

# ANNUAL REPORT

2 0 1 7



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# Letter of Transmittal

All Shareholders  
Registrar of Joint Stock Companies & Firms  
Bangladesh Bank  
Bangladesh Securities and Exchange Commission

Subject: Annual Report 2017 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 2017. 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 2017.

This is for your kind information and record please.

Best regards  
Yours truly



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**Ali Hossain Bhuiyan**  
First Assistant Vice President  
Board and Company Secretariat

LETTER OF TRANSMITTAL

# Notice of the 5<sup>th</sup> Annual General Meeting

Notice is hereby given that the 5<sup>th</sup> Annual General Meeting of the Members of Union Bank Limited will be held on Saturday, December 22, 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 confirm the minutes of the 4<sup>th</sup> Annual General Meeting.
01. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on December 31, 2017 along with the Auditors' Report and the Directors' Report thereon.
02. To approve Dividend for the year ended 31<sup>st</sup> December 2017 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**

First Assistant Vice President  
Board and Company Secretariat

Date: November 26, 2018  
Dhaka

## NOTES:

- a. The Board of Directors has recommended 10% stock dividend for the year ended 31<sup>st</sup> December 2017. 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 (8th & 9th Floor)  
87, New Eskaton, Dhaka-1000



# A Premise of Union Bank

- Huge demand of Islamic Banking across the country.
- This high population country's economy is growing fast 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.

VISION | MISSION



# 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 Tk.)

SL No.	Particulars	2017	2016
1	Authorized capital	10,000.00	10,000.00
2	Paid - up capital	5,272.96	4,708.00
3	Shareholder's Equity	6,902.50	6,012.42
4	Total capital (Tier - 1 + Tier - 2)	8,053.40	6,797.42
5	Statutory Reserve	876.88	527.66
6	Total Assets	131,677.57	83,917.24
7	Total Liabilities	124,775.07	77,904.82
8	Deposits	114,049.89	74,250.56
9	Total Investment and Advance	100,753.55	67,150.19
10	Total contingent Liabilities	7,393.03	6,465.39
11	Total Risk Weighted Asset	68,696.65	58,315.04
12	Total Fixed Assets	850.00	829.42
13	Operating Income	4,011.08	3,179.45
14	Operating Expenditure	1,738.31	1,403.84
15	Profit before provision & Tax	2,272.77	1,775.61
16	Profit before Tax	1,745.87	1,472.11
17	Net profit after provision & Tax	890.08	849.61
18	Foreign Exchange Business:		
	a) Import Business	15,008.00	14,659.00
	b) Export Business	41,317.00	30,974.00
	c) Remittance	2,201.00	3,268.60
19	No. of Foreign Correspondent		
20	Profit Earning Assets	115,246.54	74,360.93
21	Non profit Earning Assets	16,431.02	9,556.31
SL No.	Particulars	2017	2016
22	Investment as a % of Total Deposit	88.34%	90.44%
23	Capital To Risk weighted Assets Ratio (CRAR)	11.72%	11.66%
24	Dividend:		
	a) Cash		
	b) Bonus	10%	12%
	c) Right Share		
25	Cost of Fund	9.35%	9.53%
26	Net asset value per share		
27	Earning per share (EPS)	1.69	1.80
28	Price Earnings Ratio (times)		
29	Return on Assets (ROA)	0.83%	1.16%
30	No. of shareholders	25	25
31	Number of Employees	1,308	1,051
32	Number of Branches	68	57

FINANCIAL PERFORMANCE AT A GLANCE

# Shareholders' Information

Union Bank Limited  
Details of Capital Fund  
As on 31 December 2017

**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

**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)**

	Tk. in Crore	
	2017	2016
	527.30	470.80
	87.68	52.77
	14.57	14.57
	60.70	63.10
	<b>690.25</b>	<b>601.24</b>
	0.00	0.00
	<b>0.00</b>	<b>0.00</b>
	<b>690.25</b>	<b>601.24</b>
	115.09	78.50
	<b>115.09</b>	<b>78.50</b>
	<b>805.34</b>	<b>679.74</b>
	6869.67	5831.50
	686.97	583.15
	<b>118.37</b>	<b>96.59</b>
	<b>11.72%</b>	<b>11.66%</b>
	<b>Held</b>	<b>Held</b>
	10.05%	10.31%
	10.05%	10.31%
	1.68%	1.35%
	<b>11.72%</b>	<b>11.66%</b>

SHAREHOLDERS' INFORMATION





DIRECTORS  
&  
MANAGEMENT  
INFORMATION

# Board of Directors' Profile



**Shahidul Alam**  
Chairman

Mr. Shahidul Alam, founder Chairman of Union Bank Limited, was born in Chattogram in a highly respected Muslim noble family. He is a man with distinctive vision, dynamism, commitment and innovative ideas. He has obtained Mechanical Engineering degree. He has a wide range of experience in several businesses. Mr. Shahidul Alam has been engaged in business for the last 17 years with good reputation and successful administrator dealing primarily in tourism, edible oil, agriculture, steel manufacturing and merchandize. He has expertise in the products manufactured by Galco Steel (Bangladesh) Limited and S. Alam Vegetable Oil Limited and its utilization in the local market. As a chairman of Union Bank Limited, he has brought along with him a vast wealth of experience and expertise of managing a number of industries of his own. He is the proprietor of M/S. Tazin Enterprise and Sonali Traders and one of Directors of Reliance Brokerage Services Limited. He has also been acting as Managing Director of Galco Steel (Bangladesh) Limited, Prasad Paradise Resorts Limited, S. Alam Vegetable Oil Limited and Norinco Engineering Limited. Mr. Shahidul Alam is a widely travelled person across the globe. As a business person, he visited many countries including USA, China, Singapore, Thailand, India and several other countries of the world.



**Mr. Ahsanul Alam**  
Vice- Chairman

Mr. Ahsanul Alam, young and promising entrepreneur, is the Vice-Chairman of Union Bank Limited. He comes of a renowned and respected Muslim family reputed for doing business countrywide. He has completed his education from Singapore. He belongs to such a family which has a wide range of businesses and because of that he has been under the umbrella of business environment from his early age. He has been assisting his family in running business from 2004 as a Chief Executive of S. Alam & Co. He is the proprietor of Genesis Enterprise and Chairman of Hasan Abasan (Pvt.) Limited. He has been acting as the Managing Director of Genesis Textiles Accessories & Apparels Limited and Western Designers Limited. With his dynamic leadership he has made himself as a professionally successful businessman in textile, garments and trading sector. He is the Chairman of the Executive Committee of the Board of Directors of Union Bank Limited.



**Hussain Muhammad Ershad**  
Director

Mr. Hussain Muhammad Ershad is a veteran politician and former President of People's Republic of Bangladesh served from 1983 to 1990. He was born in Rangpur in a Muslim noble family. He got his graduation degree from the University of Dhaka and was commissioned into the Pakistan Army in 1952. He was the former chief of staff of the Bangladesh Army. During his presidential term he has been given the title 'Palli Bandhu' (Friend of the Villages) by his party loyalists in recognition of his role in undertaking development measures. He was awarded as United Nations Laureate twice during his presidency, from the United Nations. These are:

1. UN Population Award in 10 June, 1987 - for his work in population planning.
2. UN Environment Award in 1988 - for his environmental policy.

After ending of his career in Bangladesh Army and serving the country as the President, he concentrated in business and earned more than two decades of hands on experience in the field of Agro-business sector. Mr. Ershad is the chairman of Podagonj Cold Storage Ltd. He has become involved in banking industry being a beneficiary owner as well as a Director of Union Bank Limited aiming to bring the unbanked people under banking service among who mostly are related to cultivation of agro-products and agro-business from the rural areas of the country.



**Ziauddin Ahmed**  
Director

Mr. Ziauddin Ahmed is an Hon'ble Member of the 10<sup>th</sup> Parliament of the People's Republic of Bangladesh. He was born in Chattogram in a respected Muslim family. He has obtained Masters of Arts (English) degree from Dhaka University and he also has a L.LB degree from Dhaka University. Apart from being active politician he has expertise in the area of business. He has business interests in the field of Garments, Communication and Shipping & C&F. He is the Chairman of First Communication Limited and Adviser of KN-Harbor Consortium.



