**



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1. Union Bank Ltd has celebrated its 3<sup>rd</sup> anniversary on 1<sup>st</sup> April, 2016 in its head office.
2. Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd is advising all Branch Manager's to provide best services in the Business Conference held on 23<sup>rd</sup> January, 2016.
3. Md. Abdul Hamid Miah, Managing Director of Union Bank Limited, presents a bouquet to Dr. Atiur Rahman , Governor of Bangladesh Bank for achieving Bangla Academy Literary Award-2015, A. B. M. Mokammel Hoque Chowdhury, Deputy Managing Director was also present .



4. Union Bank Limited and Central Procurement Technical Unit (CPTU) signed an MoU to collect fees and securities through e-GP System on 15<sup>th</sup> November, 2016. Mr. Farid Uddin Ahmed Chowdhury, Secretary, IMED, Ministry of Planning presided over the ceremony.
5. Opening of Banskhali Branch, Chittagong.
6. Ataikula Branch at Ataikula Bazar, Ataikula, Sathia, Pabna on 15<sup>th</sup> May, 2016. Honorable Managing Director of the Bank Md. Abdul Hamid Miah inaugurated the Branch.



7. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd inaugurated the Ati Bazar Branch as the chief guest.
8. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd inaugurated the Banskhali (Chandpur) Branch in Chittagong as the chief guest.
9. Barisal Branch inauguration on 19<sup>th</sup> May, 2016.



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10. Hon'able Managing Director & Additional Managing Director at closing ceremony of Foundation Training Course (Phase-I)
11. Hon'able Managing Director & Additional Managing Director at closing ceremony of training on Investment Operations & Management
12. Hon'able Managing Director and Additional Managing Directors with participants at Concluding Ceremony of Foundation Training Course (Phase-I) held on 18.02.2016
13. Additional Managing Director A.B.M. Mokammel Hoque Chowdhury addressing at closing ceremony of Foundation Training Course (Phase-I)



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- 14. Participants of Foundation Training Course (Phase-I) with Additional Managing Director A.B.M. Mokammel Hoque Chowdhury
- 15. Participants of Foundation Training Course (Phase-II) receiving certificate from Chief Guest and Special Guests
- 16. Participants of Workshop on “Shari’ah Based Banking” with Chief Guest, Special Guests & divisional Heads
- 17. Hon’able Managing Director and Additional Managing Directors with participants at Concluding Ceremony of Foundation Training Course (Phase-I) held on 20.01.2016



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 undertaken target-oriented actions for sustainable social development is appreciable.

MRDI has right 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 2016 we have spent an amount of Tk.11,50,70,420.00 (Taka Eleven Crore Fifty Lac Seventy Thousand Four Hundred Twenty) only in different sectors. CSR expenditure on different sectors is given below :

Description	Amount in (TK).
Education	21,20,710.00
Health	2,20,000.00
Disaster Management	9,26,24,710.00
Environment	30,000.00
Others	2,00,75,000.00
<b>Total Amount</b>	<b>11,50,70,420.00</b>

We are also adding here some photographs on CSR activities of Union Bank Ltd for the year 2016 with captions.



Mr. Shahidul Alam, Chairman of Union Bank Ltd handing over a Cheque to Honorable Prime Minister Sheikh Hasina at Prime Minister's Relief Fund as a part of CSR activities (year 2016).



Mr. Shahidul Alam, Chairman of Union Bank Ltd handing over blankets to Honorable Prime Minister Sheikh Hasina for Prime Minister's Relief Fund as a part of CSR activities (year 2016).



Mr. Shahidul Alam, Chairman of Union Bank Ltd handing over a Cheque to Honorable Prime Minister Sheikh Hasina to assist flood affected people of the country as a part of CSR activities (year 2016).



Mr. Md. Abdul Hamid Miah, Managing Director of Union Bank Ltd distributing Cycle to female School Student as a part of CSR activities (year 2016).



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 (year 2016).



Mr. Syed Abdullah Mohammed Saleh and Mr. A.B.M. Mokammel Hoque Chowdhury, Additional Managing Directors of Union Bank Ltd handing over blankets to Bangladesh Bank for less fortunate cold affected people of the country as a part of CSR activities (year 2016).



Mr. A.B.M. Mokammel Hoque Chowdhury, Additional Managing Director of Union Bank Ltd handing over a Cheque to Mr. Md. Touhid Hossain, Former Foreign Secretary, Member Secretary of Mannan-Sakina Education Foundation to establish a Secondary School as a part of CSR activities (year 2016).



Mr. Syed Abdullah Mohammed Saleh and Mr. A.B.M. Mokammel Hoque Chowdhury, Additional Managing Directors of Union Bank Ltd. distributing blankets (at night) to the less fortunate cold affected people during last winter as a part of CSR activities (year 2016).





05

- Market Discipline:  
Disclosures on Risk Based Capital  
(Basel-III) as on 31<sup>st</sup> December 2016 - 68

## MARKET DISCIPLINE:

# Disclosures on Risk Based Capital (Basel-III)

as on 31.12.2016



# MARKET DISCIPLINE: DISCLOSURES ON RISK BASED CAPITAL (BASEL-III) as on 31.12.2016

## 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 (UBL) 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 57 (Fifty Seven) branches with fully online facility. Considering huge demand of Shariah Based Banking across the country as well as growing demand of quality service in banking we found 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 &amp; micro economic developments we devolved our product &amp; 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. Quantitative disclosure	No major impediments found.
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

## 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"> <li>1) Tier 1 Capital (going-concern capital) <ol style="list-style-type: none"> <li>a) Common Equity Tier 1</li> <li>b) Additional Tier 1</li> </ol> </li> <li>2) Tier 2 Capital (gone-concern capital)</li> </ol> <p>Common Equity Tier 1 (CET-1) Capital:</p> <ol style="list-style-type: none"> <li>a) Paid up share capital,</li> <li>b) Non-repayable share premium account,</li> <li>c) Statutory Reserve,</li> <li>d) General Reserve,</li> <li>e) Dividend equalization reserve,</li> <li>f) Retained earnings</li> <li>g) Minority interest in subsidiaries.</li> </ol> <p>Additional Tier 1 (AT 1) Capital:</p> <ol style="list-style-type: none"> <li>a) Instruments issued by the banks that meet the qualifying criteria for AT1;</li> <li>b) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only);</li> </ol> <p>Tier-2 Capital:</p> <ol style="list-style-type: none"> <li>a) General Provisions;</li> <li>b) Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital;</li> <li>c) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties.</li> </ol>
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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
	<b>CET-1 Capital:</b>		
	I. Paid up capital	470.8	-
	II. Non repayable share premium account	0	-
	III. Statutory reserve	52.77	-
	IV. General reserve	14.57	-
	V. Retained earnings	63.10	-
	VI. Dividend equalization reserve	0	-
	VIII. Minority interest in subsidiaries	0	-
	<b>Sub-Total:</b>	<b>601.24</b>	<b>-</b>
c)	<b>Regulatory Adjustment:</b>	2.32	
	<b>Additional Tier 1 Capital:</b>	0	-
	<b>Total Tier-1 Capital:</b>	<b>598.92</b>	
	<b>The total amount of Tier 2 Capital (General Provision)</b>	<b>78.50</b>	-
d)	Regulatory Adjustments/Deductions from capital	0	-
e)	<b>Total eligible capital</b>	<b>677.42</b>	

### 3) CAPITAL ADEQUACY

#### Qualitative disclosure

a)	A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.	<ul style="list-style-type: none"> <li>To implement Basel-III, Bangladesh Bank has published a Roadmap through BRPD circular no- 07 dated March 31, 2014; subsequently, issued a guideline. According to the guideline Union Bank also maintain regulatory standard at the end of 2016 and fully implemented as on January 01, 2019.</li> <li>Union bank is able to maintain Capital to Risk Weighted Assets Ratio (CRAR) at 11.62% on SOLO basis against the regulatory minimum level of 10.625%. Tier-I capital adequacy ratio under "Solo" basis is 10.27% against the minimum regulatory requirement of 6%.</li> </ul>
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#### Qualitative disclosure

	Particulars	Fig. in Crore	
		Solo	Consolidated
b)	Capital requirement for credit risk	549.51	-
c)	Capital requirement for market risk	2.50	-
d)	Capital requirement for operational risk	31.16	-
e)	Total and Tier 1 capital ratio:	-	-
	• For the consolidated group; and	-	-
	Total Risk Weighted Assets (RWA)	5831.74	-
	Minimum capital requirement	583.17	-
	Total and Tier-1 Capital Ratio:		-
	• Total CRAR	11.62%	-
	• Tier-1 CAR	10.27%	-
f)	Capital Conservation Buffer	As per BB guidelines on risk based capital adequacy, bank must require to maintain additional Capital Conservation Buffer 0.625% each year. So, for this year regulatory standard is 10.625%. Subsequently it will increase by 0.625% every year till 2019.	
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:	
<p>i) Definitions of past due and impaired (for accounting purposes):</p>	<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"> <li>• Any Continuous Investment 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.</li> <li>• Any Demand Investment 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.</li> <li>• In case of any installment(s) or part of installment(s) of a Fixed Term Investment 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.</li> <li>• 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.</li> </ul> <p>The investments are classified as follows:</p> <p><b>Continuous &amp; Demand Investments are classified as:</b></p> <ul style="list-style-type: none"> <li>• Sub-standard - if past due for 3 months or more, but less than 6 months;</li> <li>• Doubtful - if past due for 6 months or more, but less than 9 months;</li> <li>• Bad/Loss - if past due for 9 months or more.</li> </ul> <p><b>Fixed Term Investments amounting up to 10 lacs are classified as:</b></p> <ul style="list-style-type: none"> <li>• Sub-standard - if the amount of past due installment is equal to or more than the amount of installment (s) due within 6 (Six) months;</li> <li>• Doubtful - if the amount of past due installment is equal to or more than the amount of installment (s) due within 9 (Nine) months;</li> <li>• Bad/Loss - if the amount of past due installment is equal to or more than the amount of installment (s) due within 12 (Twelve) months.</li> </ul>

		<p><b>Fixed Term Investments for more than 10 lacs are classified as:</b></p> <ul style="list-style-type: none"> <li>• Sub-standard - if the amount of past due installment is equal to or more than the amount of installment (s) due within 3 (Three) months;</li> <li>• Doubtful - if the amount of past due installment is equal to or more than the amount of installment (s) due within 6 (Six) months;</li> <li>• Bad/Loss - if the amount of past due installment is equal to or more than the amount of installment (s) due within 9 (Nine) months.</li> </ul> <p><b>Short-term Agricultural and Micro Credit are classified as:</b></p> <ul style="list-style-type: none"> <li>• Sub-standard - if the irregular status continues after a period of 12 (twelve) months;</li> <li>• Doubtful - if the irregular status continues after a period of 36 (thirty-six) months;</li> <li>• Bad/Loss - if the irregular status continues after a period of 60 (sixty) months.</li> </ul> <p>A continuous credit, demand Investment or term Investment 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	Investments Classification					
	Sub Standard		Doubtful		Bad & Loss	
	Overdue Period	Provision (%)	Overdue Period	Provision (%)	Overdue Period	Provision (%)
Continuous Investment	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 Investment	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 Investment 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 Investment 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
All Unclassified Investments of Small and Medium Enterprise (SME)		0.25%
All Other Unclassified Investments (Other than investments under Consumer Financing, SME Financing, Housing Finance, Investment to professional to set up business, Investment to Brokerage Houses, Merchant Banks, Stock Dealers etc.,)		1%
Unclassified Consumer Financing (Other than Housing Finance and Investment for Professionals to set up business)		5%
Unclassified Investment 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.		2%
Off-Balance Sheet Exposure		1%
<b>SHORT-TERM AGRICULTURAL AND MICRO-CREDITS:</b>		
All unclassified credits (irregular & regular)		2.5%
Classified as "Sub-Standard" & "Doubtful"		5%
Classified as "Bad/Loss"		100%
<b>SPECIFIC PROVISION ON:</b>		
Substandard Investment s and advances		20%
Doubtful Investment s and advances		50%
Bad/loss Investment s and advances		100%

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". The Board approved the Investment Risk Management (IRM) policy keeping in view relevant Bangladesh Bank guidelines to ensure best practice in investment risk management and maintain quality of assets.
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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	58.35
b.	Claims on Bangladesh Government and Bangladesh Bank	923.39
c.	Claims on Banks & NBFIs	
	i) Original maturity over 3 months	1269.71
	ii) Original maturity up to 3 months	310.54
d.	Claims on Corporate:	
	Different Risk Weights	1600.29
	Unrated	1506.66
e.	Claims on SME:	
	Different Risk Weights	1137.97
	Unrated (small enterprise & <BDT 3.00m)	27.96
	Unrated (small enterprise having ≥ BDT 3.00m & Medium Enterprise)	111.12
f.	Claims under Credit Risk Mitigation [From Work Sheet 1(a) of revised RBCA Guidelines]:	
	i) Corporate	731.99
	ii) Retail & Small	264.42
	iii) Consumer finance	13.11
	iv) Residential property	0.15
	v) Commercial Real Estate	16.49
g.	Claims categorized as retail portfolio (excluding SME, Consumer Finance and Staff Investment ) upto 1 crore	0.00
h.	Consumer finance	1.66
i.	Claims fully secured by residential property	7.13
j.	Claims fully secured by commercial real estate	12.39
k.	Past due claims that is due for 60 days or more:	
	Where specific provision are less than 20% of the outstanding amount of the past due claim	0.67
	Where specific provision are less than 20% of the outstanding amount of the past due claim	0.54
	Investment in equity and other regulatory capital instruments issued by other banks and Merchant Banks/Brokerage Houses/Exchange Houses which are not listed in the Stock Exchanges (other than those deducted from capital) held in banking book	30.00
l.	Investments in premises, plant and equipment and all other fixed assets	82.94
m.	All other assets	
	i) Staff Investment /investment	21.73
	ii) Other assets (not specified above) [Net of specific provision, if any]	260.63