**Showkat Hossain, FCA**  
Director

Mr. Showkat Hossain is a renowned, distinguished and senior most person in the field of Chartered Accountancy and currently holding the position of Chairman of the Audit Committee of the Board of Directors of Union Bank Limited. He hails from a aristocratic Muslim family of Chattogram. Showkat Hossain FCA is the 42<sup>nd</sup> President of the Institute of Chartered Accountants of Bangladesh (ICAB). He became an Associate Member in 1977 and Fellow Member in 1986 of ICAB. He served the ICAB as Vice President in the years 2004, 2006, 2007, 2012 & 2013. Mr. Hossain is a Partner of Hoda Vasi Chowdhury & Co. since 1998. Earlier he was the Finance Director of Sunman Group of Companies, Qualified Assistant of Ahmed & Co., Chartered Accountants. He also worked in Glaxo Laboratories (Bangladesh) Ltd as Internal Auditor prior to qualifying as Chartered Accountant. He is a Member of South Asian Federation of Accountants (SAFA) Committee on Harmonization of Fiscal and Tariff Regimes. He is the Chairman of a Charitable Organization named the Chirayata Shanti Society, Life Time Member of Chattogram Kidney Foundation & Maa Shisu O'General Hospital, Vice Chairman of Concern Services for Disabled (CSD). He is a Member of Chattogram Club Limited and a Member of Clubs Finance Sub-Committee. He is also a Member of the Advisory Committee in respect of Financial & Accounts, Banking & Taxation of Chattogram Chamber of Commerce & Industries Limited. He is also a Director of Chattogram WASA.



**Rashedul Alam**  
Director

Mr. Rashedul Alam a well-established businessman of Chattogram hails from a Muslim noble family. He started his business career by joining family business and earned more than two decades of hands on experience in the field of trading business, tourism, agriculture, land development and steel manufacturing sector. He is the proprietor of Rafe Enterprise and Khurshed Paribahan Sangstha. Mr. Alam is also the Director of S. Alam Steel Limited, Bangladesh Petro Chemical Limited, S. Alam Hatchery Limited, Ocean Resorts Limited, S. Alam Properties Limited and Fatehabad Farm Limited. He is acting as the Managing Director of Global Trading Corporation Limited. For business purposes He travelled to United Kingdom, Canada, China, India, Singapore, Malaysia, Thailand and several other countries of the world.



**Mohammad Fazlay Morshed**  
Director

Mr. Mohammad Fazlay Morshed is dynamic business personality hails from a renowned Muslim family. He completed B.Com. in his educational life. Mr. Morshed has an expertise in the field of trading specially importing commodities. He is the Managing Director of MRM Trading Limited, Chattogram Logistic Limited, Morshed Enterprise Limited and Worth Avenue Steels Limited. Mr. Morshed is the Adviser of the C & A Fabrics Limited. With his dynamic leadership he has made himself a professionally successful businessman in trading sector in Bangladesh. He traveled USA & other countries for professional purpose. He is a member of Audit Committee of the Board of Directors of Union Bank Limited.



**Mohammad Manzoor Alam Seth**  
Director

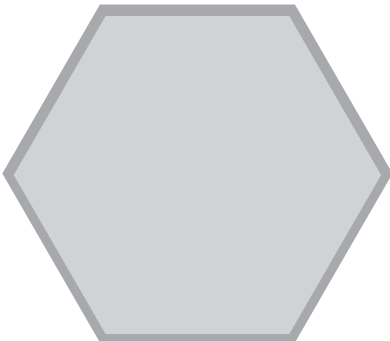
Mr. Mohammad Manzoor Alam Seth was born in a reputed Muslim family in Chattogram. He has obtained B.Com. degree in his academic educational life. Mr. Seth has expertise in the field of building & infrastructure construction. He has been running building & infrastructure construction business being a partner of Showbell Engineers & Construction since 2001. He has also been playing the role as Adviser of C & A Accessories Ltd. He is a member of Risk Management Committee of the Board of Directors of Union Bank Limited.





**Shahedul Huq**  
Director

Mr. Shahedul Huq, a well-established Businessman was born in a renowned Muslim family in Dhaka. Mr. Huq graduated in Business Administration (BBA) aiming to devote himself in business. He has the adequate experience of business in construction and real estate sectors. He is the Managing Director of Crystal Bridge (Pvt.) Limited which operates Consultation, Trading & Construction business. He is also the proprietor of S. Huq Properties Ltd. He is the member of Executive Committee of the Board of Directors and observer member of Shari'ah Supervisory Committee of Union Bank Limited.



**Ms. Marzina Sharmin**  
Director

Ms. Marzina Sharmin is one of the Sponsor Shareholders and Directors of Union Bank Limited and she is also the member of Executive Committee of the Board of Directors. She was born in a renowned Muslim family in Chattogram. She is a Business Graduate with expertise knowledge in the field of business. Ms. Marzina Sharmin started her business career as the proprietor of M/S. Marzina Trading which deals with general trading and wholesale business of different products. She is the Director of Infinite CR Strips Industries Limited and Kingston Flour Mills Limited. She is also an expert in Share Market, Security & Investment Sector and acting as the Managing Director of Unique Investment & Securities Limited and Times Securities Limited. She has more than 20 years of business experience.



**Ms. Farzana Begum**  
Director

Ms. Farzana Begum is a dynamic and promising women entrepreneur in Chattogram. She is one of the Sponsor Shareholders and Directors of Union Bank Limited and the member of Audit Committee of the Board of Directors. She is a graduate in her educational life and joined family business at age of 20. After taking in a few years of hands on experience by establishing M/S. Farzana Trading Enterprise, she has diversified her business activity into the field of trading, natural gas, stock markets. She is serving as a Managing Director of Shah Amanat Praktik Gas Co. Limited and Lion Securities & Investment Limited. She is the Director of Global Trading Corporation, Infinite CR Strips Industries Limited and Kingston Flour Mills Limited. Ms. Farzana has more than 18 years of experience in the field of manufacturing, import, export, market development, strategic planning, production planning, financial planning etc. She also has expert knowledge in the stock market.



**Dr. Mehe Zebunnesa Rahman**  
Director

Dr. Mehe Zebunnesa Rahman was born in a renowned Muslim family in Mymensingh. Dr. Mehe Zebunnesa Rahman has achieved PhD from National University of Malaysia (UKM). She is an academician by profession. She is an Assistant Professor & the Director of BBA Program of South East University. She has been serving there since 2005. Dr. Rahman has in depth knowledge in Business since she has enough academic and research record in business being a teacher & Director of Bachelor of Business Administration Program of South East University. She is a member of Risk Management Committee of the Board of Directors of Union Bank Limited.



**Ms. Halima Begum**  
Director

Ms. Halima Begum was born in a reputed Muslim family in Chattogram. As a member of a business oriented family she has established herself as a woman entrepreneur in field of trading business. She is the proprietor of Brothers Syndicate and Halima Trading Enterprise. She has the expertise of running business for the last 11 years with good reputation. She was the former Director of Reliance Finance Limited.



**Ms. Sarwar Jahan Maleque**  
Director

Ms. Sarwar Jahan Maleque was born in Chattogram in a Muslim noble family. She has an experience of running business for the last 20 years. She is one of the Directors of Jesco Bangladesh Limited and the Vice-Chairman of Jesco Capital Management Limited. She has expertise in the field of Financing.



**Md. Abdul Quddus**  
Independent Director

Mr. Md. Abdul Quddus was born in a renowned Muslim family in Noakhali. He has completed his Graduation & Masters degrees in Economics. Mr. Md. Abdul Quddus is a very successful & prominent banker in his professional life. He served Rupali Bank Limited, IFIC Bank Limited, The City Bank Limited, First Security Islami Bank Limited & NRB Global Bank Limited for more than 38 years in different post & positions. He was founder Managing Director of NRB Global Bank Limited. He has played the role as CEO of First Security Islami Bank Foundation. This successful banker travelled many countries for attending seminar, training and conference in his bright professional life. Currently he is the Chairman of Risk Management Committee and also a member of Audit Committee of the Board of Directors of Union Bank Limited.



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

Mr. Md. Enayet Ullah was born in a renowned Muslim family in Cumilla. He has completed his graduation in Commerce (B.Com.). As a Charter Accountant he earned the designation FCA (Fellow Charter Accountant). He started his career by founding a CA firm named Khan Ohab Shafiq Rahman & Co., Charter Accountants being a partner in 1984 and continued there till 2002. From 2002 to 2011 he was the adviser of Shafiq Bashak & Co. Charter Accountants and has been continuing there being a partner of this firm since 2011. Mr. Md. Enayet Ullah has enormous work experience as adviser and auditor of different Banks, Insurance Companies, Financial Institutions, Corporations, Group of Companies, NGO, Educational Institutions and other autonomous organizations. He is a member of Risk Management Committee and Audit Committee of the Board of Directors of Union Bank Limited.



**Omar Farooque**  
Managing Director

Mr. Omar Farooque is the Managing Director of Union Bank Limited. Prior to joining in Union Bank, he served as the Managing Director of Bangladesh House Building Finance Corporation as well as Managing Director (Current Charge) of Janata Bank Limited. During his 35 years' banking career, he served as the Head of different divisions/departments/branches in various capacities in banks. Apart from that he worked as a Group Leader in FSRP and CBRP Cell of Agrani Bank. Earlier, he started his career as a Senior Officer in Agrani Bank in the year 1983.

Mr. Farooque is an MBA in Finance from Institute of Business Administration (IBA), University of Dhaka. He is also a Diplomaed Associate of Institute of Bankers Bangladesh (DAIBB).

He was a resource person in different training institutes including a faculty member at Bangladesh Institute of Bank Management (BIBM). During the tenure of his service, he visited United Kingdom, China, Malaysia, Thailand, and Singapore. He also attended various training programs, seminar, workshops at home and abroad.

# Sponsor Shareholders

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

<b>EXECUTIVE COMMITTEE</b>	
Ahsanul Alam	Chairman
Ms. Marzina Sharmin	Member
Shahedul Huq	Member
Rashedul Alam	Member

<b>AUDIT COMMITTEE</b>	
Showkat Hossain, FCA	Chairman
Ms. Farzana Begum	Member
Mohammad Fazlay Morshed	Member
Md. Abdul Quddus	Member
Md. Enayet Ullah, FCA	Member

<b>RISK MANAGEMENT COMMITTEE</b>	
Md. Abdul Quddus	Chairman
Md. Enayet Ullah, FCA	Member
Dr. Mehe Zebunnesa Rahman	Member
Mohammad Manzoor Alam Seth	Member

<b>SHARI'AH SUPERVISORY COMMITTEE</b>	
Syed Abdullah Mohammed Saleh	Chairman
Maulana Mohammad Shamsul Hoque Siddeque	Member
Maulana Mohibullah Nadvi	Member
Mufti Mohammad Shamsuddin Zia	Member
Mohammad Abdul Hai Nadvi	Member Secretary
Shahedul Huq	Observer Member
Md. Abdul Quddus	Observer Member

<b>EMPLOYEE PROVIDENT FUND TRUSTY BOARD</b>	
A B M Mokammel Hoque Chowdhury	Chairman
Md. Mainul Islam Chowdhury	Vice-Chairman
Md. Ruhul Amin	Member Secretary
Mohammad Kalam Hossain	Member
<b>Members from Board of Directors:</b>	
Ahsanul Alam	Member
Showkat Hossain, FCA	Member
Md. Abdul Quddus	Member

# Management Team

MANAGEMENT TEAM

SI #	Employee Name	Designation	Palce of Posting
1	Mr. Omar Farooque	MD	Head Office
2	Mr. A B M Mokammel Hoque Chowdhury	AMD	Head Office
3	Mr. Hasan Iqbal	DMD	Head Office
4	Mr. Md. Nazrul Islam	DMD	Head Office
5	Mr. Md. Golam Mostafa	SEVP	Head Office
6	Md. Mainul Islam Chowdhury	EVP	Head of HRD & GSD, Head Office
7	Mr. Md. Azadur Rahman	EVP	Head of Investment Div., Head Office
8	Mr. Shah Md. Mahtubuddin Al-Mamun	EVP	Manager, Gulshan Branch, Dhaka
9	Mr. Md. Main Uddin	SVP	Head of BOCD, Head Office
10	Mr. Saiful Momin	SVP	Head of ICT Div., Head Office
11	Mr. Md. Idris Ali	SVP	Manager, Dilkusha Branch, Dhaka
12	Mr. Md. Munirul Islam	SVP	Manager, Hatkhola Branch, Dhaka
13	Mr. Md. Abdul Kader	SVP	Manager, Panthapath Branch, Dhaka
14	Mr. Md. Kabirul Hasan	SVP	Manager, Dhanmondi Branch, Dhaka
15	Mr. Gazi Mahmud Hassan	VP	Head of International Div., Head Office
16	Mr. Mansoor Ahmed	VP	In-Charge of IAD, Head Office
17	Mr. Abdus Samad Shaheen	VP	In-Charge of MIS Div., Head Office
18	Mr. G. M. Mamunur Rahman	VP	In-Charge of IMRD, Head Office
19	Mr. Muhammed Didarul Alam	VP	In-Charge of Treasury Div., Head Office
20	Mr. Md. Badiul Alam	VP	Head of IC & CD, Audit Unit, Head Office
21	Mr. Md. Arfan Ali	VP	Manager, Kumira Branch, Ctg
22	Mr. Enamul Elahi	VP	Manager, Banani Branch, Dhaka
23	Mr. Mohammad Sirajul Kabir	VP	Manager, Agrabad Branch, Ctg
24	Mr. A.N.M. Sadan Jahan	VP	Manager, Nawabpur Road Branch, Dhaka
25	Mr. Khaled Mahmud	VP	Manager, Islampur Branch, Dhaka
26	Mr. Md. Naimur Rahman	SAVP	IMRD, Head Office
27	Mr. Mohammad Mafidul Haque	SAVP	HRD, Head Office
28	Mr. Md. Abul Kalam	SAVP	GSD, Head Office
29	Md. Ruhul Amin	SAVP	In-Charge of FAD, Head Office
30	Mr. Md. Rofiqul Islam	SAVP	RMG & TFD, Head Office
31	Mr. Iskandar Parvez	SAVP	International Div., Head Office
32	Mr. Md. Ahsanullah	SAVP	Manager, Talshahor Branch, B. Baria
33	Mr. Niaz Mohammed Khan	SAVP	Manager, Jamuna Future Park Branch, Dhaka
34	Mr. Chowdhury S M Atiqur Rahman Hyder	SAVP	Manager, D. T. Road Eidgah Branch, Ctg
35	Mr. Mohammad Rubel Alam Khan	SAVP	Manager, Mymensingh Branch, Mymensingh
36	Mr. Humayun Kabir	SAVP	Manager, Zindabazar Branch, Sylhet

SI #	Employee Name	Designation	Palce of Posting
37	Mr. Riyadh Mohammad Chowdhury	SAVP	Manager, Jubilee Road Branch, Ctg
38	Mr. Khan Md. Abu Muhit	SAVP	Manager, Khulna Branch, Khulna
39	Mr. Syed Fazle Elahi	SAVP	Manager, Cumilla Branch, Cumilla
40	Mr. Abdul Kayum	SAVP	Manager, Muradpur Branch, Ctg
41	Mr. Sajjad Karim	SAVP	Manager, Laldighi Branch, Ctg
42	Mr. M. Rezaul Karim	SAVP	Manager, Khatungonj Branch, Ctg
43	Mr. Md. Mosaref Hossain	AVP	GSD, Head Office
44	Mr. Delwar Hossain Delu	AVP	In-Charge of AMLD, Head Office
45	Mr. Md. Hedayet Ullah	AVP	In-Charge of UBTI, Head Office
46	Mr. M.Q.M Obaidullah	AVP	GSD, Head Office
47	Mr. Shah Md. Mustafizur Rahman	AVP	BACH Under TD, Head Office
48	Mr. Mohammad Farhad	AVP	MD's Secretariat, Head Office
49	Mr. Md. Monsur Ahmed	AVP	Investment Div., Head Office
50	Mr. Md. Mamnur Rashid	AVP	BOCD, Head Office
51	Mr. Md. Shariful Alam Mondal	AVP	Investment Div., Head Office
52	Mr. Md. Abdul Matin	AVP	Investment Div., Head Office
53	Ms. Rubyat Ara	AVP	International Div., Head Office
54	Mr. Maheenuul Aziz	AVP	In-charge of CTOU, ID, Head Office
55	Ms. Sanjida Laboni	AVP	Head of Marketing & Dev., Div., Head Office
56	Mr. Md. Shahidul Islam	AVP	Manager, Bogura Branch, Bogura
57	Mr. Md. Shahidul Islam	AVP	Manager, Rajshahi Branch, Rajshahi
58	Mr. Mohammad Moniruzzaman	AVP	Manager, Gazipur Chowrasta Branch, Gazipur
59	Mr. Mohammad Nurul Amin	AVP	Manager, Feni Branch, Feni
60	Mr. Mohammed Mahfuzur Rahman	AVP	Manager, Madhabdi Branch, Narsinghdi
61	Mr. Mizanur Rahman	AVP	Manager, Shantirhat Branch, Ctg
62	Mr. Mohammad Salequr Rahman	AVP	Manager, Lichubagan Branch, Ctg
63	Mr. Mohammad Abdul Aziz	AVP	Manager, Cox's Bazar Branch, Cox's Bazar
64	Mr. Mohammad Khaled Hossain	AVP	Manager, Uttara Branch, Dhaka
65	Mr. Mohammad Manir Hossain	AVP	Manager, Jaksin Bazar Branch, Laksmipur
66	Mr. Kayes Mahmud	AVP	Manager, Mirpur Branch, Dhaka
67	Mr. Mohammad Shamim Ahmed Akan	AVP	Manager, Panchabati Branch, Narayanganj
68	Mr. M M Mazharul Islam	AVP	Manager, Narayanganj Branch, Narayanganj
69	Mr. Md. Nandit Rahman Tazvi	AVP	Manager, Hemayetpur Branch, Savar
70	Mr. Golam Sarowor	AVP	Dilkusha Branch, Dhaka
71	Mr. Golam Sarwarul Hoque	AVP	Manager, Agrabad Branch, Ctg
72	Mr. Mohammed Zahirul Alam	AVP	Khatungonj Branch, Ctg
73	Mr. Mohammed Mohi Uddin	AVP	Manager, Jorargonj Branch, Ctg
74	Mr. Abdul Maleque	AVP	Islampur Branch, Dhaka
75	Mr. Md. Amiruzzaman	AVP	Manager, Dinajpur Branch, Dinajpur
76	Mr. A. K. M. Zahir Uddin Iqbal Chowdhury	FAVP	In-Charge of PRD, Head Office
77	Mr. Mohammad Salah Uddin ACS	FAVP	In-Charge of RMD, Head Office
78	Mr. Mohammad Ali Hossain Bhuiyan	FAVP	Board & Company Secretariat, Head Office