**Qualitative disclosure**

c)	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	<table border="1"> <thead> <tr> <th>Sl.</th> <th>Division-wise investment</th> <th>Exposure BDT in crore</th> </tr> </thead> <tbody> <tr><td>1</td><td>Dhaka</td><td>3740.35</td></tr> <tr><td>2</td><td>Chittagong</td><td>2952.22</td></tr> <tr><td>3</td><td>Rajshahi</td><td>3.56</td></tr> <tr><td>4</td><td>Sylhet</td><td>5.05</td></tr> <tr><td>5</td><td>Khulna</td><td>2.87</td></tr> <tr><td>6</td><td>Rangpur</td><td>10.52</td></tr> <tr><td>7</td><td>Barisal</td><td>0.45</td></tr> <tr><td>8</td><td>Mymensingh</td><td>0.00</td></tr> <tr><td></td><td><b>Total</b></td><td><b>6715.02</b></td></tr> </tbody> </table>	Sl.	Division-wise investment	Exposure BDT in crore	1	Dhaka	3740.35	2	Chittagong	2952.22	3	Rajshahi	3.56	4	Sylhet	5.05	5	Khulna	2.87	6	Rangpur	10.52	7	Barisal	0.45	8	Mymensingh	0.00		<b>Total</b>	<b>6715.02</b>																											
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f)	i) Amount of impaired investment (Investments) and if available, past due investment/Investments, provided separately;	By major industry or counterparty type:  The amount of classified investment of the bank is as under: <table border="1"> <thead> <tr> <th>Sl.</th> <th>Particulars</th> <th>Fig. in Crore</th> </tr> </thead> <tbody> <tr><td>1.</td><td>SS</td><td>2.36</td></tr> <tr><td>2.</td><td>DF</td><td>1.88</td></tr> <tr><td>3.</td><td>B/L</td><td>0.53</td></tr> <tr><td></td><td><b>Total –</b></td><td><b>4.77</b></td></tr> </tbody> </table>	Sl.	Particulars	Fig. in Crore	1.	SS	2.36	2.	DF	1.88	3.	B/L	0.53		<b>Total –</b>	<b>4.77</b>																																										
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	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.																																																									

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Note: Bank maintained Tk. 83.30crore for provision of investment

## 5) EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

### Qualitative disclosure

a)	<b>The general qualitative disclosures requirement with respect to equity risk, including</b>	
	<p>Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons;</p>	<p>Investment in equity securities are broadly categorized into two parts:</p> <ul style="list-style-type: none"> <li>i) Quoted Securities (common or preference share &amp; mutual fund) that are traded in the secondary market;</li> <li>ii) Unquoted securities are categorized as banking book equity exposures which are further sub-divided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. held to maturity (HTM). And securities those are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities.</li> </ul>
	<p>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;</p>	<p>The primary objective is to investment in equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received and right to receive when established. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained if the prices fall below the cost price.</p> <p>As per Bangladesh Bank guidelines, the HFT (Held for Trading) equity securities are revalued once in each week using marking to market concept and HTM equity securities are amortized once a year according to Bangladesh bank guideline.</p> <p>The HTM equity securities are also revalued if any, are reclassified to HFT category with the approval of Board of Directors.</p> <p>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.</p>

**b) Quantitative Disclosures:**

BDT in crore

b)	Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	At Cost	At Market Value
		1.85	2.13
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting (31 December 2016) period.	-	
d)	Total unrealized gains (losses)	0.38	
<ul style="list-style-type: none"> <li>Total latent revaluation gains (losses)</li> </ul>		Not applicable	
<ul style="list-style-type: none"> <li>Any amounts of the above included in Tier 2 capital.</li> </ul>		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 Investment prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.	Profit rate risk is the risk which affects the Bank's financial condition due to change in the market profit rates. The changes in profit rates may affect both the current earnings considering earnings perspective, traditional approach to profit rate risk assessment as well as the net worth of the Bank considering economic value perspective. To evaluate the impact of profit rate risk on the net profit margin, the bank monitors the size of the gap between rate sensitive assets & rate sensitive liabilities in terms of remaining time of re-pricing. Re-pricing risk is often the most obvious source of profit rate risk for a bank and is frequently measured by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities. The short term impact of changes in profit rates is on the bank's Net Investment Income (NII). In a longer term, changes in profit rates impact the cash flows on the assets, liabilities and off-balance sheet items that may rise to a risk to the net worth of the bank.
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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)	<b>Particulars</b>	<b>1 month</b>	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>Above 1 year</b>	
		Rate Sensitive Asset	774.40	950.67	2154.16	3231.24	339.02	
		Rate Sensitive liabilities	488.54	2255.71	1301.23	1951.85	1402.54	
		Net gap	285.86	-1305.05	852.93	1279.39	-1063.52	
		Cumulative gap	285.86	-1019.19	-166.26	1113.13	49.61	
		<b>Profit Rate Stress</b>		<b>Minor</b>	<b>Moderate</b>	<b>Major</b>		
		Assumed change in Profit Rate		1%	2%	3%		
		<b>Net investment income impact</b>						
		<12 months		11.13	22.26	33.39		
		Capital after-shock		690.25	701.38	712.51		
		CAR after-shock (%)		11.84	12.03	12.22		
		Change in CAR after-shock (%)		0.19	0.38	0.57		

## 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"> <li>• May be explicit in portfolios of securities/equities and instruments that are actively traded;</li> <li>• May be explicit such as interest rate risk due to mismatch of assets and liabilities;</li> <li>• May arise from activities categorized as off-balance sheet items.</li> </ul> <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"> <li>a) Define bank's overall risk appetite in relation to market risk;</li> <li>b) Ensure that bank's overall market risk exposure is maintained at prudent levels and consistent with the available capital;</li> <li>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;</li> <li>d) Ensure that the bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of market risk;</li> <li>e) Ensure that adequate resources (technical as well as human) are devoted to market risk management;</li> <li>f) Review and approve market risk policies based on recommendations by the bank's senior management;</li> <li>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;</li> <li>h) Outline the content and frequency of management market risk (for each type of risk) reports to the Board;</li> <li>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</li> <li>j) Review specially the trends in securities portfolio quality and value.</li> </ol>
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	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 &amp; 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>																						
b)	<b>Qualitative disclosure</b> The capital requirements for:	<table border="1" data-bbox="321 1377 1386 1707"> <thead> <tr> <th data-bbox="321 1377 776 1419">Particulars</th> <th data-bbox="776 1377 1068 1419">Solo</th> <th data-bbox="1068 1377 1386 1419">Consolidated</th> </tr> </thead> <tbody> <tr> <td data-bbox="321 1419 776 1472">Profit rate risk</td> <td colspan="2" data-bbox="776 1419 1386 1472" style="text-align: center;">Fig. in Crore</td> </tr> <tr> <td data-bbox="321 1472 776 1524">Equity position risk</td> <td data-bbox="776 1472 1068 1524" style="text-align: center;">0.00</td> <td data-bbox="1068 1472 1386 1524" style="text-align: center;">-</td> </tr> <tr> <td data-bbox="321 1524 776 1577">Foreign exchange risk</td> <td data-bbox="776 1524 1068 1577" style="text-align: center;">0.43</td> <td data-bbox="1068 1524 1386 1577" style="text-align: center;">-</td> </tr> <tr> <td data-bbox="321 1577 776 1629">Commodity risk</td> <td data-bbox="776 1577 1068 1629" style="text-align: center;">2.07</td> <td data-bbox="1068 1577 1386 1629" style="text-align: center;">-</td> </tr> <tr> <td data-bbox="321 1629 776 1682">Total Capital Requirement</td> <td data-bbox="776 1629 1068 1682" style="text-align: center;">0.00</td> <td data-bbox="1068 1629 1386 1682" style="text-align: center;">-</td> </tr> <tr> <td data-bbox="321 1682 776 1707"></td> <td data-bbox="776 1682 1068 1707" style="text-align: center;">2.50</td> <td data-bbox="1068 1682 1386 1707" style="text-align: center;">-</td> </tr> </tbody> </table>		Particulars	Solo	Consolidated	Profit rate risk	Fig. in Crore		Equity position risk	0.00	-	Foreign exchange risk	0.43	-	Commodity risk	2.07	-	Total Capital Requirement	0.00	-		2.50	-
Particulars	Solo	Consolidated																						
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Commodity risk	2.07	-																						
Total Capital Requirement	0.00	-																						
	2.50	-																						

## 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> <ul style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>c) Provide senior management clear guidance and direction regarding the principles underlying the framework and approve the corresponding policies developed by senior management;</li> <li>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</li> <li>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.</li> </ul>
	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>



	iii) Potential external events	<p>The potential external events that may pose the bank in to operational risks are as follows.</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Taxation Risk: Sudden changes in tax laws and regulation that hamper the profitability of a bank.</li> <li>3. Legal Risk: Legal risk is the risk of the Bank's losses in cases of:                         <ol style="list-style-type: none"> <li>i) Incompliance of the Bank with the requirements of the legal regulations;</li> <li>ii) Making legal mistakes in carrying out activities;</li> <li>iii) Imperfection of the legal system</li> <li>iv) Violation of legal regulations, terms and conditions of concluded agreements by the counterparties.</li> </ol> </li> <li>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.</li> <li>5. Business disruption and system failures: Disruption of business or system failures. Examples include telecommunication problems, utility outages etc.</li> <li>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.</li> </ol>
	iv) Policies and processes for mitigating operational risk	<p>The bank should put in place an operational risk management policy. The policy at minimum, include:</p> <ul style="list-style-type: none"> <li>• The strategy given by the board of the bank;</li> <li>• The systems and procedures to institute effective operational risk management framework;</li> <li>• The structure of operational risk management function and the roles and responsibilities of individuals involved.</li> </ul>

<p>v) Approach for calculating capital charge for operational risk</p>	<p>The capital charge for operational risk is a fixed percentage, denoted by <math>\alpha</math> (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 Indicator Approach</p> <p>GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded)</p> <p><math>\alpha</math> = 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"> <li>i. Be gross of any provisions;</li> <li>ii. Be gross of operating expenses, including fees paid to out sourcing service providers</li> <li>iii. Exclude realized profits/ losses from the sale of securities held to maturity in the banking book;</li> <li>iv. Exclude extra ordinary or irregular items;</li> <li>v. Exclude income derived from insurance.</li> </ol>
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Qualitative disclosure			
b) The capital requirements for operational risk			BDT in crore 17.23
Capital Charge for Operational Risk-Basic Indicator Approach			
Year	Gross Income (GI)	Average Gross Income (AGI)	Capital Charge =15% of AGI
2014	98.23	207.74	31.16
2015	206.44		
2016	318.61		

## 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"> <li>a) Providing guidance on the level of appetite for liquidity risk;</li> <li>b) Appointing senior managers who have ability to manage liquidity risk and delegate to them the required authority to accomplish the job;</li> <li>c) Continuously monitoring the bank's performance and overall liquidity risk profile through reviewing various reports; and</li> <li>d) Ensuring that senior management takes the steps necessary to identify measure, monitor and control liquidity risk.</li> </ul>
	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"> <li>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.</li> <li>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.</li> <li>c) Managing liquidity in different currencies: The bank should have a strategy on how to manage liquidity in different currencies.</li> <li>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.</li> </ul>

	<p>Liquidity risk management system</p>	<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 &amp; 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>
	<p>Policies and process for mitigating risk</p>	<p>The bank should include in liquidity risk management policy;</p> <ul style="list-style-type: none"> <li>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;</li> <li>b) Adhere to the lines of authority and responsibility that the Board has approved for managing liquidity risk;</li> <li>c) Oversee the implementation and maintenance of management information and other systems that identify, measure, monitor, and control the bank's liquidity risk;</li> <li>d) Develop and recommend liquidity and funding policies for approval by the Board and implement the liquidity and funding policies;</li> <li>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;</li> <li>f) Ensure that liquidity is managed and controlled within the liquidity management and funding management programs;</li> <li>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;</li> </ul>

Quantitative Disclosure		BDT in Million/Percentage
b)	<b>Components</b>	<b>Amount</b>
	Liquidity Coverage Ratio (LCR)	201.24%
	Net Stable Funding Ratio (NSFR)	150.39%
	Stocks of high quality liquid assets	966.43
	Total net cash outflows over the next 30 calendar days	480.24
	Available amount of stable funding	7424.48
	Required amount of stable funding	4936.98

## 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
$\text{Leverage Ratio} = \frac{\text{Tire 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$		
	Bangladesh Bank Requirement	>3%
	Leverage Ratio	7.02%
	On balance sheet exposure	8,391.63
	Off balance sheet exposure	137.51
	Total exposer	8,526.83

## 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. 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"> <li>• Are aligned to the Bank's strategy.</li> <li>• Aid the attraction and retention of talent.</li> <li>• Are market-relevant and affordable.</li> <li>• Are internally equitable, consistent and transparent.</li> <li>• Encourage behavior that supports Bank's long term financial soundness and risk management objectives.</li> <li>• Ensure the independence of risk and control personnel in the performance of their functions is not compromised.</li> <li>• Are compliant with corporate governance requirements.</li> </ul> <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"> <li>• 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.</li> <li>• Making annual recommendations to the Board on the remuneration of Directors of the Board and the CEO.</li> </ul> <p>At present there are no External consultants whose advice has been sought for the remuneration process.</p> <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"> <li>• Managing Director.</li> <li>• Additional Managing Director.</li> <li>• Deputy Managing Director.</li> <li>• Board Secretary.</li> <li>• Head of HRD.</li> <li>• Risk &amp; Compliance Manager.</li> </ul>
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		<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 10 and the total no. of Branch Managers is 57.</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. 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"> <li>• Attract and retain capable, motivated Employees.</li> <li>• Attract Senior Executives with appropriate knowledge and experience, with ability to drive growth while maintaining stability and financial soundness.</li> <li>• Encourage behavior that supports long term financial soundness and the risk management framework.</li> <li>• Ensure Remuneration arrangements are, and remain, compliant with Corporate Governance requirements.</li> </ul> <p>In determining Remuneration, the Remuneration Committee uses the following information supplied through the Remuneration surveys:</p> <ul style="list-style-type: none"> <li>• Industry comparative remuneration data across all positions, including Directors.</li> <li>• Remuneration benchmarking for organizations of similar Asset Size.</li> </ul>
c)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include:</p> <p>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>
d)	<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>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 Investment ,</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>deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on Investment, 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>
e)	<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>
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"> <li>• Performance Linked Incentives to those employees who are eligible for incentives.</li> <li>• Ex-gratia for other employees who are not eligible for Performance linked Incentives.</li> <li>• Different awards based on extra-ordinary performance &amp; achievement.</li> <li>• Employee/Manager of the Month/Quarter award.</li> <li>• Reimbursement/award for brilliant academic/professional achievement.</li> <li>• Leave Fare Assistance (LFA)</li> </ul>



g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Not Applicable
h)	Number of employees having received a variable remuneration award during the financial year.  Number and total amount of guaranteed bonuses awarded during the financial year.  Number and total amount of sign-on awards made during the financial year.  Number and total amount of severance payments made during the financial year	Total No. of 110 employees have received a variable remuneration award during the 2015/2016 Financial Year.  Total no. & amount of 723 guaranteed bonuses awarded during the 2015/2016 Financial Year.  There were no sign-on awards made during the financial year.  There was no severance payment made during the 2015/2016 Financial Year.
i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.  Total amount of deferred remuneration paid out in the financial year.	There was no outstanding deferred remuneration, split into cash, shares, share-linked Instruments and other forms.
j)	Breakdown of amount of remuneration awards for the financial year to show: <ul style="list-style-type: none"> <li>- Fixed and variable.</li> <li>- Deferred and non-deferred.</li> <li>- Different forms used (cash, shares and share linked instruments, other forms).</li> </ul>	Not Applicable
k)	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:  Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.  Total amount of reductions during the financial year due to ex post explicit adjustments.  Total amount of reductions during the financial year due to ex post implicit adjustments.  Total amount of reductions during the financial year due to ex post implicit adjustments.	Not Applicable

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# Financial Information



# AUDITORS' REPORT TO THE SHAREHOLDERS OF UNION BANK LIMITED



## Report on the Financial Statements

We have audited the accompanying financial statements of Union Bank Limited (the "Bank"), which comprise the balance sheet as at 31 December 2016, and the profit and loss account, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

The financial statements of Union Bank Limited for the year ended 31 December 2015 were audited by K. M. Hasan & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 29 February 2016.

## 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 as stated in note-2.1.1 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 Act, 1991 as amended and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 2016, and financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as stated in note-2.1.1.

### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 as amended in 2013 and the 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 purpose 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 Controls:
  - i) internal audit, internal control and risk management arrangements of the Bank, as disclosed in note-2.11 appeared to be adequate with immaterial control deficiencies as identified in management report;
  - 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 and its related entities;

- (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;
- (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;
- (e) the expenditure incurred was for the purposes of the Bank's business;
- (f) the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and Bangladesh Financial Reporting Standard as explained in note-2.1.1 as well as with related guidelines, circulars issued by Bangladesh Bank and the instruction given by Bangladesh Bank and decision taken in tripartite meeting amongst Inspection Team of Bangladesh Bank, External Auditors and the Management of Union Bank Limited held on 20 February 2017 and Bangladesh Bank instruction letter no. DBI-4/42(8)/2017-356 dated 22 February 2017;
- (g) 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 information and explanations required by us have been received and found satisfactory; and
- (j) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,072 person hours for the audit of the books and accounts of the Bank.

Dhaka  
23 February 2017

*Syful Shamsul Alam & Co*  
Syful Shamsul Alam & Co  
Chartered Accountants

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2016

	Notes	2016 Taka	2015 Taka
<b>PROPERTY AND ASSETS</b>			
Cash	3	6,120,557,231	4,327,474,716
In hand (Including foreign currency)	3.1	583,472,797	371,739,712
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	5,537,084,434	3,955,735,004
Balance with other Banks and Financial Institutions	4.1	263,739,285	395,114,479
In Bangladesh		116,876,875	139,801,387
Outside Bangladesh		146,862,410	255,313,092
Placement with banks & Other Financial Institutions	4.2	3,078,517,919	6,695,732,775
Investments in Shares & Securities	5	3,868,479,214	3,106,187,398
Government		3,550,000,000	2,700,000,000
Others		318,479,214	406,187,398
Investments	6	67,150,190,750	45,592,869,263
General Investments (Bai-Murabaha, Bai-Muajjal, HPSM) etc.	6.A	52,351,997,718	37,548,628,509
Bills Purchased and Discounted	6.B	14,798,193,032	8,044,240,754
Fixed Assets Including Premises, Furniture and Fixtures	7	829,422,106	679,198,080
Other Assets	8	2,606,332,421	2,252,184,856
Non Banking Assets		-	-
<b>Total Assets</b>		<b>83,917,238,926</b>	<b>63,048,761,567</b>
<b>LIABILITIES AND CAPITAL</b>			
Liabilities			
Placement from Banks & other Financial Institutions	9	140,719,643	12,990,443
Deposits and Other Accounts	10	74,250,559,036	55,555,436,704
Mudaraba Savings Deposits	10.1	1,688,892,795	923,535,744
Mudaraba Term Deposits	10.2	54,741,355,944	45,296,112,256
Other Mudaraba Term Deposits	10.3	11,861,935,948	6,429,286,034
Al-Wadia Current Accounts and Other Accounts	10.4	5,569,007,885	2,847,238,630
Bills Payable	10.5	389,366,464	59,264,040
Other Liabilities	11	3,536,716,856	2,379,576,074
Deffered Tax Liabilities/(Assets)	11.a	(23,174,045)	(11,199,512)
<b>Total Liabilities</b>		<b>77,904,821,490</b>	<b>57,936,803,709</b>
Capital/Shareholders' Equity			
Paid-up Capital	12	4,708,000,000	4,280,000,000
Statutory Reserve	13	527,663,554	233,241,638
Other Reserve	14	145,749,665	145,749,665
Retained Earnings	15	631,004,217	452,966,555
<b>Total Liabilities and Shareholders' equity</b>		<b>83,917,238,926</b>	<b>63,048,761,567</b>

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2016

	Notes	2016 Taka	2015 Taka
<b>OFF- BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptances and Endorsements		2,755,510,113	2,012,432,593
Letters of Guarantee	16	365,851,995	612,755,013
Irrecoverable Letters of Credit	17	2,909,424,278	1,785,325,197
Bills for Collection	18	434,599,000	232,272,000
Other Contingent Liabilities		-	-
		<b>6,465,385,386</b>	<b>4,642,784,803</b>
<b>Other Commitments</b>			
Documentary credits and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Claims against the bank not acknowledged as debt		-	-
<b>Total Off -Balance Sheet Items Including</b>		<b>-</b>	<b>-</b>
		<b>6,465,385,386</b>	<b>4,642,784,803</b>

BALANCE SHEET

The annexed notes form an integral part of these financial statements



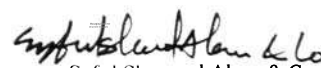
  
Director

  
Director

  
Chairman

Signed in terms of our separate report of even date

Place: Dhaka  
Date: 23 February 2017

  
Syful Shamsul Alam & Co.  
Chartered Accountants

**UNION BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
 For the year ended 31 December 2016

	Notes	2016 Taka	2015 Taka
Investments Income	19	8,027,089,936	6,163,131,029
Profit Paid on Deposits	20	(5,088,956,590)	(4,213,350,665)
<b>Net Investment Income</b>		<b>2,938,133,346</b>	<b>1,949,780,364</b>
Income from Investment in shares and securities	21	31,906,497	13,052,070
Commission, Exchange and Brokerage	22	189,705,866	85,111,934
Other Operating Income	23	19,703,651	13,342,014
		<b>241,316,014</b>	<b>111,506,018</b>
<b>Total Operating Income</b>		<b>3,179,449,360</b>	<b>2,061,286,382</b>
<b>Operating Expenses</b>			
Salary and Allowances	24	643,466,245	466,672,261
Rent, Taxes, Insurances, and Electricity etc.	25	213,330,618	166,492,896
Legal Expenses	26	600,600	573,589
Postage, Stamps, and Telecommunication etc.	27	17,637,289	12,601,836
Stationery, Printings, and Advertisements etc.	28	58,627,774	34,926,334
Chief Executive's Salary & Fees	29	9,408,548	8,800,000
Directors' Fees & Expenses	30	3,410,900	5,521,150
Shariah Supervisory Committee's Fess & Expenses	31	312,800	278,300
Auditors' Fees		330,000	200,000
Charges on Investment Losses		-	-
Depreciation and Repair to Bank's Assets	32	151,783,618	127,828,491
Zakat Expenses		15,000,000	6,000,000
Other Expenses	33	289,931,389	186,577,826
<b>Total Operating Expenses</b>		<b>1,403,839,782</b>	<b>1,016,472,683</b>
<b>Profit/(Loss) before Provision and tax</b>		<b>1,775,609,578</b>	<b>1,044,813,699</b>
Provisions for Classified Investments	11.2.1	42,000,000	1,000,000
Provisions for Unclassified Investments	11.2.2	233,000,000	177,000,000
Provision for off- balance sheet exposure	11.2.3	23,500,000	31,500,000
Other Provisions	11.2.4	5,000,000	-
Provisions for diminution in value of investment in share	11.5	-	47,000,000
<b>Total Provision</b>		<b>303,500,000</b>	<b>256,500,000</b>
<b>Total Profit/(Loss) before Tax</b>		<b>1,472,109,578</b>	<b>788,313,699</b>
<b>Provision for Income Tax</b>			
Current tax	2.9.1.1	634,474,533	310,751,939
Deferred tax	2.9.1.2	(11,974,533)	(10,751,939)
		<b>622,500,000</b>	<b>300,000,000</b>
<b>Net Profit/(Loss) after Tax</b>		<b>849,609,578</b>	<b>488,313,699</b>
Retained Earnings from previous year		75,816,555	122,315,596
Add: Net Profit/(Loss) after Tax		849,609,578	488,313,699
<b>Profit available for Appropriation</b>		<b>925,426,133</b>	<b>610,629,295</b>
<b>Appropriations</b>			
Statutory Reserve		294,421,916	157,662,740
General Reserve		-	-
Dividend		-	-
Retained earnings		631,004,217	452,966,555
		<b>925,426,133</b>	<b>610,629,295</b>
<b>Earnings Per Share (EPS)</b>	34	<b>1.80</b>	<b>1.04</b>

The annexed notes form an integral part of these financial statements


  
 Managing Director  
 (Current Charge)

  
 Director

  
 Director

  
 Chairman

Signed in terms of our separate report of even date

  
 Syful Shamsul Alam & Co.  
 Chartered Accountants

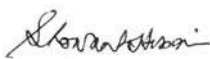
**UNION BANK LIMITED**  
**CASH FLOW STATEMENT**  
For the year ended 31 December 2016

	Notes	2016 Taka	2015 Taka
<b>A. Cash Flow from Operating Activities</b>			
Investments income receipts		8,122,778,937	6,497,505,983
Profit paid on deposit		(4,874,668,238)	(3,806,347,406)
Fee and Commission receipts		189,705,866	85,111,934
Dividend receipts		273,701	393,800
Payments to employees		(620,907,045)	(419,388,629)
Payments to suppliers		(58,627,774)	(34,926,334)
Income tax paid		(367,109,006)	(222,680,138)
Receipts from other operating activities	35	19,703,651	13,342,014
Payments for other operating activities	36	(578,701,474)	(413,628,927)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>1,832,448,618</b>	<b>1,699,382,297</b>
<b>Changes in Operating Assets &amp; Liabilities</b>			
(Increase)/ Decrease Investments to Customers		(21,557,321,487)	(17,315,082,029)
(Increase)/ Decrease of Other Assets	37	(51,294,764)	(1,256,626,705)
Increase/ (Decrease) Deposits from Customers		18,695,122,332	20,788,126,904
Increase/ (Decrease) of Other Liabilities	38	23,960,149	(211,338,264)
<b>Cash Flow from Operating Assets and Liabilities</b>		<b>(2,889,533,770)</b>	<b>2,005,079,906</b>
<b>Net Cash Flow from Operating Activities</b>		<b>(1,057,085,152)</b>	<b>3,704,462,203</b>
<b>B. Cash Flow from Investing Activities</b>			
Payments to Investment in Shares and Securities		(762,291,816)	(1,666,146,747)
Purchases of Property, Plant and Equipment		(263,859,767)	(360,362,559)
<b>Net Cash Used in Investing Activities</b>		<b>(1,026,151,583)</b>	<b>(2,026,509,306)</b>
<b>C. Cash Flow from Financing Activities</b>			
Increase/(Decrease) in Share Capital		-	-
Increase/(Decrease) in Other reserve		-	-
Increase/(Decrease) in Placement from Banks & other Financial Institutions		127,729,200	12,990,443
<b>Net Cash Flow from Financing Activities</b>		<b>127,729,200</b>	<b>12,990,443</b>
<b>D. Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(1,955,507,535)</b>	<b>1,690,943,340</b>
<b>E. Add/(Less): Effect of Exchange Rate on Cash &amp; Cash Equivalents</b>		<b>-</b>	<b>-</b>
<b>F. Beginning Cash &amp; Cash Equivalents</b>		<b>11,418,321,970</b>	<b>9,727,378,630</b>
<b>G. Ending Cash &amp; Cash Equivalents (D+E+F)</b>		<b>9,462,814,435</b>	<b>11,418,321,970</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
In hand (Including foreign currency)		583,472,797	371,739,712
Balance with Bangladesh Bank and its agent bank(s)		5,537,084,434	3,955,735,004
Balance with other Banks and Financial Institutions		263,739,285	395,114,479
Placement with banks & Other Financial Institutions		3,078,517,919	6,695,732,775
		<b>9,462,814,435</b>	<b>11,418,321,970</b>

The annexed notes form an integral part of these financial statements



Managing Director  
(Current Charge)



Director



Director



Chairman

Signed in terms of our separate report of even date


Place: Dhaka  
Date: 23 February 2017




UNION BANK LIMITED  
STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2016

Particulars	Paid-up Capital Taka	Statutory Reserve Taka	Other Reserve Taka	Retained Earnings Taka	Total Taka
Balance as on 01 January 2016	4,280,000,000	233,241,638	145,749,665	452,966,555	5,111,957,858
Changes in Accounting Policy	-	-	-	-	-
<b>Restated Balance</b>	<b>4,280,000,000</b>	<b>233,241,638</b>	<b>145,749,665</b>	<b>452,966,555</b>	<b>5,111,957,858</b>
Surplus/Deficit on account of revaluation of properties	-	-	-	-	-
Surplus/Deficit on account of revaluation of investments	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	849,609,578	849,609,578
Net Profit for the year	428,000,000	-	-	(428,000,000)	-
Dividends	-	-	-	-	-
Stock	-	-	-	-	-
Cash	-	294,421,916	-	(294,421,916)	-
Transfer to Statutory Reserve	-	-	-	50,850,000	50,850,000
Transfer to Retained Earnings	-	-	-	-	-
Issue of Share Capital during the year	-	-	-	-	-
<b>Balance as on 31 December 2016</b>	<b>4,708,000,000</b>	<b>527,663,554</b>	<b>145,749,665</b>	<b>631,004,217</b>	<b>6,012,417,436</b>
<b>Balance as on 31 December 2015</b>	<b>4,280,000,000</b>	<b>233,241,638</b>	<b>145,749,665</b>	<b>452,966,555</b>	<b>5,111,957,858</b>

The annexed notes form an integral part of these financial statements

  
Managing Director  
(Current Charge)

  
Director

  
Director

  
Chairman

Signed in terms of our per separate report of even date

Place: Dhaka  
Date: 23 February 2017

UNION BANK LIMITED  
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)  
As at 31 December 2016

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
<b>Assets</b>						
Cash	583,472,797	-	-	-	-	583,472,797
Balance with banks & Other Financial Institutions	3,453,423,719	1,011,100,000	-	1,336,300,000	-	5,800,823,719
Placement with banks & Other Financial Institutions	-	2,988,517,919	-	90,000,000	-	3,078,517,919
Investments in Shares and Securities	418,479,214	1,100,000,000	2,050,000,000	300,000,000	-	3,868,479,214
Investments	2,716,200,000	9,571,900,000	51,769,000,000	3,093,090,750	-	67,150,190,750
Fixed Assets including Premises, Furniture & Fixtures	-	-	-	-	829,422,106	829,422,106
Other Assets	96,600,000	107,400,000	896,800,000	1,505,532,421	-	2,606,332,421
Non-banking Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>7,268,175,730</b>	<b>14,778,917,919</b>	<b>54,715,800,000</b>	<b>6,324,923,171</b>	<b>829,422,106</b>	<b>83,917,238,926</b>
<b>Liabilities</b>						
Placement from Banks & Other Financial Institutions	-	140,719,643	-	-	-	140,719,643
Deposits and Other Accounts	5,250,666,464	22,537,000,000	32,476,500,000	13,986,392,572	-	74,250,559,036
Other Liabilities	298,500,000	437,200,000	2,760,000,000	17,842,811	-	3,513,542,811
<b>Total Liabilities</b>	<b>5,549,166,464</b>	<b>23,114,919,643</b>	<b>35,236,500,000</b>	<b>14,004,235,383</b>	<b>-</b>	<b>77,904,821,490</b>
<b>Net Liquidity Gap</b>	<b>1,719,009,266</b>	<b>(8,336,001,724)</b>	<b>19,479,300,000</b>	<b>(7,679,312,212)</b>	<b>829,422,106</b>	<b>6,012,417,436</b>

The annexed notes form an integral part of these financial statements



**Managing Director**  
(Current Charge)



**Director**



**Director**



**Chairman**

Signed in terms of our separate report of even date

Place: Dhaka  
Date: 23 February 2017

# Notes to the Financial Statements

For the year ended 31 December 2016

## 1 THE BANK AND ITS ACTIVITIES

### 1.1 Status of the Bank

Union Bank Limited (UBL) was incorporated (No. C-107837/13) in Bangladesh on 07 March 2013 as a banking company under Companies Act 1994 to carry on Shariah based scheduled commercial banking business. It obtained permission from Bangladesh Bank on 10 March 2013 to commence its business (Ref: BRPD (P-3)/745(60)/2013-1153). Presently the Bank carries banking activities through its fifty seven (57) branches in the country. The Bank has no overseas branches as at 31 December 2016.