MANAGEMENT TEAM



MESSAGES





# মাননীয় চেয়ারম্যানের বাণী

বিস্মিল্লাহির রাহমানির রাহিম

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

আসসালামু আলাইকুম ওয়া রাহ্মাতুল্লাহ্,

পরিচালনা পর্ষদ এবং ব্যাংক ব্যবস্থাপনা কর্তৃপক্ষসহ সকল কর্মকর্তাদের পক্ষ থেকে ইউনিয়ন ব্যাংক লিমিটেড এর পঞ্চম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে স্বাগত জানাচ্ছি। এই শুভক্ষণে আমাদের সম্মানিত শেয়ারহোল্ডার, কর্মকর্তা, গ্রাহক ও শ্রুভাকাঙ্ক্ষীদের প্রতি আমার কৃতজ্ঞতাবোধ ও আন্তরিক ধন্যবাদ জানানোর সুযোগটি উৎসাহের সহিত নিতে চাই। আপনারা আমাদেরকে বছরব্যাপী অকুণ্ঠ সমর্থন দিয়ে গেছেন। এখানে উপস্থিত সবাই জানেন যে ২০১৩ থেকে ইউনিয়ন ব্যাংক লিমিটেড চতুর্থ প্রজন্মের ব্যাংক হিসেবে অর্থনৈতিক উন্নয়নে বাংলাদেশে কাজ করে যাচ্ছে। সফলভাবে ২০১৭ বছরটি সমাপ্ত করা আমাদের জন্য একটি বড় অর্জন। আমাদের দক্ষ মানব সম্পদ ও তাদের কঠোর পরিশ্রম চলমান অগ্রগতি অর্জনে সহায়ক ভূমিকা পালন করেছে। ৩১ ডিসেম্বর ২০১৭ সমাপ্ত বছরের ব্যাংকের পরিচালক মণ্ডলীর প্রতিবেদন ও বার্ষিক প্রতিবেদনসহ ব্যাংকের সার্বিক কার্যকলাপের চিত্র আপনাদের সামনে উপস্থাপন করার সুযোগ পেয়ে আমি অত্যন্ত আনন্দিত ও সম্মানিত বোধ করছি।

২০১৭ সালে বিশ্ব অর্থনৈতিক প্রবৃদ্ধি ৩.০০% এ পৌঁছেছে যা ২০১১ সালের পর থেকে সর্বোচ্চ প্রবৃদ্ধি। এই প্রবৃদ্ধির উন্নতি বিশ্বব্যাপী ছড়িয়ে পড়েছে। পূর্বের বছরের তুলনায় ২০১৭ সালে আনুমানিক বিশ্বের দুই-তৃতীয়াংশ দেশ গতিশীল প্রবৃদ্ধি বজায় রেখেছে। প্রত্যাশা করা হচ্ছে ২০১৮ ও ২০১৯ সালে বৈশ্বিক প্রবৃদ্ধির এই ধারা স্থিতিশীল থাকবে। গতিশীল প্রবৃদ্ধির এই ধারা বজায় রাখার কারণে ২০১৭ সালে পূর্ব ও দক্ষিণ এশিয়া বৈশ্বিক প্রবৃদ্ধির প্রায় অর্ধেক অর্জন করেছে। এ বছর বৈশ্বিক অর্থনৈতিক প্রবৃদ্ধির এক তৃতীয়াংশ অবদান চীনের। উন্নতির ধারা বজায় রাখা সত্ত্বেও, বৈশ্বিক অর্থনীতি দীর্ঘমেয়াদি চ্যালেঞ্জের মোকাবেলা করছে যেমন: বাণিজ্য নীতির পরিবর্তন, অর্থনৈতিক বৈচিত্রতা বৃদ্ধি, বৈষম্য হ্রাস, দীর্ঘমেয়াদি বিনিয়োগে পৃষ্ঠপোষকতা এবং প্রাতিষ্ঠানিক ক্রটিগুলোর সম্মুখীন হওয়া।

কিন্তু শিক্ষা, স্বাস্থ্য, জলবায়ু পরিবর্তন মোকাবেলায় সক্ষমতা এবং আর্থিক ও ডিজিটাল অন্তর্ভুক্তির কাঠামো নির্মাণে বিনিয়োগ সল্লমেয়াদি অর্থনৈতিক প্রবৃদ্ধি ও কাজের সুযোগ তৈরিতে সহযোগিতা করছে এবং দীর্ঘমেয়াদি টেকসই উন্নয়নকে ত্বরান্বিত করছে।

বাংলাদেশ অর্থনীতি টেকসই অর্থনৈতিক প্রবৃদ্ধি বজায় রাখতে সমর্থ হয়েছে। ২০১৬-১৬ অর্থবছরে প্রবৃদ্ধি ছিল ৭.৯১% যা ২০১৬-১৭ অর্থবছরে এসে ৭.২৮% দাঁড়িয়েছে। পূর্বের বছরগুলোর মতো সবচেয়ে বেশী প্রবৃদ্ধি হয়েছে শিল্পখাতে এবং তার পরেই সেবাখাত। মধ্যমেয়াদি বৃহদাকার অর্থনৈতিক কাঠামোতে ২০১৭-১৮ অর্থবছরে জিডিপির লক্ষ্যমাত্রা ধরা হয়েছে ৭.৪০% যা বিচক্ষণ আর্থিক ব্যবস্থাপনার বাস্তবায়ন, সতর্কতামূলক মুদ্রানীতির কার্যকরী প্রয়োগ, ব্যয়ের উপযুক্ত ব্যবস্থাপনা ও সংশোধনী কার্যক্রমগুলোর সুষ্ঠু বাস্তবায়নের মাধ্যমে অর্জিত হবে বলে আশা করা যায়।

বিভিন্ন কারণে বাংলাদেশের জন্য ২০১৮ বছরটি অত্যন্ত গুরুত্বপূর্ণ বছর। স্বল্পোন্নত দেশ হতে উত্তরণের লক্ষ্যে ২০১৮ সালে বাংলাদেশ প্রস্তুতি গ্রহণ করবে যার উদ্দেশ্য হলো পরবর্তী ছয় বছর তিনটি সূচকে নিজেদের অবস্থান বজায় রাখার মধ্য

দিয়ে স্বল্পোন্নত দেশের তালিকা হতে বের হওয়ার জন্য ২০২১ ও ২০২৪ সালে দুটি পুনঃসমীক্ষায় উত্তীর্ণ হওয়া। স্বল্পোন্নত দেশের (এলডিসি) তালিকা থেকে বের হওয়ার যোগ্যতা অর্জন করে বাংলাদেশ নিজেকে নতুন উচ্চতায় নিয়ে গেছে। বাংলাদেশ গড় মাথাপিছু জাতীয় আয়, মানবসম্পদ সূচক, অর্থনৈতিক ভঙ্গুরতা সূচক এই তিনটি নির্ণায়কের সবগুলো অর্জন করেছে। এই উত্তরণ বাংলাদেশের জন্য অনেক সুযোগ নিয়ে আসবে এবং সাথে সাথে কিছু চ্যালেঞ্জের মুখোমুখি হবে। এই নতুন মর্যাদা বাংলাদেশের ব্রাউন্ডিং এ সহায়তা করবে। নির্দিষ্ট ক্ষেত্রে যেমন জিডিপির আকার, রপ্তানি ও জনসংখ্যার বিচারে স্বল্পোন্নত দেশগুলোর তুলনায় শক্তিমত্তা অর্জন করায় বিনিয়োগকারীরা এই দেশে বিনিয়োগে আগ্রহী হবে এবং এগুলো বাংলাদেশকে বৈদেশিক ঋণ পেতে সহায়তা করবে।

আন্তর্জাতিক বাজার থেকে প্রতিযোগিতামূলক সুদের হারে বাণিজ্যিক ঋণ গ্রহণের ক্ষেত্রে বাংলাদেশের অনেক সুযোগ তৈরি হবে। বৈশ্বিক আর্থিক বাজার থেকে মূলধন সংগ্রহে বেসরকারী খাতের সুযোগ সৃষ্টি হবে।

ইউনিয়ন ব্যাংক লিমিটেড একটি চতুর্থ প্রজন্মের ব্যাংক এবং আমরা সফলতার ছয় বছরে পদার্পণ করেছি। প্রবল প্রতিযোগিতা ও প্রতিকূলতা সত্ত্বেও, অন্যান্য বছরগুলোর মত ২০১৭ সালেও আমরা