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

### 1.2 Nature of business/principal activities of the Bank

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

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

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

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

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

### 2.1 Statements of Compliance

#### 2.1.1 Departures from BFRS

The financial statements of the Bank are made up to 31 December 2016 and are prepared under the historical cost convention on a going concern basis and in accordance with the BRPD Circular # 15 dated 09 November 2009, with reference to the " First Schedule of Section 38(4) of the Bank Company Act 1991 as amended and by Bangladesh Bank BRPD Circular # 14 dated 25 June 2003, Other Bangladesh Bank Circulars, Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs), The Companies Act 1994, The Bank Company Act, 1991, The Income Tax Ordinance 1984, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and other laws and rules applicable in Bangladesh.

In case the requirements of guidelines and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and financial reporting standards (BFRSs), the guidelines and circulars issued by Bangladesh Bank prevails. As such the Bank has departed from those requirements of BFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

#### i. Provision on investments and off-balance sheet exposures

BFRS: As per BAS 39 "Financial Instruments: Recognition and Measurement" an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 dated 23 September 2012, BRPD circular No. 19 dated 27 December 2012, BRPD circular No. 05 dated 29 May 2013 and BRPD circular No. 16 dated 18 November 2014 a general provision at 0.25% to 5% under different categories of unclassified investments (good/standard investments) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard, doubtful and bad & loss investments have to be provided at 20%, 50% and 100% respectively (except short-term agricultural and micro-credits where 5% for sub-standard and doubtful investments and 100% for bad & loss investments) depending on the duration of overdue. Again as per BRPD Circular No.14 dated 23 September 2012 and BRPD Circular No.19 dated 27 December 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by "BAS 39 "Financial Instruments: Recognition and Measurement".

#### ii. Recognition of investment income in suspense

BFRS: Investment to customers are generally classified as 'loans and receivables' as per BAS 39 "Financial Instruments: Recognition and Measurement" and investment income is recognized through effective interest rate method over the term of the investment. Once an investment is impaired, investment income is recognized in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment is classified, investment income on such investment are not allowed to be recognized as income, rather the corresponding amount needs to be credited to profit suspense account, which is presented as liability in the balance sheet.

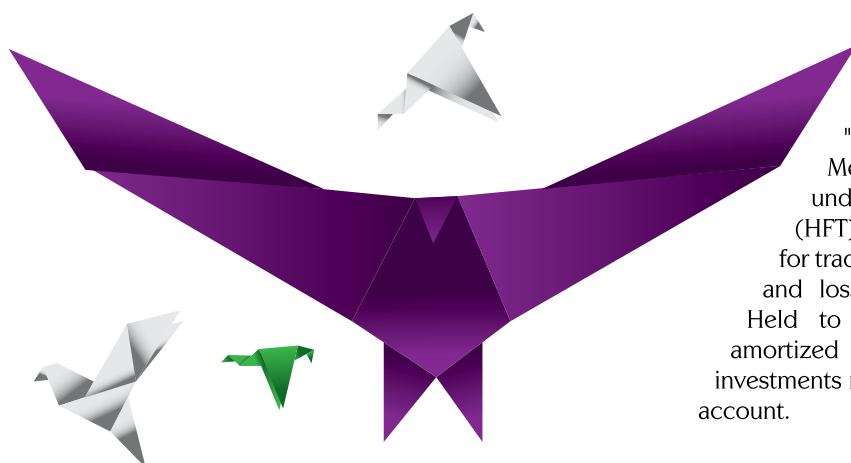
#### iii. Investment in shares and securities

BFRS: As per requirements of BAS 39 "Financial Instruments: Recognition and Measurement" investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

#### iv. Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 "Financial Instruments: Recognition and Measurement" where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognized through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortized cost method and income from investments recognized through the profit and loss account.



Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Profit on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

#### v. Other comprehensive income

BFRS: As per BAS 1 "Presentation of Financial Statements" Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statements of changes in equity.

#### vi. Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categorize, recognize, measure and present financial instruments differently from those prescribed in BAS 39 "Financial Instruments: Recognition and Measurement". As such full disclosure and presentation requirements of BFRS 7 "Financial Instruments: Disclosures" and BAS 32 "Financial Instruments: Presentation" cannot be made in the financial statements.

#### vii. Financial guarantees

BFRS: As per BAS 39 "Financial Instruments: Recognition and Measurement", financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognized for the guarantee except the cash margin.

#### viii. Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank that are required to be kept as part of cash reserve requirement, should be treated as other asset as it is not available for use in day to day operations as per BAS 7 "Statement of Cash Flows".

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

#### ix. Cash flow statement

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow statement is to be prepared following a mixture of direct and indirect methods

#### x. Non-banking asset

BFRS: No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, there must exist a face item named Non-banking asset.

#### xi. Presentation of intangible asset

BFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per BAS 38 "Intangible Assets".

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009.

#### xii. Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

#### xiii. Investments net of provision

BFRS: Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, provision on investments is presented separately as liability and cannot be netted off against investments.

#### xiv. Revenue

As per BAS 18 "Revenue", revenue should be recognized on accrual basis but due to the unique nature of Islamic Banks, income from investment under Mudaraba, Musharaka, Bai-Salam, Bai-as-Sarf and Ijarah modes is accounted for on realization basis as per AACIFI and Bangladesh Bank guidelines.

### 2.1.2 Authorization of the financial statements for issue

The financial statements of the Bank have been authorized for issue by the Board of Directors on 23 February 2017.

### 2.1.3 Changes in accounting standards

No new International Financial Reporting Standards (IFRSs) have been adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Financial Reporting Standards (BFRSs) during the year that are effective for the first time for the financial year 2016 that have a significant impact on the Bank Company and accordingly no new accounting standards have been applied in preparing these financial statements.

### 2.1.4 Prior period adjustments

Prior period adjustments, if any, is recognized retrospectively as per BAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

### 2.2 Basis of Preparation of Financial Statements

The Financial Statements of Union Bank Limited (UBL) represent Balance Sheet and Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and Liquidity 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 BAS # 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 BAS # 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 recorded 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:
  - a. It is probable that economic benefits, associated with transaction will flow to the entity; and
  - b. The amount of the revenue can be measured reliably.

### 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 BAS # 21. Assets and liabilities in foreign currencies as at 31 December 2016 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 2016 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 \$	78.7800
Euro	82.9941
Yen	0.6888
ACU	78.7800
GBP	97.0394
CHF	77.6425
SGD	54.6469
AUD	57.1924
CAD	58.5673

### 2.6.4 Translation gains and losses

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

### 2.7.2 Investments

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

As per instructions contained in Bangladesh Bank BCD circular no 34, dated November 16 1989, BCD circular no 20, dated 27 December 1994, BCD circular no 12, dated September 4, 1995, BRPD circular no 16, dated December 6, 1998, BRPD circular no 09, dated May 2001, BRPD circular no 5, dated June 5, 2006, BRPD circular no 14, dated September 23, 2012, BRPD circular no 19, dated December 27, 2012, BRPD circular no. 05, dated May 29, 2013, 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 instructions of BRPD circular nos. 16, 09, 08, 05, 14, 19, 05, 16 and 08 dated December 6, 1998, May 14, 2001, October 2005, June 5, 2006, September 23, 2012, December 27, 2012, May 29, 2013, November 18, 2014 and August 02, 2015 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, SME Financing, Housing Finance, Investment to professionals to set up business,



- Investment to Brokerage Houses, Merchant Banks, Stock Dealers etc.,) 1%
- Unclassified Consumer Financing (Other than Housing Finance and Investment for Professionals to set up business) 5%
- Unclassified Investment 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 2%
- 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) has 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 Investment in shares and securities

Investment in shares and securities (other than government treasury securities) are initially measured at fair value (which is actually the cost) and subsequently accounted for depending on their classification as either held to maturity, fair value through profit or loss, or available for sale.

Investment in Bangladesh Government Islamic Investment Bond (BGIIB) is measured both initially and subsequently at cost, which is also the fair value.

#### 2.7.3.1 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 BAS # 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 BAS # 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 BAS # 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 BAS # 16 Property Plant and Equipment depreciation has been charged on property and equipment at the following rates using reducing balance method, except on office equipment, motor vehicles and

building on which straight-line method is applied.

Nature of Assets	Rate of Depreciation	Method of Depreciation
Furniture and Fixtures	10%	Reducing Balance Method.
Office Equipment	20%	Reducing Balance Method except Computer Equipment where used Straight 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 (BAS) # 16.

## 2.8 Statutory Reserve

As per section 24 of Bank Company Act 1991 (amended upto 2013), atleast 20% of the profit before tax is transferred to the statutory reserve each year until the baance of the reserve equates with the paid-up capital.

## 2.9 Liabilities and Provisions

### 2.9.1 Taxation

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

#### 2.9.1.1 Current Tax

Provision for corporate current income tax has been made @ 40% as prescribed in the Finance Act 2016 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS # 12: Income Taxes.

#### 2.9.1.2 Deferred Tax

Deferred tax is recognized in compliance with BAS 12 "Income Taxes" and BRPD Circular no. 11 dated 12 December 2011, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of balance sheet. Deferred tax assets and liabilities are offset as there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each date of balance sheet and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 2.9.2 Retirement Benefits of Employees

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

#### 2.9.2.1 Provident Fund

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

#### 2.9.2.2 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. Adequate provision has been made for gratuity in line of BAS # 19 "Employee Benefits".

#### 2.9.2.3 Workers' Profit Participation Fund (WPPF)

As per Bangladesh Labour Act, 2006 as amended in 2013 all companies fall within the scope of WPPF (which includes

Bank) are required to provide 5% of its profit before charging such expense to their eligible employees within the stipulated time. But the provision for WPPF as per Bangladesh Labour Act 2006 as amended 2013 contradicts with the Bank Company Act 1991, section 11 sub section b(ii) . As such the Bank did not make any provision during the year for WPPF.

#### 2.9.2.4 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.

#### 2.9.3 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.

#### 2.9.4 Contingent Liabilities, Commitments and Other Off-Balance Sheet items

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

#### 2.9.5 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.

#### 2.9.6 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.

#### 2.10 Others

##### 2.10.1 Cash Flow Statement

Cash Flow Statement is prepared in accordance with BAS 7 "Statement of Cash Flows", and as per "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009 and BRPD Circular No.14 dated 25.06.2003. The Statement shows the structure of changes in cash and cash equivalents during the financial year.

##### 2.10.2 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 and 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.

##### 2.10.3 Comparative Information

As guided in paragraph 36 and 38 of BAS # 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.

##### 2.10.4 Earnings Per Share (EPS)

###### 2.10.4.1 Basic Earnings Per Share

Earnings per share have been calculated in accordance with BAS # 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.

#### 2.10.4.2 Diluted Earnings Per Share

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

#### 2.10.5 Functional and Presentation Currency

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

### 2.11 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:

#### 2.11.1 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.

#### 2.11.2 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.

#### 2.11.3 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.

#### 2.11.4 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, 2012 & Anti Terrorism Act, 2012. 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.

#### 2.11.5 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.

#### 2.11.6 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.

#### 2.11.7 Internal audit

"Internal Audit is used as an important element to ensure good governance of UBL. Internal Audit activity of UBL is effective and it provides senior management with a number of important services. These include detecting and preventing fraud, testing internal control, and monitoring compliance with own policies & procedures, applicable rules & regulations, instructions/ guidelines of regulatory authority etc.

During the year 2016, Audit Division of Internal Control & Compliance Wing conducted inspection on most of the Branches/ Divisions of Head Office of the Bank and submitted reports presenting the findings of the audits/ inspections. Necessary control measures and corrective actions have been taken on the suggestions or observations made in these reports. The reports or key points of the reports have also been discussed in the meetings of the Audit Committee of the Board and necessary steps have been taken according to the decision of the said Committee for correct functioning of Internal Controls & Compliance."

#### 2.11.8 Fraud and forgeries

Fraud means wrongful or criminal deception intended to result in financial or personal gain. It will never be possible to eliminate all frauds and no system is completely fraud proof, since many fraudsters are able to bypass control systems put in place. UBL continuously pays attention to implement and improve the anti-fraud internal controls for prevention of fraud and forgery. UBL assesses /evaluates the effectiveness of its Anti-Fraud Internal Control measures on quarterly basis as per the items/ areas mentioned in the prescribed checklist of Bangladesh Bank. During the year 2016, no incident of fraud have been detected by the Bank.

#### 2.12 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 it's 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%.

#### 2.13 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 Profit 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.

#### 2.14 Reporting Period

The accounting year is 01 January to 31 December. The reporting year of 2016 is from 01 January 2016 to 31 December 2016.

#### 2.15 Regulatory and legal compliance

Among others, the Bank complied with the requirements of the following circular, rules and regulations:

- a) The Bank Company Act, 1991 as amended
- b) The Companies Act, 1994

- c) "Guidelines for Islamic Banking" and BRPD Circular No. 14 dated 25.06.2003 issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009.
- d) Other circulars, rules and regulations issued by Bangladesh Bank from time to time
- e) Income Tax Ordinance, 1984
- i) VAT Act, 1991
- j) Standards issued by AAOIFI
- k) The Stamp Act-1899
- l) The Customs Act-1969
- m) The Money Laundering Prevention Act, 2012
- n) The Anti-Terrorism (Amendment) Act, 2012 etc.

## 2.16 Compliance with Financial Reporting Standards as applicable in Bangladesh

Sl. No.	BFRS No.	BFRS Title	Compliance Status
1	1	First-time adoption of International Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance Contracts	Not Applicable
5	5	Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
6	6	Exploration for and Evaluation of Mineral Resources	Not Applicable
7	7	Financial Instruments: Disclosures	Complied
8	8	Operating Segments	Complied
9	10	Consolidated Financial Statements	Not Applicable
10	11	Joint Arrangements	Not Applicable
11	12	Disclosure of Interests in other Entities	Not Applicable
12	13	Fair Value Measurement	Complied

Sl. No.	BAS No.	BAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied
2	2	Inventories	Not Applicable
3	7	Statement of Cash Flows	Complied
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Complied
10	18	Revenue	Complied
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Disclosure of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchange Rates	Complied
14	23	Borrowing Costs	Not Applicable
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Complied
17	27	Separate Financial Statements	Not Applicable
18	28	Investments in Associates and Joint Ventures	Not Applicable
19	29	Financial Reporting in Hyperinflationary Economics	Not Applicable
20	31	Interest in Joint Ventures	Not Applicable
21	32	Financial Instruments: Presentation	Complied
22	33	Earnings per Share	Complied
23	34	Interim Financial Reporting *	Complied
24	36	Impairment of Assets	Complied
25	37	Provisions, Contingent Liabilities and Contingent Assets	Complied
26	38	Intangible Assets	Complied
27	39	Financial Instruments: Recognition and Measurement	Complied
28	40	Investment Property	Not Applicable

(\* ) Complied while the quarterly and half-yearly interim financial reports were prepared during the year.

## 2.17 General

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

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

	31.12.2016 Taka	31.12.2015 Taka
<b>3 CASH</b>		
<b>3.1 Cash in Hand</b>		
In Local Currency	583,355,334	371,352,597
In Foreign Currencies	117,463	387,115
	583,472,797	371,739,712
<b>3.2 Balance with Bangladesh Bank and its Agent Bank</b>		
In Local Currency	5,430,395,562	3,899,120,967
In Foreign Currencies	106,688,872	56,614,037
	5,537,084,434	3,955,735,004
	6,120,557,231	4,327,474,716

**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	4,075,252,920	3,110,319,277
Actual Reserve maintained	5,424,182,619	3,895,326,446
Surplus/(Short)	1,348,929,699	785,007,169

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

Required Reserve	3,735,648,497	2,631,808,619
Actual Reserve held	4,898,827,581	3,856,746,031
Surplus/(Short)	1,163,179,084	1,224,937,412

**4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS AND PLACEMENT**

**4.1 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS**

**A. Inside Bangladesh**

<b>Al-Wadiah Current Accounts</b>		
Janata Bank Ltd.	733,886	23,035
<b>Others Accounts:</b>		
<b>Mudaraba Short Notice Deposits</b>		
First Security Islami Bank Ltd.	109,548,309	130,120,712
Prime Bank Ltd.	25,000	25,000
Trust Bank Ltd.	2,147,363	1,582,640
Islami Bank Bangladesh Ltd.	4,422,317	8,050,000
	116,142,989	139,778,352
	116,876,875	139,801,387



B.	Outside Bangladesh	Currency	Amount	Rate	31.12.2016	31.12.2015
					Taka	Taka
	Current Account					
	Sonali Bank (UK) Limited, UK	EURO	66,058.97	82.9941	5,482,504	48,861
	Sonali Bank (UK) Limited, UK	GBP	96.72	97.0394	9,386	93,034
	Sonali Bank (UK) Limited, UK	USD	120,983.33	78.7800	9,531,067	73,731,187
	Habib Bank Limited, New York, USA	USD	1,551,805.34	78.7800	122,251,225	145,906,483
	Habib Bank Limited, Karachi, Pakistan	ACU	4,620.03	78.7800	363,966	771,862
	AB Bank Ltd., Mumbai, India	ACU	77,074.32	78.7800	6,071,915	16,665,273
	United Bank of India, Kolkata, India	ACU	40,000.06	78.7800	3,151,205	17,774,618
	National Australia Bank	AUD	-	-	-	278,734
	Mizuho Bank Ltd. Tokyo, Japan	JPY	650.00	0.6888	448	42,369
	National Bank of Pakistan, Tokyo, Japan	JPY	1,010.00	0.6888	696	671
					146,862,410	255,313,092
	<b>Total (A+B)</b>				<b>263,739,285</b>	<b>395,114,479</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>4.1.1 Maturity-wise Grouping ( Inside and Outside Bangladesh)</b>		
Payable on Demand	263,739,285	395,114,479
Up to Three Months	-	-
Three Months to One Year	-	-
One Year to Five Years	-	-
Above Five Years	-	-
	<b>263,739,285</b>	<b>395,114,479</b>
<b>4.2 Placement with banks &amp; Other Financial Institutions</b>		
Reliance Finance Limited	2,988,517,919	6,605,732,775
Phoenix Finance and Investments Ltd.	90,000,000	90,000,000
	<b>3,078,517,919</b>	<b>6,695,732,775</b>
<b>4.2.1 Maturity-wise Grouping (Placement with banks &amp; other FI)</b>		
Payable on Demand	-	-
Up to Three Months	2,988,517,919	6,696,712,775
Three Months to One Year	-	-
One Year to Five Years	90,000,000	-
Above Five Years	-	-
	<b>3,078,517,919</b>	<b>6,696,712,775</b>
<b>5 INVESTMENTS IN SHARES AND SECURITIES</b>		
<b>Government Securities</b>		
Bangladesh Govt. Islamic Investment Bonds	3,550,000,000	2,700,000,000
<b>Others</b>		
Subordinated Bond	300,000,000	-
Quoted Shares (Note - 5.1)	18,479,214	406,187,398
	<b>318,479,214</b>	<b>406,187,398</b>
	<b>3,868,479,214</b>	<b>3,106,187,398</b>
<b>5.1 Quoted Shares</b>		
<b>Name of Companies</b>	<b>Acquisition cost</b>	<b>Acquisition cost</b>
CVO Petrochemical Refinery Limited	-	18,693,911
Advance Chemical Industries Ltd.	29,388	-
Grameenphone Ltd.	-	2,392,092
RAK Ceramics (Bangladesh) Ltd.	1,551,180	1,895,371
Heidelberg Cement Bangladesh	-	617,460
Lafarge Surma Cement Ltd.	13,077,439	14,297,535
Bangladesh Thai Aluminium	256,020	-
Beacon Pharmaceuticals Ltd.	42,800	-
JMI Syringes & Medical Devices Ltd.	890,523	-
Unique Hotel & Resorts Ltd.	1,333,312	-
United Power Generation & Distribution Company Ltd.	230,920	-
National Bank Ltd.	-	365,696,892
Shahjibazar Power Co. Ltd.	408,615	488,213
Rahima Food Corporation Ltd.	-	1,446,907
Tallu Spinning Mills Ltd.	659,017	659,017
	<b>18,479,214</b>	<b>406,187,398</b>
<b>5.2 Market Value of Quoted Shares</b>	<b>21,311,275</b>	<b>359,200,980</b>
<b>5.3 Maturity Grouping of Investments in Shares and Securities</b>		
On Demand	-	-
One Month to three Months	1,518,479,214	1,106,187,398
Three Months to One Year	2,050,000,000	2,000,000,000
One Year to Five Years	-	-
More than Five Years	300,000,000	-
	<b>3,868,479,214</b>	<b>3,106,187,398</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>6 INVESTMENTS (All Inside Bangladesh)</b>		
General Investments (Bai-Murabah, Bai-Muajjal, HPSM etc.) (Note-6.A)	52,351,997,718	37,548,628,509
Bills Purchased and Discounted (Note - 6.B)	14,798,193,032	8,044,240,754
	<b>67,150,190,750</b>	<b>45,592,869,263</b>
<b>6.A General Investment ( Bai-Murabaha, Bai-Muajjal, HPSM etc.)</b>		
<b>Inside Bangladesh</b>		
Bai Murabaha (Hypo)	1,090,816,521	1,544,427,878
Bai Murabaha against MTDR	10,145,675,843	3,324,237,489
Bai Murabaha TR	22,655,521,491	13,457,181,155
Bai Murabaha (Post Import) TR	1,737,641,723	418,271,296
Bai Murabaha (TR) SME	2,062,559,025	795,267,157
Bai Murabaha Agriculture	522,893,792	464,004,392
Bai Murabaha (TR) Agriculture	35,358,084	4,474,802
Bai Murabaha (TR) Women Entrepreneur	9,344,871	2,404,717
Bai Murabaha General	11,030,666,479	14,814,863,298
Bai Muazzal	44,457,411	81,118,686
HPSM (Real Estate)	489,075,882	583,407,285
HPSM (Transport)	21,801,972	16,146,564
HPSM (SME)	991,390	967,158
HPSM House Building Staff	140,676,930	74,889,113
HPSM Rural Housing	422,524	-
HPSM House Building General	67,418,758	31,399,557
HPSM Industrial Term	744,821,774	837,726,946
HPSM Machinery	1,168,388,032	358,102,803
HPSM Machinery Women Entrepreneur	1,445,656	1,384,000
Quard against MTDR	116,122,150	636,644,075
Car Leasing Scheme Staff	56,671,356	49,887,826
Murabaha EDF Investment	138,506,773	13,148,175
Bai Istisna	43,081,305	-
HPSM Consumer Durables (Scheme)	27,637,976	38,674,137
	<b>52,351,997,718</b>	<b>37,548,628,509</b>
<b>Outside Bangladesh</b>	-	-
	<b>52,351,997,718</b>	<b>37,548,628,509</b>
<b>6.B Bills Purchased and Discounted</b>		
Payable in Bangladesh	14,798,193,032	8,044,240,754
Payable outside Bangladesh	-	-
	<b>14,798,193,032</b>	<b>8,044,240,754</b>
	<b>67,150,190,750</b>	<b>45,592,869,263</b>
<b>6.1 Maturity Grouping of Investments</b>		
Payable on Demand	2,716,200,000	1,922,600,000
Up to Three Months	9,571,900,000	5,621,800,000
Three Months to One Year	51,769,000,000	34,494,600,000
One Year to Five Years	3,093,090,750	3,553,869,263
Above Five Years	-	-
	<b>67,150,190,750</b>	<b>45,592,869,263</b>
<b>6.2 Analysis to disclose the following Significant Concentration including Bills Purchased &amp; Discounted</b>		
Investments to Directors of other Banks	6,117,046,423	5,113,066,046
Investments to Chief Executive and Other high Officials	-	-
Investments to Customers Group	51,513,038,314	32,554,640,894
Investments to Industry	9,302,959,578	7,770,141,761
Investment to staff	217,146,435	155,020,562
	<b>67,150,190,750</b>	<b>45,592,869,263</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>6.3 Investments to Customers amounting to 10% or more of UBL's Total Regulatory Capital</b>		
Number of Clients	25	13
Amount of Outstanding Investments:		
Funded	6,163,400,000	7,155,100,000
Non-funded	3,113,700,000	2,936,900,000
	<b>9,277,100,000</b>	<b>10,092,000,000</b>
<b>6.4 Sector wise Investments</b>		
Agriculture	558,829,811	468,178,327
Ready Made Garments (RMG)	541,034,734	602,513,279
Textile	2,802,654,134	2,839,554,411
Ship Building	94,390,499	91,628,431
Ship Breaking	-	-
Other Manufacturing industry	2,091,147,875	1,134,383,811
SME Loans	2,073,763,006	798,639,033
Construction	-	54,533,645
Power, Gas	-	-
Transport, Storage and Communication	9,723,344	38,937,943
Trade Service	54,478,813,553	35,543,174,998
Commercial real estate financing	2,941,101,258	2,755,122,888
Residential real estate financing	72,967,583	31,399,557
Consumer credit	359,064,815	222,420,838
Capital market	88,125,191	438,598,882
Non Banking Financial Institutions (NBFI)	-	-
Others	1,038,574,947	573,783,218
	<b>67,150,190,750</b>	<b>45,592,869,263</b>
<b>6.5 Geographical Location-wise Investments</b>		
<u>Urban</u>		
Dhaka	37,341,797,778	26,827,872,319
Chittagong	24,750,914,950	16,239,175,952
Barisal	2,955,997	-
Rajshahi	66,234,588	32,131,508
Khulna	28,344,746	14,329,157
Rangpur	-	-
Sylhet	30,169,532	31,291,881
	<b>62,220,417,591</b>	<b>43,144,800,817</b>
<u>Rural</u>		
Dhaka	143,151,205	84,942,327
Chittagong	4,661,145,043	2,318,205,225
Khulna	-	-
Barisal	-	-
Rangpur	86,963,058	36,254,643
Sylhet	19,544,228	8,666,251
Rajshahi	18,969,625	-
	<b>4,929,773,159</b>	<b>2,448,068,446</b>
	<b>67,150,190,750</b>	<b>45,592,869,263</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>6.6 Classification of Investments as per Bangladesh Bank (BRPD) Circular</b>		
<u>Unclassified</u>		
Standard	66,748,440,264	45,586,497,608
Special Mention Account	354,099,412	5,484,518
	<b>67,102,539,676</b>	<b>45,591,982,126</b>
<u>Classified:</u>		
Sub-standard	23,564,907	396,938
Doubtful	18,745,530	490,199
Bad & Loss	5,340,637	-
	47,651,074	887,137
	<b>67,150,190,750</b>	<b>45,592,869,263</b>
<b>6.7 Particulars of Required Provision for Investments</b>		
<u>Classification status</u>		
<u>Unclassified</u>		
Standard	731,562,036	514,996,197
Special Mention Account	6,515,231	81,845
	<b>738,077,267</b>	<b>515,078,042</b>
<u>Classified:</u>		
Sub - Standard	1,545,371	76,323
Doubtful	5,915,198	225,672
Bad and Loss	1,179,934	-
	8,640,503	301,995
	<b>746,717,770</b>	<b>515,380,037</b>
Required Provision for Investments	746,717,770	515,380,037
Total Provision Maintained	828,000,000	529,500,000
Provision Excess/ (Shortfall)	<b>81,282,230</b>	<b>14,119,963</b>
* Details of provision as shown in note 2.7.2		
<b>6.8 Particulars of Investments</b>		
i) Investments considered good in respect of which the Bank Company is fully secured	42,985,700,000	32,633,107,990
ii) Investments considered good for which the bank holds no Security other than the debtors personal security	12,607,073,642	2,613,810,101
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	11,557,417,108	10,345,951,172
iv) Investments adversely classified; provision not maintained there against	-	-
	<b>67,150,190,750</b>	<b>45,592,869,263</b>
v) Investments due by directors or executives of the banking company or any of them taken either severally or jointly with any other person.	-	-
vi) Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.	-	-