স্থির প্রবৃদ্ধি অব্যাহত রেখেছি। ২০১৭ সাল শেষে মোট আমানতের পরিমাণ দাঁড়িয়েছে ১,১৪,০৪৯.৮৯ মিলিয়ন টাকা যা গত বছরের ৭৪,২৫০.৫৬ মিলিয়ন টাকার চেয়ে ৫৩.৬০% বেশি। অপরদিকে ২০১৭ সালে বিনিয়োগ ৫০% বৃদ্ধি পেয়ে ১,০০,৭৫৩.৫৫ মিলিয়ন দাঁড়িয়েছে যা গত বছর ছিল ৬৭,১৫০.১৯ মিলিয়ন টাকা। এ বছর ইউনিয়ন ব্যাংক লিমিটেড ২,২৭২.৭৭ মিলিয়ন টাকা করপূর্ব মুনাফা অর্জন করেছে যা গত বছরের ১,৭৭৫.৬৯ মিলিয়ন টাকার তুলনায় ২৮.২৪% বেশি। আমাদের ব্যাংক এই বছরে রপ্তানি ও আমদানির ক্ষেত্রে বেশ ভালো প্রবৃদ্ধি করেছে। ২০১৭ সালে ব্যাংকের রপ্তানি ৩৩.৩৮% বৃদ্ধি পেয়ে ৪১,৩৯৭.০০ মিলিয়ন টাকায় পৌঁছেছে যা গত বছর ছিল ৩০,৯৭৪.০০ মিলিয়ন এবং আমদানি ২.৩৮% বৃদ্ধি পেয়ে ১৫,০০৮.০০ মিলিয়নে পৌঁছেছে যা গত বছর ছিল ১৪,৬৫৯.০০ মিলিয়ন।

সামাজিক দায়বদ্ধতা কর্মসূচির মাধ্যমে অবহেলিত ও সুবিধাভোগীদের সহায়তা করা এবং টেকসই সামাজিক পরিবর্তনে অবদান রাখা ইউনিয়ন ব্যাংক লিমিটেড এর একটি গুরুত্বপূর্ণ কর্তব্য। ভবিষ্যৎ প্রজন্মের বৃহত্তর সুার্থে শিক্ষা সহায়তা, স্বাস্থ্য সেবা, দরিদ্রতা বিমোচন ও পরিবেশবান্ধব সমাজ নিশ্চিতকরণের লক্ষ্যে ইউনিয়ন ব্যাংক লিমিটেড তার প্রতিষ্ঠালগ্ন থেকে সিএসআর কার্যক্রম চালিয়ে যাচ্ছে।

ইউনিয়ন ব্যাংক লিমিটেড অত্যাধুনিক ব্যাংকিং প্রযুক্তি এবং নতুন নতুন শারী'আহ্ ভিত্তিক পণ্য অর্ন্তভুক্তির মাধ্যমে উচ্চমানের গ্রাহক সেবা প্রদানের অভিপ্রায় নিয়ে নিরলসভাবে কাজ করে যাচ্ছে। ব্যাংকিং সুবিধা বহির্ভূত জনগনকে ব্যাংকিং সুবিধার আওতায় নিয়ে আসা আমাদের কাছে অধিক গুরুত্বপূর্ণ। সুস্বম ব্যাংকিং সেবা দিয়ে দরিদ্র জনগনকে ক্ষমতায়নের মাধ্যমে তাদেরকে চরম দরিদ্রতা থেকে মুক্ত করাই আমাদের প্রধান লক্ষ্য। সবজায়গায় কর্পোরেট ও ব্যবসায়িক নীতিগুলো এবং স্বচ্ছতা বজায় রেখে আমরা দ্রুত, নির্ভুল ও সন্তোষজনক গ্রাহক সেবা প্রদান করছি। আমাদের শক্তিশালী মূলধন ভিত্তিসহ প্রযুক্তি ভিত্তিক পেশাগত ব্যাংকিং পরিবেশ রয়েছে। ২০১৭ সালে শহর ও পল্লী অঞ্চলে মোট ১১ টি নতুন শাখা স্থাপন করার মাধ্যমে মোট শাখার সংখ্যা দাঁড়িয়েছে ৬৮ টি। আমরা দেশের বিভিন্ন গুরুত্বপূর্ণ জায়গায় নতুন নতুন এটিএম ব্যুথ স্থাপন করে গ্রাহকদের সার্বক্ষণিক ব্যাংকিং সুবিধা প্রদান করে যাচ্ছি। উন্নতমানের সেবা প্রদানের লক্ষ্যে ইউনিয়ন ব্যাংক লিমিটেড ABABIL এর সহায়তায় অনলাইন ব্যাংকিং সুবিধা চালু করেছে। ব্যাংকের প্রোডাক্ট ও সেবাগুলো তথ্য-যোগাযোগ প্রযুক্তি পরিকাঠামো দিয়ে পরিবেষ্টিত যা গ্রাহকের সন্তুষ্টি সাপেক্ষে নিয়মিত উন্নতি ঘটছে ও সম্প্রসারণ হচ্ছে। বিদেশে অবস্থানরত আমাদের বাংলাদেশী নাগরিকেরা যেন সহজে তাদের পরিবারের নিকট বিদেশ থেকে অর্থ প্রেরণ করতে পারে সে জন্য আমরা বিভিন্ন প্রতিষ্ঠানের সাথে নতুন নতুন চুক্তি করছি। গ্রাহকদের সর্বোচ্চ সেবা প্রদানের লক্ষ্যে দক্ষ লোকবল যে কোন আর্থিক প্রতিষ্ঠানের অবিচ্ছেদ্য অংশ এবং এজন্য ইউনিয়ন ব্যাংক লিমিটেড নিজস্ব ট্রেনিং ইন্সটিটিউট প্রতিষ্ঠা করেছে যাতে করে তার কর্মীদের যথোপযুক্ত প্রশিক্ষণ প্রদানের বিষয়টি নিশ্চিত করতে পারে।

আমি আমাদের সম্মানিত আমানতকারীদের, বিনিয়োগ গ্রহীতাদের এবং সকল নিয়ন্ত্রক সংস্থাগুলোর প্রতি আন্তরিক ধন্যবাদ ও কৃতজ্ঞতা জ্ঞাপন করছি। আমাদের শক্তি ও সামর্থ্যের উপর আস্থা বজায় রাখার জন্য আমি সকল শেয়ারহোল্ডারগন ও স্টেকহোল্ডারগনকে ধন্যবাদ জানাই এবং সকল গ্রাহককে ধন্যবাদ জানাই তাদের মূল্যবান সহযোগিতা ও বিশ্বাস ধরে রাখার জন্য।

ব্যাংকের উন্নতি ও অগ্রগতিতে অবিচ্ছিন্ন দৃঢ় সহযোগিতা, পৃষ্ঠপোষকতা, বিচক্ষণতা, দিক নির্দেশনা প্রদানের জন্য আমাদের পরিচালনা পর্ষদের সদস্যবৃন্দ, শারী'আহ্ সুপারভাইজরি কমিটির সদস্যবৃন্দ এবং সকল ব্যাংক কর্মকর্তাদের প্রতি আন্তরিক কৃতজ্ঞতা জানাই।

সর্বশক্তিমান মহান আল্লাহ্ তাআলা এর নিকট প্রার্থনা তিনি যেন আমাদের লক্ষ্য ও উদ্দেশ্য বাস্তবায়নে আমাদের সাহস ও শক্তি প্রদান করেন এবং আশা করি আগামী বছরগুলোতে আমরা আমাদের সাফল্যের ধারাবাহিকতা অব্যাহত রাখতে পারব, ইন্-শা-আল্লাহ্।



শহীদুল আলম  
চেয়ারম্যান

# Message from the Chairman

**Bismillahir Rahmanir Rahim**

**Esteemed Shareholders,**

**Assalamu Alaikum Wa Rahmatullah,**

I cordially welcome you all to the 5<sup>th</sup> Annual General Meeting (AGM) of Union Bank Limited on behalf of the Board of Directors, the Bank Management and the Employees of the Bank. At this auspicious moment, I enthusiastically take the opportunity to express my heartfelt gratitude and sincere thanks to our respected shareholders, officials, customers and well-wishers for their continued support throughout the year. All of you present here know that Union Bank Limited has been growing as a fourth generation banking brand in Bangladesh since 2013. It is a great achievement for us to pass another successful year of 2017. This progress is the result of consistent strong business performance made by our dynamic skilled human resources and their hard work. I am grateful to you all for allowing me to share with 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 2017.

In 2017, global economic growth has reached 3.0 percent – the highest growth since 2011 – as crisis-related fragilities and the adverse effects of other recent shocks subside. The improvement is widespread, with roughly two-thirds of countries worldwide experiencing stronger growth in 2017 than in the previous year. Global growth is expected to remain steady at 3.0 percent in 2018 and 2019. In 2017, East and South Asia has accounted for nearly half of global growth, as both regions continue to expand at a rapid pace. The Chinese economy alone has contributed about one-third of global growth during the year. Despite the improved short term outlook, the global economy continues to face long term challenges: changes in trade policy, increasing economic diversification, reducing inequality, supporting long-term investment and tackling institutional deficiencies. But, investment in areas such



as education, healthcare, resilience to climate change and building financial and digital inclusion, supports economic growth and job creation in the short-term and promotes long-term sustainable development.