	31.12.2016 Taka	31.12.2015 Taka
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	46,763,937	887,137
a. Movement of classified Investments		
Opening balance	887,137	-
Increase/ (Decrease) during the year	46,763,937	887,137
	47,651,074	887,137
b. Amount of provision kept against investment classified as 'bad/loss' on the reporting date of Balance Sheet	1,179,934	-
c. Profit credited to the profit/Rent/Compensation Suspense Account	6,588,660	54,179
xi) Amount of written off Investment:		
a. Cumulative amount	-	-
b. Amount written off during the period	-	-
c. Total amount of written off (a+b)	-	-
d. Amount recovered against such written- off up to this year	-	-
e. Amount of investment written- off against which suit has been filled to recover the same.	-	-
<b>6.9 Security against Investments including bills purchased &amp; discounted:</b>		
Collateral of movable/immovable assets	32,723,902,008	22,239,920,341
Local banks & financial institutions guarantee	-	-
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	12,607,073,642	7,881,825,440
Fixed deposits receipts:	-	-
Own MTDR	10,261,797,992	3,960,881,564
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	11,557,417,108	11,510,241,918
Other security	-	-
Unsecured	-	-
	67,150,190,750	45,592,869,263
<b>6.10 Maturity Grouping of Bills Purchased and Discount</b>		
Payable within one month	739,909,652	432,415,314
Over one month but less than three months	3,255,602,467	1,764,125,440
Over three months but less than six months	10,802,680,913	5,847,700,000
Six Months and Above	-	-
	14,798,193,032	8,044,240,754

	31.12.2016 Taka	31.12.2015 Taka
<b>7 FIXED ASSETS INCLUDING PREMISES, FURNITURE &amp; FIXTURES AT COST LESS ACCUMULATED DEPRECIATION (ANNEXURE-A)</b>		
Furniture & Fixtures	601,760,096	412,535,627
Office Equipment	403,579,867	328,953,739
Vehicles	91,486,719	91,486,719
Books	49,640	40,470
	<b>1,096,876,322</b>	<b>833,016,555</b>
Less: Accumulated Depreciation	267,454,216	153,818,475
	<b>829,422,106</b>	<b>679,198,080</b>
<b>8 OTHER ASSETS</b>		
Inter - branch Transaction Account (Note - 8.a)	65,615,684	42,188,869
Accrued Income on MTDR	77,894,377	142,150,582
Advances, Deposits and Prepayment (Note - 8.1)	1,566,671,797	1,565,231,726
Advance Income Tax	751,864,237	384,755,231
Stock of Stationery	7,253,808	5,814,921
Suspense Account (Note - 8.2)	136,254,573	111,665,302
Stamps on Hand	777,945	378,225
	<b>2,606,332,421</b>	<b>2,252,184,856</b>
<b>8.a</b> Inter-branch transaction account represents outstanding Inter-branch and Head Office transaction (net) originated but yet to be responded at the balance sheet date. However, the status of non respondent entries on 31.12.2016 have been reconciled on 22.02.2017.		
<b>8.1</b> Advance, Deposits and Prepayment		
Advance against Rent - Office	271,818,395	299,896,894
Prepayment	1,294,853,402	1,265,334,832
	<b>1,566,671,797</b>	<b>1,565,231,726</b>
<b>8.2</b> Suspense Account		
Sundry Debtors	112,788,969	108,381,342
Advance against TA/DA	50,300	60,300
Advance against New Branch	23,415,304	3,223,660
	<b>136,254,573</b>	<b>111,665,302</b>
<b>9 PLACEMENT FROM BANK AND OTHER FINANCIAL INSTITUTIONS</b>		
<b>Inside Bangladesh</b>		
Bangladesh Bank (Refinance Scheme)	3,052,985	-
Bangladesh Bank (Export Development Fund)	137,666,658	12,990,443
	<b>140,719,643</b>	<b>12,990,443</b>
<b>Outside Bangladesh</b>	-	-
	<b>140,719,643</b>	<b>12,990,443</b>
<b>A. Security- wise grouping</b>		
Secured Placement	-	-
Unsecured Placement	140,719,643	12,990,443
	<b>140,719,643</b>	<b>12,990,443</b>
<b>B. Repayment Nature wise Grouping</b>		
Repayable on demand	-	-
Others	140,719,643	12,990,443
	<b>140,719,643</b>	<b>12,990,443</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>C. Maturity Analysis</b>		
Repayable on Demand	-	-
Repayable within One Month	-	-
One Month to Six Months	-	-
Six Month to One Year	-	-
One Year to Five Years	140,719,643	12,990,443
Five Years to Ten Years	-	-
Unclaimed Deposits Ten Years and Over	-	-
	<b>140,719,643</b>	<b>12,990,443</b>
<b>10 DEPOSITS AND OTHER ACCOUNTS</b>		
Mudaraba Savings Deposits (Note-10.1)	1,688,892,795	923,535,744
Mudaraba Term Deposits (Note-10.2)	54,741,355,944	45,296,112,256
Other Mudaraba Term Deposits (Note-10.3)	11,861,935,948	6,429,286,034
Al-Wadia Current Accounts and Other Accounts (Note-10.4)	5,569,007,885	2,847,238,630
Bills Payable (Note-10.5)	389,366,464	59,264,040
	<b>74,250,559,036</b>	<b>55,555,436,704</b>
<b>10.1 Mudaraba Savings Deposits</b>		
As per BRPD Circular No. 06, dated 24 June 2007, total saving bank deposits amount is bifurcated into:		
9 % of total Mudaraba Savings Deposits	152,000,352	83,118,217
91% of total Mudaraba Savings Deposits	1,536,892,443	840,417,527
	<b>1,688,892,795</b>	<b>923,535,744</b>
<b>10.2 Mudaraba Term Deposits- Maturity wise Grouping</b>		
Payable on Demand	214,272,253	102,300,000
Up to Three Months	23,680,333,987	19,784,345,831
From Three Months to Six Months	16,950,336,692	10,654,412,090
Above Six Months to One Year	13,878,456,162	14,741,084,335
Above One Year to Two Years	8,016,850	5,900,000
Above Two Years	9,940,000	8,070,000
	<b>54,741,355,944</b>	<b>45,296,112,256</b>
<b>10.3 Other Mudaraba term Deposits</b>		
Mudaraba Monthly Savings Scheme	776,489,176	248,308,530
Mudaraba Double Benefit Deposits Scheme	5,683,183,650	3,432,194,132
Mudaraba Monthly Profit Scheme	4,924,587,928	2,574,339,942
Mudaraba Millionaire Savings Scheme	341,189,684	139,864,258
Mudaraba Kotipoti Deposit Scheme	34,987,584	12,973,679
Mudaraba Marriage Scheme	6,043,329	2,593,228
Mudaraba Pension Scheme	310,991	205,644
Mudaraba Hajj Deposit Scheme	2,150,117	164,500
Mudaraba Pension Scheme	39,780,939	17,571,101
Mudaraba Muhor Savings Scheme	387,181	39,000
Mudaraba Corepoty Sanchaya Scheme	52,825,369	1,032,020
	<b>11,861,935,948</b>	<b>6,429,286,034</b>
<b>10.4 Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>		
Al-wadiah Current Deposits	2,189,112,488	1,993,573,378
Mudaraba Short Notice Deposits	3,014,678,858	462,126,562
Sundry Deposits (Note-10.4.1)	365,216,539	391,538,690
	<b>5,569,007,885</b>	<b>2,847,238,630</b>