The Economy of Bangladesh has been able to maintain sustained economic growth. The economy grew at a rate of 7.28 percent in FY 2016-17, satisfactorily up from 7.11 percent growth in FY 2015-16. Like previous years, major boost of growth has come from the industrial sector followed by the services sector. The GDP under the Medium-Term Macroeconomic Framework has been projected to grow at the rate of 7.4 percent in FY 2017-18 which is expected to be achieved through the implementation of prudent fiscal management, effective application of cautious monetary policy, appropriate management of expenditure, sound implementation of the reform activities.

The year 2018 will be a turning point for Bangladesh in many ways. Bangladesh will prepare to graduate from the Least Developed Country status in 2018 as it will have to pass two more reviews in 2021 and 2024 to get out of the LDC list through maintaining its position in all the three categories for the next six years. By becoming eligible for graduation from LDC, Bangladesh has taken its status to a new height. Bangladesh has met all three criteria for graduation including Gross National

Income (GNI) per capita, Human Assets Index, and Economic Vulnerability Index. This graduation will bring a lot of opportunities for Bangladesh and quite a few challenges as well. The new status will help in branding Bangladesh. Investors will be fascinated to invest in the country given its strength in certain areas such as the size of its Gross Domestic Product (GDP), exports and population compared to other LDCs. These will help Bangladesh's credit worthiness which is reflected through better credit rating. Bangladesh will have more opportunities for taking commercial loans from the international market at a competitive interest rate. The private sector will also have the opportunity to generate capital from the global financial market.

Union Bank Limited is a fourth generation bank and it is just on its sixth year journey. Despite all the challenges and huge competition, we have been able to retain a steady growth in the year of 2017 like the previous years. At the end of year 2017, total deposit of our Bank stood at BDT 1,14,059.88 million which is 53.60 percent growth compared to the previous year's total deposit at BDT 74,250.55 million. On the other hand, total investment recorded BDT 1,00,753.54 million which is 50 percent increase against BDT 67,150.19 million of the previous year. The Bank has achieved an operating profit of BDT 2,272.76 million compared to the last year's operating profit BDT 1,775.60 million. The profit growth has increased 28.24 percent this year. Our Bank has done well in the area of Export and Import as well. The volume of Import Business of the Bank was BDT 15,008.00 Million in 2017 having 2.38 percent rise against BDT. 14,659.00 million of the previous year while Export of the Bank was BDT 41,317.00 million in 2017 having 33.38 percent rise against BDT. 30,974.00 million of the previous year.

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. Our mission is to emancipate our poor people from abject poverty by empowering them with smooth banking services and to be the leading provider of Islami Shari'ah compliant banking services in Bangladesh. We are providing fast, accurate and satisfactory customer service by maintaining corporate and business ethics and transparency at all levels. We have technology based professional banking environment with strong capital base. During this year 2017, we have been able to open 11 new branches both in rural and urban areas. At the end of 2017, we have total 68 branches which are working hard to serve Bank's mission. We are establishing new ATM booths in different parts of the country. For providing better

services, Union Bank Limited has introduced online Banking with the help of the State-of-the-art Banking Software (ABABIL). Products and services of the Bank are strongly backed by ICT infrastructure which are continuously upgraded and expanded on customers' satisfaction. We have made new agreements with various officialdoms so that our Bangladeshi citizens can send remittance to their family easily. In order to afford great services to the clients, quality manpower is an integral part of any financial institution and for this reason Union Bank Limited established its own Training Institute since its journey so that UBL can ensure proper training to its manpower.

Union Bank Limited believes that it owes a solemn duty to the less fortunate and underprivileged of our society to make sustainable social change in their lives through its Corporate Social Responsibility (CSR). From the beginning of our Bank's journey we have 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 has spent around BDT 48.79 million in 2017.

I would now like to extend our sincere thanks and appreciation to all the regulatory authorities, our depositors and investment clients. I thank all our Shareholders and all other Stakeholders for their continued faith in our strength and capabilities, customers for their valuable support and trust.

My 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.



**Shahidul Alam**  
Chairman

# ব্যবস্থাপনা পরিচালকের বক্তব্য

বিস্মিল্লাহির রাহমানির রাহিম

সম্মানিত শেয়ারহোল্ডারবৃন্দ,

আসসালামু আলাইকুম ওয়া রাহমাতুল্লাহ,

ইউনিয়ন ব্যাংক লিমিটেড এর ৫ম বার্ষিক সাধারণ সভায় আপনাদের সবাইকে সু-স্বাগত জানাচ্ছি। ব্যাংকের পরিচালনগত দক্ষতা ও আন্তরিক প্রচেষ্টার ফলে ইউনিয়ন ব্যাংক সাফল্যের সাথে ২০১৭ সালের বার্ষিক লক্ষ্যমাত্রা অর্জন করতে সক্ষম হয়েছে। এ সফলতার জন্য মহান আল্লাহর প্রতি কৃতজ্ঞতা প্রকাশ করছি এবং আপনাদের সক্রিয় সমর্থন ও সহযোগিতার জন্য আন্তরিকভাবে ধন্যবাদ জ্ঞাপন করছি।

### বৈশ্বিক ও বাংলাদেশের অর্থনীতি

সাম্প্রতিক সময়ে বৈশ্বিক অর্থনীতি ইতিবাচক ধারায় পৌঁছেছে যেখানে বিনিয়োগের পাশাপাশি উৎপাদন ও বাণিজ্যের প্রবৃদ্ধিতে গতি সঞ্চারিত হয়েছে। এই প্রবৃদ্ধির চালিকা শক্তি ছিল উন্নত দেশগুলোর অর্থনীতির বিনিয়োগ সক্ষমতা ফিরে পাওয়া, উদীয়মান এশীয় দেশগুলোর ধারাবাহিক শক্তিশালী প্রবৃদ্ধির হার ধরে রাখা, ইউরোপের বৃহৎ অর্থনীতির দেশগুলোর ঘুরে দাঁড়ানো, ভোগ্য পণ্যের মূল্য ও চাহিদা বৃদ্ধি। বিশেষজ্ঞরা মনে করছেন, ভোগ্য পণ্যের দাম ও রপ্তানী বৃদ্ধি বিশ্ব বাণিজ্যের ক্ষেত্রে নতুন গতি আনয়ন করবে।

অন্যদিকে, বাংলাদেশের অর্থনীতি দক্ষতার সাথে বৈশ্বিক ও অভ্যন্তরীণ চ্যালেঞ্জ মোকাবেলা করে প্রবৃদ্ধির ধারাবাহিকতা ও স্থিতিশীলতা বজায় রাখতে সক্ষম হয়েছে। বাংলাদেশ ২০১৭ অর্থবছরে ৭.২৮ শতাংশ অর্থনৈতিক প্রবৃদ্ধি অর্জন করেছে যা প্রত্যাশিত লক্ষ্য মাত্রার চেয়েও বেশি। যদিও আরব দেশগুলোর অর্থনৈতিক মন্দার কারণে রেমিটেন্স আহরণ কিছুটা কমেছে, তবুও দেশের অর্থনৈতিক সক্ষমতা বৃদ্ধির কারণে মাথাপিছু আয় উল্লেখযোগ্যভাবে বেড়েছে। অন্যদিকে রপ্তানী বাণিজ্যও দেশ যথেষ্ট উন্নতি সাধন করতে সক্ষম হয়েছে। এই অর্জন ধরে রাখার জন্য প্রয়োজন অবকাঠামো খাতে অধিক বিনিয়োগ, নিরবিচ্ছিন্ন জ্বালানী সরবরাহ অব্যাহত রাখা, পণ্যের বহুমুখীকরণ ও নতুন বাজার অনুসন্ধানের মাধ্যমে রপ্তানী বাণিজ্য বাড়ানো ও নতুন শ্রম বাজার অনুসন্ধানের মাধ্যমে রেমিটেন্স আহরণ বৃদ্ধি করা।

### ইউনিয়ন ব্যাংকের সফলতা

মানসম্মত প্রযুক্তি নির্ভর আধুনিক ইসলামী শারী'আহ্ ভিত্তিক ব্যাংকিং সেবা সম্প্রসারণের মাধ্যমে ২০১৭ সালে ইউনিয়ন ব্যাংক প্রায় সকল সূচকেই সফলতা দেখিয়েছে। নানা প্রতিকূলতা থাকা স্বত্বেও আমাদের ব্যাংক সফলতার সাথে উল্লেখযোগ্য হারে ব্যবসা সম্প্রসারণ করতে সক্ষম হয়েছে। ৬৮ টি শাখার মাধ্যমে দেশব্যাপী বিস্তৃত নেটওয়ার্ক ও উন্নত গ্রাহক সেবা প্রদানের মাধ্যমে, আমরা চতুর্থ প্রজন্মের নতুন ব্যাংকগুলোর মধ্যে প্রায় সবগুলো সূচকে শীর্ষ স্থান ধরে রাখতে পেরেছি। বর্তমানে আমাদের ব্যাংকের মোট সম্পদের পরিমাণ দাঁড়িয়েছে ১১,৩১,৬৭৮ মিলিয়ন যা গত বছরের তুলনায় ৫৬.৯১% বেশি এবং মূলধনের পরিমাণ ১৮,০৫৩ মিলিয়ন যা গত বছরের তুলনায় ১৮.৩৮% বেশি।

### মুনাফা

ইউনিয়ন ব্যাংক ২০১৭ সালে ১২,২৭৩ মিলিয়ন পরিচালন মুনাফা অর্জন করেছে। এ মুনাফা গত বছরের তুলনায় ২৮%

বেশি। মানসম্পন্ন বিনিয়োগ বৃদ্ধি, শ্রেনীকৃত বিনিয়োগ নিয়ন্ত্রণ ও আদায় কার্যক্রমে গতি আনয়ন, সহায়ক ব্যবসায়িক আয় বৃদ্ধি সহ সর্বোপরি বিনিয়োগের উপর কার্যকর তদারকির ফলে এই সফলতা অর্জন সম্ভব হয়েছে।

### আমানত

২০১৭ সালে ইউনিয়ন ব্যাংকের মোট আমানত ধারাবাহিকভাবে বৃদ্ধি পেয়ে দাঁড়িয়েছে ১১,১৪,০৫০ মিলিয়ন, যা বিগত বছরের ১৭৪,২৫১ মিলিয়নের চেয়ে ৫৩.৬০% বেশি। অন্যদিকে মোট আমানত গ্রাহক সংখ্যাও ধারাবাহিকভাবে বৃদ্ধি পাচ্ছে এবং এরই ধারাবাহিকতায় ২০১৬ সালের তুলনায় ২০১৭ সালে মোট আমানত গ্রাহকের সংখ্যা বৃদ্ধি পেয়েছে ৪৯.৪৭%। আমানত ও গ্রাহক সংখ্যার এই প্রবৃদ্ধি ইউনিয়ন ব্যাংকের প্রতি গ্রাহকদের অবিচল আস্থার বহিঃপ্রকাশ হিসেবে গণ্য করা যায়।

### বিনিয়োগ

মানসম্মত বিনিয়োগ ও বিনিয়োগের বহুমুখীকরণ একদিকে যেমন বিনিয়োগ ঝুঁকি হ্রাস করে, অন্য দিকে দেশের সামগ্রিক অর্থনৈতিক উন্নয়নের পাশাপাশি ব্যাংকের দীর্ঘমেয়াদি নিরবিচ্ছিন্ন মুনাফা বৃদ্ধি করে থাকে। ২০১৭ সাল পর্যন্ত ইউনিয়ন ব্যাংক ১১,০০,৭৫৪ মিলিয়ন বিনিয়োগ করেছে, যা বিগত বছরের ১৬৭,১৫০ মিলিয়ন এর তুলনায় ৫০% বেশি। বিনিয়োগ গ্রাহক সংখ্যাও একই ভাবে বৃদ্ধি পেয়ে ২০১৭ সালে ৮,৬৪৮ এ দাঁড়িয়েছে, যা বিগত বছরের তুলনায় ৭০.৪৪% বেশি। উল্লেখ্য যে, ইউনিয়ন ব্যাংক ২০১৭ সালে এসএমই খাতে ১২,৬৬৮ মিলিয়ন, কৃষি খাতে ১৭৪৪ মিলিয়ন, গ্রীণ ফাইন্যান্স খাতে ১১৪০ মিলিয়ন বিনিয়োগ সহায়তা দেওয়া হয়েছে। ভবিষ্যতে বিনিয়োগ প্রদানের ক্ষেত্রে ইউনিয়ন ব্যাংক আরও যুগোপযোগী পদক্ষেপ নিয়েছে যার মধ্যে উল্লেখযোগ্য হচ্ছে, ক্ষুদ্র ও এসএমই খাতকে প্রাধান্য দেওয়া, নারী উদ্যোক্তাদের অধিকতর সহায়তা প্রদান, উৎপাদনশীল খাতে বিনিয়োগ বৃদ্ধির পাশাপাশি কর্মসংস্থান সৃষ্টি করা, মোট বিনিয়োগের বহুমুখীকরণ এবং আর্থিক খাতগুলোতে পরিবর্তনের ধরণ অনুযায়ী বিনিয়োগ সহায়তা প্রদান অব্যাহত রাখা।

### বৈদেশিক বাণিজ্য এবং রেমিটেন্স

ব্যাংকের অন্যান্য সূচকের ন্যায় বৈদেশিক বাণিজ্য খাতেও ইউনিয়ন ব্যাংক ২০১৭ সালে সফলতা অর্জন করেছে। ব্যাংকের ৭টি এডি শাখার সাহায্যে ২০১৭ সালে ১৪১,৩১৭ মিলিয়ন রপ্তানী করেছে যা ২০১৬ সালের তুলনায় ৩৩.৪২% বেশি এবং আমদানির পরিমাণ দাঁড়িয়েছে ১১৫,০০৮ মিলিয়ন যা বিগত বছরের তুলনায় ২.৩৯% বেশি। আমদানি ও রপ্তানীকে

আরো বেগবান করতে আমরা সেন্ট্রাল ট্রেড অপারেশন ইউনিট চালু করতে যাচ্ছি, যার মাধ্যমে ব্যাংকের সকল নন-এডি শাখা আমদানি ও রপ্তানী বাণিজ্যে অংশগ্রহণ করতে পারবে। সেন্ট্রাল ট্রেড অপারেশন ইউনিট ব্যাংকের আমদানি-রপ্তানী বাণিজ্যে নতুন দিগন্তের সূচনা করবে।

অন্যদিকে, ২০১৭ সালে ব্যাংক ৮২,২০১ মিলিয়ন রেমিটেন্স আহরণ করেছে। বর্তমানে ইউনিয়ন ব্যাংক ওয়েস্টার্ন ইউনিয়ন, ওয়াল স্ট্রীট ফাইন্যান্স, এক্সপ্রেস মানি, রিয়া, ট্রাঙ্কফাস্ট, আল-আনসারি, প্লাসিড এনকে কর্পোরেশন, ফাস্ট সিকিউরিটি ইসলামী এক্সচেঞ্জ ইটালী রেমিটেন্স হাউজ, আফতাব কারেন্সি এবং স্মল ওয়ার্ল্ড এর সাথে চুক্তিবদ্ধ রয়েছে, যার মাধ্যমে অতি সহজে ও দ্রুততম উপায়ে গ্রাহক সেবা প্রদান করা সম্ভব হয়েছে।

### শাখা ও এটিএম বুথ সম্প্রসারণ

দেশের দ্রুত অর্থনৈতিক প্রবৃদ্ধি অর্জনে ব্যাংকিং সুবিধা শহর ও প্রত্যন্ত পল্লী অঞ্চলে জনগণের দৌরগোঁড়ায় পৌঁছে দেয়ার জন্য ইউনিয়ন ব্যাংক নতুন শাখা ও এটিএম বুথ স্থাপন কার্যক্রম অব্যাহত রেখেছে এবং এরই ধারাবাহিকতায় ২০১৭ সালে ইউনিয়ন ব্যাংক ১১টি নতুন শাখা স্থাপন করেছে যেখানে ৫টি শহরে এবং ৬টি পল্লী অঞ্চলে অবস্থিত। বছর শেষে মোট শাখার সংখ্যা দাঁড়িয়েছে ৬৮টি, যার মধ্যে ৩৪টি শহর অঞ্চলে ও ৩৪টি পল্লী অঞ্চলে। এই সময়ে আরো ৫টি এটিএম বুথ স্থাপন করা হয়েছে। ব্যাংকিং সেবা জনগণের দৌরগোঁড়ায় পৌঁছে দেওয়ার জন্য আমাদের এই প্রয়াস অব্যাহত থাকবে।