**10.4.1 Sundry Deposits**

	31.12.2016 Taka	31.12.2015 Taka
Security Deposit	149,088,025	120,020,540
Sundry Creditors	19,152,971	32,607,386
Income Tax Deduction at Source -Profit on Deposit	32,332,853	27,359,032
Income Tax on Local L/C	31,939	10,256
Income Tax on Export bill (Foreign)	394,321	1,017,592
Income Tax on Export bill (Local)	29,280,728	-
Income Tax on Local/Buying Agents Commission	18,258	-
Excise Duty on Deposit & Investment	51,320,037	33,047,997
Tax on Honorarium	16,700	-
VAT on Online Charge	8,302	1,120
VAT on Commission TT/DD/PO/LG	16,385	13,093
VAT on Service Charge and Others	1,288,887	834,982
VAT Deduction Bills Paid	368,481	1,090,005
VAT Deduction from advertisement Bill	330,554	115,898
VAT on Rent and Others	814,167	508,272
VAT on Directors Fee	33,600	-
VAT on L/C	781,970	674,131
VAT on Postage	44,142	865
VAT on Security Service	52,001	23,397
VAT on Swift Charge	43,676	23,973
VAT on L/C Advising Charge	14,125	2,034
VAT on EXP Issue Charge	105	600
VAT on Acceptance Commission	113,286	215,608
VAT on Bank Guarantee Commission	69,748	386,278
VAT on ADD Confirmation charge	-	14,891
VAT on FDD collection charge	1,080	116,032
VAT on commission on export bill	98,976	171,293
VAT on income from ATM	259,947	55,969
VAT in Misc. Earnings	17,331	3,227
Income Tax Deduction at Source - Office rent	279,612	282,166
Income Tax Deduction at Source - Bills	602,280	688,887
Income Tax Deduction at Source - Advertising Bill	88,148	30,906
Income Tax Deduction at Source-Employee's	1,661,503	890,743
Income Tax on Foreign Buyer	154,705	-
Govt. Tax on Export (Garments)	-	5,348,284
Marginal Deposit Export	518,594	468,857
F.C. Held against B.B L/C	44,211,915	106,899,842
Sundry Deposit - Swift charge	2,564,408	30,908
Sundry Deposit LAC (Export)	17,478,604	2,635,532
S/D/A/C ATM Charge collection Account	177,297	57,563
D&B Credit report collection fee	534	27,161
ATM Charge (NPSB)	113,552	14,580
S/D/A/C VAT on Polli Bidyut Samity	614,399	427,201
Central Fund (RMG Sector)	795	-
NR. USD A/C Wall street Finance	-	826,042
NR. Taka A/C Wall street Finance	1,273,363	680,055
Security Deposit A/C Wall Street	1,946,250	1,946,250
S/D Cash incentive against export	40,470	170,070
NR. Tk. A/C Transfast Remittance	5,547,515	49,849,172
SD. A/C Transfast Remittance, LLC	1,950,000	1,950,000
	<b>365,216,539</b>	<b>391,538,690</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>10.5 Bills Payable</b>		
Pay Order Issued	389,362,858	59,264,040
Demand Draft Issued	3,606	-
	<b>389,366,464</b>	<b>59,264,040</b>
<b>Maturity wise Grouping of Deposits and Other Accounts</b>		
Repayable within One Month	3,309,968,096	3,183,400,000
One Month to Three Months	23,680,333,988	17,782,200,000
Three Months to One Year	30,828,792,854	26,919,400,000
One Year to Five Years	16,431,464,098	7,670,436,704
Repayable over Five Years	-	-
	<b>74,250,559,036</b>	<b>55,555,436,704</b>
<b>10. A Deposits received from Banks (Note A-1 )</b>	<b>1,009,706,498</b>	<b>2,000,000,000</b>
<b>10.B Deposits received from other than Bank</b>		
Payable on Demand (Note B-1)	3,095,695,843	2,527,494,325
Other Deposits (Note B-2 )	70,145,156,695	51,027,942,379
	<b>73,240,852,538</b>	<b>53,555,436,704</b>
	<b>74,250,559,036</b>	<b>55,555,436,704</b>
<b>10. A.1 Deposits Received from Banks</b>		
AB Bank Limited	6,303	-
Islami Bank Bangladesh Ltd.	1,007,375,805	1,850,000,000
Trust Bank Ltd.	675,915	-
South Bangla Agriculture and Commerce Bank Ltd.	1,545,283	-
Bank Asia Ltd.	-	150,000,000
NRB Global Bank Ltd.	103,192	-
	<b>1,009,706,498</b>	<b>2,000,000,000</b>
<b>Maturity wise Grouping of Deposits Received from Banks</b>		
Repayable on Demand	-	-
Repayable within One Month	1,009,706,498	400,000,000
Repayable over One Month but within Six Months	-	1,600,000,000
Repayable over Six Months but within one Year	-	-
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	<b>1,009,706,498</b>	<b>2,000,000,000</b>
<b>B-1 Payable on Demand</b>		
Al-wadiah Current Deposits	2,189,112,488	1,993,573,378
Mudaraba Saving Deposits (9%) (Note-10.1)	152,000,352	83,118,217
Bills Payable (Note-10.5)	389,366,464	59,264,040
Sundry Deposits (Note-10.4.1)	365,216,539	391,538,690
	<b>3,095,695,843</b>	<b>2,527,494,325</b>
<b>B- 2 Other Deposits</b>		
Mudaraba Saving Deposits (91%) (Note-10.1)	1,536,892,443	840,417,527
Mudaraba Term Deposits	54,741,355,944	43,296,112,256
Mudaraba Short Notice Deposits	2,004,972,360	462,126,562
Other Mudaraba Term Deposits (Note-10.3)	11,861,935,948	6,429,286,034
	<b>70,145,156,695</b>	<b>51,027,942,379</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>11 OTHER LIABILITIES</b>		
Inter - branch Transaction Account	-	-
Provision for Taxation (Note-11.1)	1,125,674,045	491,199,512
Accumulated Provision against Investments (Note-11.2)	828,000,000	529,500,000
Accrued Profit and Expenses Payable (Note-11.3)	1,409,270,022	1,194,981,670
Provision for Gratuity (Note-11.4)	17,867,446	16,060,000
Provisions for diminution in value of Investments in share (Note-11.5)	-	50,850,000
Provision for Zakat	15,025,000	6,025,000
Other provisions	5,000,000	-
Provident Fund	648,997	188,695
Benevolent Fund	572,491	868,504
Provision for Incentive Bonus	79,700,000	50,000,000
Provision for Audit fee	300,000	200,000
Clearing adjustment account	20,874,915	18,391,607
Compensation Realized	12,573,147	930,308
ATM Adjustment (NPSB)	783,936	4,620,260
Settlement account Foreign Remittance	3,158,328	3,199,632
Profit Rent Suspense	6,642,839	54,179
Compensation Receivable	6,487,983	8,145,442
Others	4,137,707	4,361,265
	<b>3,536,716,856</b>	<b>2,379,576,074</b>
<b>11.1 Provision for Taxation</b>		
Opening balance	491,199,512	180,447,573
Add : Provision made during the year	634,474,533	310,751,939
Less: Adjustment/settlement during the year	-	-
Closing balance	<b>1,125,674,045</b>	<b>491,199,512</b>
Assessment for the year 2013, 2014 and 2015, return have been submitted u/s 82BB of Income Tax Ordinance 1984 but not yet completed and assessment for the year 2016 not yet due.		
<b>11.2 Accumulated Provision against Investments</b>		
Specific Provision for Classified Investments (Note -11.2.1)	43,000,000	1,000,000
General Provision for Unclassified Investment (Note -11.2.2)	715,000,000	482,000,000
General Provision for off- balance sheet exposure (Note -11.2.3)	70,000,000	46,500,000
	<b>828,000,000</b>	<b>529,500,000</b>
<b>11.2.1 Movement in Specific Provision for Classified Investments</b>		
Provision held at the beginning of the year	1,000,000	-
Fully Provided Debts written off	-	-
Recoveries of amounts previously written off	-	-
Specific Provision for the year (Note-11.2.a)	42,000,000	1,000,000
Recoveries and Provisions no longer required	-	-
Net Charge to Profit and Loss Account	-	-
Provision held at the end of the year	<b>43,000,000</b>	<b>1,000,000</b>
<b>11.2.2 General Provision for Unclassified Investment</b>		
Provision held at the beginning of the year	482,000,000	305,000,000
Addition/transfer during the year (Note-11.2.a)	233,000,000	177,000,000
Provision held at the end of the year	<b>715,000,000</b>	<b>482,000,000</b>
<b>11.2.3 General Provision for off-balance sheet exposure</b>		
Provision held at the beginning of the year	46,500,000	15,000,000
Addition/transfer during the year (Note-11.2.a)	23,500,000	31,500,000
Provision held at the end of the year	<b>70,000,000</b>	<b>46,500,000</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>11.2.4 Other Provisions</b>		
To comply BRPD Circular no. 6 dated March 19 2015, BRPD letter no-16 dated 30 December 2015 and BRPD letter no-3 dated 16 February 2016 the Bank has been maintain a provision of lump sum amount for incentive of good borrower.		
<b>11.2.a Provision for Investments during the year</b>		
Specific Provision for Classified Investments	42,000,000	1,000,000
General Provision for Unclassified Investment	233,000,000	177,000,000
General Provision for off- balance sheet exposure	23,500,000	31,500,000
	<b>298,500,000</b>	<b>209,500,000</b>
<b>11.3 Accrued Profit and Expenses Payable</b>		
Mudaraba Term Deposit Receipt (MTDR)	977,492,939	979,440,873
Mudaraba Monthly Benefit Savings Scheme	32,820,904	9,889,772
Mudaraba Double Benefit Savings Scheme	351,235,109	184,628,158
Mudaraba Monthly Profit Scheme	25,279,794	13,270,153
Mudaraba Pension Prokolpa (Obolombon)	1,776,217	848,796
Mudaraba Marriage Deposit Scheme	196,461	80,811
Mudaraba Hajj Deposit Scheme	77,732	7,388
Mudaraba Millionaire Savings Scheme	16,997,015	6,318,455
Mudaraba Kotipoti Deposit Scheme (MKDS)	1,638,612	474,106
Mudaraba Pension deposit Scheme	27,743	14,585
Mudaraba Mohor Saving Scheme	10,158	645
Mudaraba Corepoty Sanchaya Prokalpa	1,717,338	7,928
	<b>1,409,270,022</b>	<b>1,194,981,670</b>
<b>11.4 Provision for Gratuity</b>		
Opening Balance	16,060,000	4,060,000
Add: Provision made during the year	17,000,000	16,000,000
	33,060,000	20,060,000
Less: Adjustment	15,192,554	4,000,000
Closing Balance	<b>17,867,446</b>	<b>16,060,000</b>
<b>11.5 Provisions for diminution in value of Investments in share</b>		
Opening Balance	50,850,000	3,850,000
Add: Provision made during the year	-	47,000,000
	50,850,000	50,850,000
Less: Adjustment	50,850,000	-
Closing Balance	<b>-</b>	<b>50,850,000</b>
<b>11.a Deffered Tax Liabilities/(Assets)</b>		
Opening Balance	(11,199,512)	(447,573)
Add: Addition during the year	(11,974,533)	(10,751,939)
	(23,174,045)	(11,199,512)
Less: Adjustment	-	-
Closing Balance	<b>(23,174,045)</b>	<b>(11,199,512)</b>
<b>12 CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
1,000,000,000 Ordinary Shares of Taka 10 each.	10,000,000,000	10,000,000,000
<b>12.1 Issued, Subscribed and Paid-Up Capital</b>		
470,800,000 Ordinary Shares of Taka 10 each issued	<b>4,708,000,000</b>	<b>4,280,000,000</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>12.2 Category of shareholding as at 31 December 2016</b>		
<u>Name of Category</u>	<u>Percentage (%)</u>	<u>Percentage (%)</u>
Sponsors/Directors	100.00	100.00
Financial Institutes	-	-
Non-Resident Bangladeshi	-	-
General Public	-	-
	100.00	100.00
<b>12.3 Classification of Shareholders by holding position as at 31 December 2016</b>		
<u>Shareholding Range</u>	<u>No. of Shares</u>	<u>Percentage (%)</u>
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	1,000,000	0.21
Over 1,000,001 Shares	469,800,000	99.79
	470,800,000	100.00
<b>12.4 Regulatory Capital Requirement in line with Basel-III</b>		
<b><u>I. Tier - 1 Capital</u></b>		
<b><u>a. Common Equity Tier-1 Capital (CET-1)</u></b>		
Paid up Capital	4,708,000,000	4,280,000,000
Statutory Reserve	527,663,554	233,241,638
Other Reserve	145,749,665	145,749,665
Retained Earnings	631,004,217	452,966,555
	6,012,417,436	5,111,957,858
Less: Regulatory Adjustments (Deferred tax assets)	23,174,045	11,199,512
	5,989,243,391	5,100,758,346
<b><u>b. Additional Tier -1 Capital (AT-1)</u></b>	-	-
	-	-
<b>Total Tier 1 Capital (a + b)</b>	5,989,243,391	5,100,758,346
<b><u>II. Tier -2 Capital</u></b>		
General Provision	785,000,000	495,924,976
	785,000,000	495,924,976
<b>A. Total Regulatory Capital (I+II)</b>	6,774,243,391	5,596,683,322
<b>B. Total Risk Weighted Assets</b>	58,315,036,798	42,247,723,691
<b>C. Minimum Capital Requirement</b>	5,831,503,680	4,224,772,369
<b>D. Surplus/(Deficiency); (A - C)</b>	942,739,711	1,371,910,953
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	11.62%	13.25%
<b>Capital to Risk Weighted Assets Ratio (CRAR):</b>	<u>Held</u>	<u>Held</u>
a. Common Equity Tier-1 Capital to Risk Weighted Assets	10.27%	12.07%
b. Tier - 1 Capital to Risk Weighted Assets	10.27%	12.07%
c. Tier - 2 Capital to Risk Weighted Assets	1.35%	1.17%
<b>Total (b+c)</b>	11.62%	13.25%

	31.12.2016 Taka	31.12.2015 Taka
<b>13 STATUTORY RESERVE</b>		
Opening Balance	233,241,638	75,578,898
Transferred during the year from Profit & Loss A/C	294,421,916	157,662,740
Closing Balance	<b>527,663,554</b>	<b>233,241,638</b>
<b>14 OTHER RESERVE</b>	<b>145,749,665</b>	<b>145,749,665</b>
This represents profit prior to incorporation i.e. 07 March 2013.		
<b>15 RETAINED EARNINGS</b>		
Opening Balance	452,966,555	122,315,596
Add: Net Profit after tax for the year	849,609,578	488,313,699
Less: Transferred to Statutory Reserve	294,421,916	157,662,740
Less: Transferred to Paid up Capital	428,000,000	-
Add: Transferred from provision for Investment in Shares	50,850,000	-
Closing Balance	<b>631,004,217</b>	<b>452,966,555</b>
<b>16 LETTER OF GUARANTEES</b>		
Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
Letters of Guarantee - Local	365,851,995	612,755,013
Letter of Guarantee - Foreign	-	-
	<b>365,851,995</b>	<b>612,755,013</b>
<b>16.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:</b>		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	365,851,995	612,755,013
	<b>365,851,995</b>	<b>612,755,013</b>
<b>17 IRREVOCABLE LETTERS OF CREDIT</b>		
Letters of Credit - Cash	2,645,263,052	1,458,229,907
Letter of Credit - Cash Inland	-	-
Back to Back Letters of Credit - Local	187,750,226	210,896,290
Back to Back Letters of Credit - Foreign	76,411,000	116,199,000
	<b>2,909,424,278</b>	<b>1,785,325,197</b>
<b>18 BILLS FOR COLLECTION ISSUED BY THE BANK</b>		
Foreign Documentary Bills	214,846,000	223,786,000
Outward Bills	-	-
Inland Documentary Bills	219,753,000	8,486,000
	<b>434,599,000</b>	<b>232,272,000</b>
<b>19 INVESTMENT INCOME</b>		
Profit Received from:		
Deposit with Other Banks	462,450,612	1,026,752,542
Bai Murabaha - General	1,873,299,757	2,097,744,381
Bai Murabaha Hypothecation	187,895,073	306,480,720
Bai Murabaha against MTDR	801,439,870	518,829,621
Bai Murabaha - TR	2,743,705,398	900,416,293
Bai Murabaha - Agriculture	48,745,832	62,108,732
Musharaka - MDB	1,294,974,547	969,418,047
Bai Muajjal General	6,454,367	5,266,915
Bai Muajjal Real Estate	8,253	536,240
Bai Muajjal Agriculture	-	35,139
Bai Murabaha Post Import Bill - TR	177,403,977	20,852,960
HPSM Transport	3,446,585	1,610,807
HPSM Industry	105,768,482	107,379,477

	31.12.2016 Taka	31.12.2015 Taka
HPSM Real Estate	89,855,535	89,568,576
HPSM Machinery	106,809,403	27,492,188
HPSM Consumer Durables	5,283,680	5,038,351
HPSM SME	185,940	81,034
HPSM Rural House Building	5,460,805	-
Quard against MTDR	997,705	487,381
Bill Purchased - Foreign	409,744	-
Bai Murabaha Import Bill (MIB)	107,451,420	18,248,861
Bai Murabaha EDF Investment	154,047	1,488,147
Back to Back Bill	4,349,460	3,046,979
Bai Istisna	539,444	247,638
	<b>8,027,089,936</b>	<b>6,163,131,029</b>
<b>20 PROFIT PAID ON DEPOSITS</b>		
Profit Paid on:		
Mudaraba Term Deposit	3,797,628,817	3,550,436,561
Mudaraba Double Benefit Deposits Scheme	602,102,338	340,500,332
Mudaraba Monthly Savings Scheme	51,903,101	16,037,819
Mudaraba Monthly Benefit Savings Scheme	452,706,257	199,560,915
Bangladesh Government Islami Bond	29,822,486	49,315,068
Mudaraba Savings Deposits	53,123,710	19,095,969
Mudaraba Short Notice Deposits	66,614,881	27,126,831
Mudaraba no Frill Savings Deposits	17,690	-
Mudaraba Marriage Scheme	415,925	161,925
Mudaraba Pension Deposit Scheme	2,848,668	1,207,160
Mudaraba Millionaire Deposit Scheme	26,787,579	9,341,540
Mudaraba Hajj Deposit Scheme	93,522	9,254
Mudaraba Mohor Savings Scheme	18,159	645
Mudaraba Corepoty Savings Scheme	2,069,023	7,928
Mudaraba Kotipoti Deposit Scheme	2,804,434	548,718
	<b>5,088,956,590</b>	<b>4,213,350,665</b>
<b>21 INCOME FROM INVESTMENT IN SHARES AND SECURITIES</b>		
Bangladesh Govt. Islamic Investment Bond (Note-21.1)	-	13,750,000
Other Bond	24,237,500	-
Profit/(Loss) on sale of shares	7,395,296	(1,091,730)
Dividend Income	273,701	393,800
	<b>31,906,497</b>	<b>13,052,070</b>
<b>21.1</b> During the year 2016 two bonds has been matured but Bangladesh Bank informed vide their letter no; (Islamic Bond)/182/2016-1196 & 1216 dated 04.12.16 & 11.12.16 respectively that, profit will be provided to UBL after the year end 2016 for which no income has been recognized during the year.		
<b>22 COMMISSION, EXCHANGE AND BROKERAGE</b>		
Commission	130,573,997	60,554,287
Exchange Gain	59,131,869	24,557,647
Exchange Earning	63,199,807	26,300,654
Less: Exchange Loss	4,067,938	1,743,007
	<b>189,705,866</b>	<b>85,111,934</b>
<b>23 OTHER OPERATING INCOME</b>		
Account maintenance charge	14,466,267	7,751,043
Clearing cheque processing fee	154,039	81,985
Investment processing fee	932,750	1,009,593
Miscellaneous Earnings	4,150,595	4,499,393
	<b>19,703,651</b>	<b>13,342,014</b>

	31.12.2016 Taka	31.12.2015 Taka
<b>24 SALARY AND ALLOWANCES</b>		
Basic Salary	222,298,094	168,499,007
Bonus	107,438,634	97,640,071
Bank's Contribution to Staff Provident Fund	16,992,203	10,892,212
Gratuity	17,000,000	16,000,000
House Rent Allowance	105,475,256	66,510,890
Conveyance Allowance	13,196,099	8,274,183
Leave Fare Allowance	56,042,942	34,547,003
Entertainment Allowance	20,894,454	13,139,558
Medical Allowance	25,816,787	16,009,920
Utility Services	25,589,359	16,041,397
House Maintenance Allowance	26,338,906	16,739,360
Bengali New Year Allowance	3,264,162	-
Other Allowances	3,119,349	2,378,660
	<b>643,466,245</b>	<b>466,672,261</b>
<b>25 RENT, TAXES, INSURANCE, ELECTRICITY ETC.</b>		
Rent	155,124,091	124,861,917
Insurance	32,973,531	22,367,861
Rates and Taxes	2,431,850	2,998,498
Water Charges	358,261	282,564
Gas Charges	216,770	199,580
Electric Bills	22,226,115	15,782,476
	<b>213,330,618</b>	<b>166,492,896</b>
<b>26 LEGAL EXPENSES</b>		
Law Charges	8,625	42,750
Stamp	9,225	15,086
Other Professional Charges	582,750	515,753
	<b>600,600</b>	<b>573,589</b>
<b>27 POSTAGE, STAMP AND TELECOMMUNICATION</b>		
Telephone - Office	3,250,028	3,009,715
Telegram, Telex, Internet, Fax and Email charge	7,092,400	5,046,763
Stamp	91,445	44,770
Telephone - Residence	9,480	3,019
Swift charge	4,437,277	3,353,080
Postage	2,756,659	1,144,489
	<b>17,637,289</b>	<b>12,601,836</b>
<b>28 STATIONERY, PRINTING AND ADVERTISEMENT</b>		
Publicity and Advertisement	34,526,229	26,151,009
Printing and Stationery	24,101,545	8,775,325
	<b>58,627,774</b>	<b>34,926,334</b>
<b>29 CHIEF EXECUTIVE'S SALARY &amp; FEES</b>		
Basic Pay	3,621,774	3,600,000
House Rent Allowances	1,357,258	1,200,000
Leave Fare Allowance	1,357,258	1,200,000
Bonus	1,650,000	1,600,000
Bengali New Year Allowance	65,000	-
House Maintenance Allowance	1,357,258	1,200,000
	<b>9,408,548</b>	<b>8,800,000</b>



	31.12.2016 Taka	31.12.2015 Taka
<b>30 DIRECTORS' FEES &amp; EXPENSES</b>		
Fees	1,554,800	1,454,750
Travel	1,856,100	4,066,400
	<b>3,410,900</b>	<b>5,521,150</b>
<b>31 SHARIAH SUPERVISORY COMMITTEE'S FEES AND EXPENSES</b>		
Fees	312,800	278,300
Travel	-	-
	<b>312,800</b>	<b>278,300</b>
<b>32 DEPRECIATION AND REPAIRS TO FIXED ASSETS</b>		
Depreciation on Fixed Assets (Annexure - A)	113,635,741	92,445,161
Repairs:	38,147,877	35,383,330
Office equipment	14,750,867	12,135,731
Renovation and Maintenance of Office Premises	57,841	30,720
Furniture and Fixtures	80,735	17,255
Repair & Maintenance of Vehicle	23,258,434	23,199,624
	<b>151,783,618</b>	<b>127,828,491</b>
<b>33 OTHER EXPENSES</b>		
Car Expense	29,027,307	20,882,978
Wages	75,486,113	50,162,053
Traveling	9,518,624	12,274,436
Donation and Subscription:		
Donation	113,278,710	51,252,790
Subscription	2,598,400	1,534,000
Newspaper and Periodicals	324,838	292,749
Entertainment	10,379,364	9,751,765
Conveyance	3,361,668	2,593,323
Bank charges	4,067,104	2,864,344
Refreshment	1,877,365	1,063,843
Holiday Banking allowances	1,107,974	547,024
Medical Expense	2,901,466	2,330,627
Training, Seminar and Workshop	3,257,115	2,126,569
Photocopy, Photograph & Toner	1,691,462	1,085,760
Generator Expenses	4,062,294	2,814,234
Washing and Cleaning	206,762	120,622
Upkeep Branches Premises	1,176,155	863,912
Online Expenses	2,426,430	1,976,610
Office Maintenance	6,102,547	4,866,922
Crockery Expense	185,485	188,808
Meeting Expenses	14,166,813	12,800,424
ATM Expenses	957,461	1,458,033
Miscellaneous Expenses	1,769,932	2,726,000
	<b>289,931,389</b>	<b>186,577,826</b>
<b>34 EARNINGS PER SHARE (EPS)</b>		
A. Net Profit after Tax	849,609,578	488,313,699
B. Weighted Average Number of Ordinary Shares	470,800,000	470,800,000
Earnings Per Share (A/B)*	<b>1.80</b>	<b>1.04</b>

\* Prior period EPS has been restated to comply with BAS-33 "Earning Per Share".

	31.12.2016 Taka	31.12.2015 Taka
<b>35 RECEIPTS FROM OTHER OPERATING ACTIVITIES</b>		
Account maintenance charge	14,466,267	7,751,043
Clearing cheque processing fee	154,039	81,985
Investment processing fee	932,750	1,009,593
Miscellaneous Earnings	4,150,595	4,499,393
	<b>19,703,651</b>	<b>13,342,014</b>
<b>36 PAYMENTS FOR OTHER OPERATING ACTIVITIES</b>		
Rent, Taxes, Insurances, Electricity etc.	213,330,618	166,492,896
Legal Expenses	600,600	573,589
Postage, Stamps, Telecommunications etc.	17,637,289	12,601,836
Directors' fees	3,410,900	5,521,150
Sharia'h Supervisory Committee's fees and expenses	312,800	278,300
Auditor's Fee	330,000	200,000
Repair of Fixed Assets	38,147,877	35,383,330
Zakat Expenses	15,000,000	6,000,000
Other Expenses	289,931,390	186,577,826
	<b>578,701,474</b>	<b>413,628,927</b>
<b>37 INCREASE / DECREASE OF OTHER ASSETS</b>		
Inter - branch Transaction Account	65,615,684	42,188,869
Advances, Deposits and Prepayment	1,566,671,797	1,565,231,726
Stock of Stationery	7,253,808	5,814,921
Suspense Account	136,254,573	111,665,302
Stamps on Hand	777,945	378,225
	<b>1,776,573,807</b>	<b>1,725,279,043</b>
(Increase)/Decrease during the year	<b>(51,294,764)</b>	<b>(1,256,626,705)</b>
<b>38 INCREASE / DECREASE OF OTHER LIABILITIES</b>		
Provision for Zakat	15,025,000	6,025,000
Benevolent Fund	572,491	868,504
Clearing Adjustment Account	20,874,915	18,391,607
Others	34,083,940	21,311,086
	<b>70,556,346</b>	<b>46,596,197</b>
Increase /(Decrease) during the year	<b>23,960,149</b>	<b>(211,338,264)</b>
<b>39 NUMBER OF EMPLOYEES</b>		
Executives and Officers	849	666
Members of Staff (Contractual)	202	166
	<b>1,051</b>	<b>832</b>

#### 40 RELATED PARTY TRANSACTIONS

During the year, the Bank carried out some transaction with related party in the normal course of business and on an arm's length basis. The name of this related party, nature of this transaction and total value has been set out in accordance with provisions of International Accounting Standard # 24 (IAS#24) Related Party disclosure and as defined in the BRPD Circular no. 14 issued by the Bangladesh Bank on June 25, 2003. The significant related party transactions during the year were as follows:

##### i) Significant Contracts where Bank is a Party and wherein Directors have Interest

<u>Name of the Party</u>	<u>Nature of Transaction</u>	<u>Nature of Relationship</u>	<u>Total Value (in Taka)</u>
Reliance Finance Ltd.	Mudaraba Term Deposits	Common Director	<u>2,988,517,919</u>
Times Securities Ltd.	Investment in Share	Common Director	<u>32,456,809</u>

ii) Related Party Transactions Nil

iii) Shares issued to Directors and Executives without consideration or exercisable at discount Nil

iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991. Nil

v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991 Nil

vi) Investment in the Securities of Directors and their related concern Nil

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

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.
1	Shahidul Alam	Chairman	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 Sonal 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.

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.
3	Hussain Muhammad Ershad	Director	Chairman Podagonj Cold Storage Ltd.
4	Ms. Marzina Sharmin	Director	Managing Director Unique Investment & Securities Limited Times Securities Limited Director Reliance Finance Limited Proprietor M/s. Marzina Trading
5	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.
6	Shahedul Huq	Director	Managing Partner Crystal Bridge (Pvt) Ltd. Director Xebac Trading Service Proprietor S. Huq Properties Ltd.
7	Showkat Hossain, FCA	Director	Resident Partner Hoda Vasi Chowdhury & Co. Director Chittagong WASA Director (Independent) Chittagong Stock Exchange Ltd.
8	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
9	Ms. Farzana Begum	Director	Managing Director Shah Amanat Praktirik Gas Co. Ltd. Lion Securities & Investment Ltd. Director Global Trading Corporation Ltd Proprietor M/s. Farzana Trading Enterprise

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.
10	Ms. Mehe Zebunnesa Rahman	Director	Director, BBA Programme & Asst. Prof. Southeast University
11	Mohammad Fazlay Morshed	Director	Managing Director MRM Trading Ltd. Ex-Managing Director Chittagong Logistic Ltd. Ex-Adviser C&A Fabrics Ltd.
12	Mohammad Manzoor Alam Seth	Director	Adviser C&A Accessories Ltd. Partner Shobel Engineers & Construction
13	Md. Enayet Ullah, FCA	Independent Director	Partner Shafiq Basak & Co. Chartered Accountants Ex-Adviser Shafiq Basak & Co. Chartered Accountants Ex-Partner Khan Ohab Shafiq Rahman & Co. Chartered Accountants
14	Mohammad Abdul Quddus	Independent Director	EX- Chief Executive Officer (CEO) First Security Islami Bank Foundation EX- Managing Director NRB Global Bank Ltd.

#### 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

b) During the year under review, the Audit Committee of the Board conducted 07 (seven) meeting.

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

A strong powerful division formed for internal audit and inspection as well as compliance thereof.

The division is divided into three separate units i.e. Audit & Inspection, compliance and Monitoring to implement effective internal control and compliances headed by highly experienced bankers.

Audit and Inspection unit is established with a view to carrying out comprehensive internal audit in the branch level and ensure the transparency and accountability in the banking operations in light of the guidelines of the regulatory authorities and policies set by the bank with regular intervals.

Monitoring Unit is established with a view to implementing proper banking practices in the branches. Day to day operations is the focusing area to implement the rules and procedures of the regulatory bodies, bank's policies and other prudential guidelines.

Compliance unit is established to take effective measures for collection and timely submission of compliances of internal, external and Bangladesh Bank Inspection Reports.

The committee is placing its report regularly to the Board of Directors of the bank mentioning its review and recommendations on internal system, compliance of rules and regulations and establishment of good governance within

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

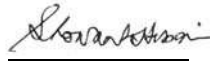
#### 43 EVENTS AFTER BALANCE SHEET DATE

a) The Board of Directors of the Bank in its 38th Board meeting held on 23 February 2017 approved the financial statements of the Bank for the year ended 31 December 2016 and recommended 12% Stock Dividend for shareholders for the year 2016 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  
(Current Charge)



Director



Director



Chairman

Dhaka  
23 February 2017

**UNION BANK LIMITED**  
**SCHEDULE OF FIXED ASSETS**  
**As on 31 December 2016**

Figure in Taka

Particulars	C O S T				D E P R E C I A T I O N				Written down value as on 31 December'16
	Balance as on 01 January '16	Addition during the year	Sales/Transfer during the period	Balance as on 31 December'16	Balance as on 01 January '16	Charged for the period	Adjustment on sale/transfer during the period	Balance as on 31 December'16	
Furniture & Fixtures	412,535,627	189,224,469	-	601,760,096	41,191,647	43,876,719	-	85,068,366	516,691,730
Office Equipment	328,953,739	74,626,128	-	403,579,867	83,837,198	51,462,034	-	135,299,232	268,280,635
Vehicles	91,486,719	-	-	91,486,719	28,779,634	18,293,287	-	47,072,921	44,413,798
Books	40,470	9,170	-	49,640	9,996	3,701	-	13,697	35,943
<b>Total Dec' 2016</b>	<b>833,016,555</b>	<b>263,859,767</b>	<b>-</b>	<b>1,096,876,322</b>	<b>153,818,475</b>	<b>113,635,741</b>	<b>-</b>	<b>267,454,216</b>	<b>829,422,106</b>
<b>Total Dec' 2015</b>	<b>472,653,996</b>	<b>360,362,559</b>	<b>-</b>	<b>833,016,555</b>	<b>61,373,314</b>	<b>92,445,161</b>	<b>-</b>	<b>153,818,475</b>	<b>679,198,080</b>

**UNION BANK LIMITED**  
**FINANCIAL HIGHLIGHTS**  
For the year ended 31 December 2016

Particulars	2016	2015
Paid-up Capital	4,708,000,000	4,280,000,000
Total Regulatory Capital	6,774,243,391	5,596,683,322
Total Regulatory Capital Surplus/(deficit)	942,739,711	1,371,910,953
Total Assets	83,917,238,926	63,048,761,567
Total Deposits	74,250,559,036	55,555,436,704
Total Investments	67,150,190,750	45,592,869,263
Total Contingent Liabilities and Commitments	6,465,385,386	4,642,784,803
Investment Deposit Ratio (in %)	90.44%	82.07%
Percentage of Classified Investments against total Investments (in %)	0.0709%	0.0019%
Profit before Provision and Tax	1,775,609,578	1,044,813,699
Amount of Classified Investments during the year	47,651,074	887,137
Provision kept against Classified Investments	42,000,000	1,000,000
Investments Provision Surplus/(deficit)	81,282,230	14,119,963
Cost of Fund	9.53%	11.82%
Profit Earning Assets	74,360,927,168	55,789,903,915
Non-profit Earning Assets	9,556,311,758	7,258,857,652
Return on Investment in Shares & securities (ROI)(in %)	0.82%	0.42%
Return on Assets (ROA)(in %)	1.16%	0.94%
Income from Investment in Shares and Securities	31,906,497	13,052,070
Earnings Per Share (Tk.)	1.80	1.04
Net Income Per Share (Tk.)	1.80	1.04
Price Earnings Ratio (Times)	N/A	N/A



Area with horizontal dashed lines for notes.

 **NOTES**

**Head Office**

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

Revenue Stamp  
Taka 20/-

## Proxy Form

I/we \_\_\_\_\_

of \_\_\_\_\_

being a member of Union Bank Limited, do hereby appoint Mr./Ms. \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us, and on my/our behalf at the 4<sup>th</sup> Annual General Meeting of the Members of Union Bank Limited will be held on Saturday, April 21, 2018 at 11:30 am at Union Bank Ltd. Head Office, Bahela Tower, 72 Gulshan Avenue, Gulshan-1, Dhaka-1212.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018

(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.

PROXY FORM AND ATTENDANCE SLIP

**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 4<sup>th</sup> Annual General Meeting of the Members of Union Bank Limited will be held on Saturday, April 21, 2018 at 11:30 am at Union Bank Ltd. Head Office, Bahela Tower, 72 Gulshan Avenue, Gulshan-1, Dhaka-1212.

Name of the Member/Proxy \_\_\_\_\_

Membership No.

Signature of Member/Proxy and Date





**UNION BANK LTD**  
SHARIAH BASED BANK

Head Office

**UNION BANK LTD.**

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

Phone: 02- 9859315, Fax: 02- 9859315

Email: [ho@unionbank.com.bd](mailto:ho@unionbank.com.bd)

Web: [www.unionbank.com.bd](http://www.unionbank.com.bd)