### ঝুঁকি ব্যবস্থাপনা

ইউনিয়ন ব্যাংকের কার্যকর ঝুঁকি ব্যবস্থাপনার মাধ্যমে ব্যাংকের সার্বিক সূচকসমূহ সন্তোষজনক পর্যায়ে বজায় রাখা সম্ভব হয়েছে। দক্ষ ব্যবস্থাপনা ও কার্যকর পদক্ষেপের মাধ্যমে আগামী দিনেও এ ধারা অব্যাহত থাকবে। ব্যাংকের মূখ্য ঝুঁকি সমূহের ব্যবস্থাপনা মানেরও অগ্রগতি হয়েছে। উল্লেখ্য, ALPHA Credit Rating Limited ২০১৭ সালে ইউনিয়ন ব্যাংক লিমিটেডকে দীর্ঘমেয়াদে A+ এবং স্বল্প মেয়াদে ST-2 মানে নির্ধারণ করেছে। যা ব্যাংকের শক্তিশালী আর্থিক ভিত্তি, উত্তম তারল্য অবস্থা ও কাঠামোগত স্থিরতারই বহিঃপ্রকাশ। ব্যাংকের টেকসই প্রবৃদ্ধি ও উন্নয়ন নিশ্চিতকল্পে দক্ষ ও সুবিন্যস্ত ঝুঁকি ব্যবস্থাপনা কাঠামো কার্যকর রয়েছে। ব্যাংকের ঝুঁকি ব্যবস্থাপনা কমিটি ঝুঁকি মোকাবেলায় ব্যাংকের সক্ষমতা আরও মজবুতকরণ এবং সর্বোপরি ব্যবসায়িক প্রবৃদ্ধি নিশ্চিতকরণের জন্য সদা সচেষ্ট রয়েছে।

### তথ্য ও যোগাযোগ প্রযুক্তি

একদিকে যেমন আর্থিক ব্যবস্থা স্বয়ংক্রিয়, আধুনিক এবং ডিজিটাল হচ্ছে, অন্যদিকে অবিরত আর্থিক ব্যবস্থাকে উদ্দেশ্যমূলকভাবে সাইবার আক্রমণসহ তথ্য ও যোগাযোগ প্রযুক্তি সংক্রান্ত অন্যান্য ঝুঁকি সৃষ্টি হচ্ছে। এসব প্রেক্ষাপটে, প্রতিটি আর্থিক প্রতিষ্ঠানকে আন্তর্জাতিক ভাবে অনুসৃত প্রতিরোধমূলক ব্যবস্থা গ্রহণের মাধ্যমে তা মোকাবেলা করতে হবে। এ লক্ষ্যে আমাদের ব্যাংক পরিপূর্ণ সাইবার নিরাপত্তা ঝুঁকি মূল্যায়ন, প্রযুক্তিগত দুর্বলতা মূল্যায়ন, আপদকালীন ব্যবস্থা কার্যক্রম প্রণয়ন, যে কোন সাইবার বা কারিগরি আক্রমণ মোকাবেলা, তৃতীয় পক্ষের মাধ্যমে গৃহীত সেবাসমূহের ঝুঁকি মোকাবেলা, সকল কর্মকর্তা-কর্মচারীর জন্য সাইবার নিরাপত্তা বিষয়ক সচেতনতা ও প্রশিক্ষণ কার্যক্রম গ্রহণ, তথ্য প্রযুক্তির মাধ্যমে লেনদেন বিষয়ক সচেতনতা বৃদ্ধি ইত্যাদি কার্যক্রম জোরদার করা হয়েছে, যাতে করে আমরা ভবিষ্যত সম্ভাব্য তথ্য প্রযুক্তি সংক্রান্ত ঝুঁকিসমূহ দক্ষতার সাথে মোকাবেলা করতে পারি। দৈনন্দিন কার্যক্রম সফলভাবে সম্পাদন করার জন্য ব্যাংক BACH, BEFT, RTGS, ATM, POS, NPSB ও Q-cash সুবিধা সহ Debit Card, SMS Banking, SWIFT ও Foreign Remittance সেবা প্রদান করা হচ্ছে। এছাড়াও প্রতিটি লেনদেনের সুরক্ষা নিশ্চিতকল্পে উচ্চ ক্ষমতা সম্পন্ন ফায়ারওয়াল ডিভাইসের ব্যবহার এবং নিরবিচ্ছিন্ন ব্যাংকিং সেবা প্রদানের জন্য ডিএমজেড (ডিমিলিটারাইজড জোন) সিকিউরিটি জোন নিশ্চিত করা হয়েছে।

### মানব সম্পদ উন্নয়ন

২০১৭ সালে ব্যাংকের মোট কর্মকর্তা ও কর্মচারীর সংখ্যা দাঁড়িয়েছে ১,৩০৮ জন যা বিগত বছরে ছিল ১,০৫১ জন। অর্থাৎ এ বছর নতুন করে ২৫৭ জন যোগদান করেছে। শুধুমাত্র নিয়োগ নয় তাদেরকে মানব সম্পদে পরিণত করতে ইউনিয়ন ব্যাংক বদ্ধপরিকর। মানব সম্পদ উন্নয়ন একটি ধারাবাহিক প্রক্রিয়া। সুষ্ঠুভাবে ব্যাংকিং কার্যক্রম পরিচালনা ও উন্নত গ্রাহক সেবার জন্য মানব সম্পদ উন্নয়নের বিকল্প নেই। সেই জন্য ব্যাংকের নিজস্ব ট্রেনিং ইনস্টিটিউটের মাধ্যমে সকল পর্যায়ের কর্মকর্তাদের বিভিন্ন ধরনের প্রশিক্ষণের ব্যবস্থা করা হয়ে থাকে। ২০১৭ সালে ইউনিয়ন ব্যাংক ট্রেনিং ইনস্টিটিউট ৮টি ফাউন্ডেশন কোর্সের মাধ্যমে ২৫৯ জনকে ফাউন্ডেশন ট্রেনিং প্রদান করেছে। এছাড়া ১ টি এ্যাডভান্সড ট্রেনিং কোর্স, ১৩ টি ওয়ার্কশপ, ২ টি নির্বাহী উন্নয়ন কর্মসূচীর আওতায় ৭২২ জন কর্মকর্তা ও নির্বাহীর প্রশিক্ষণের ব্যবস্থা করা হয়েছে। কর্মকর্তাদের আরো প্রায়োগিক জ্ঞান প্রদানের জন্য ফাউন্ডেশন ও এ্যাডভান্সড কোর্সগুলো সংশোধিত হচ্ছে। এছাড়া BIBM, BBTA ও অন্যান্য দেশীয় ও আন্তর্জাতিক ইনস্টিটিউটের মাধ্যমে মানব সম্পদ উন্নয়ন প্রক্রিয়া অব্যাহত আছে।



### শারী'আহ পরিপালন

ব্যাংকিং কার্যক্রমে ইসলামী শারী'আহ পরিপালনে প্রতিষ্ঠালগ্ন থেকে ইউনিয়ন ব্যাংক সর্বদা সচেষ্ট রয়েছে। বাংলাদেশ ব্যাংকের গাইডলাইন এবং দেশ বরেণ্য উলামায়ে কেরামের সমন্বয়ে গঠিত শারী'আহ সুপারভাইজরী কমিটির পরামর্শ আমাদের ব্যাংকিং কার্যক্রমে শারী'আহ পরিপালনে উৎসাহ যোগাচ্ছে। শারী'আহ সুপারভাইজরী কমিটির অধীনে কর্মরত মুরাক্বিবগণ বিভিন্ন ধরণের নিরীক্ষা ও অনুসন্ধান কার্যক্রম পরিচালনা করছেন।

### সামাজিক দায়বদ্ধতা

সফল ব্যাংকিং কার্যক্রমের পাশাপাশি প্রাতিষ্ঠানিক সামাজিক দায়িত্বের প্রতি ইউনিয়ন ব্যাংক সদা সচেষ্ট রয়েছে। একটি কল্যাণমুখী ব্যাংক হিসেবে প্রতিষ্ঠিত হওয়ার লক্ষ্যে এবং বৃহত্তর সামাজিক কল্যাণ সাধনের উদ্দেশ্যে ইউনিয়ন ব্যাংক ২০১৭ সালে সামাজিক দায়বদ্ধতার খাতে ৮৪৯ মিলিয়ন প্রদান করেছে। যার মধ্যে মাননীয় প্রধানমন্ত্রীর ত্রাণ তহবিলে অনুদান, দরিদ্র ও মেধাবী শিক্ষার্থীদের শিক্ষাবৃত্তি প্রদান, গরিব ও অসহায় মানুষের মাঝে শীত বস্ত্র বিতরণ ইত্যাদি কার্যক্রম উল্লেখযোগ্য। ব্যাংকের মোট অনুদানের ১৭% শিক্ষা খাতে, ৩% স্বাস্থ্য খাতে, ৪৮% দুর্ঘোণ ব্যবস্থাপনা খাতে, ৪% সাংস্কৃতিক কর্মকাণ্ডে এবং ২৮% অন্যান্য খাতে ব্যয় করা হয়েছে।

### ২০১৮ সালের পরিকল্পনা

২০১৮ সালে আমানত সংগ্রহ, বিনিয়োগ ও বৈদেশিক বাণিজ্যে লক্ষ্যমাত্রা অর্জনে দেশের অর্থনৈতিক প্রবৃদ্ধির সাথে তাল মিলিয়ে টেকসই উন্নয়ন, নিয়ন্ত্রণকারী সংস্থার সকল বিধি-বিধান পরিপালন এবং সামাজিক, নৈতিক, পরিবেশবান্ধব, উৎপাদনশীল ও লাভজনক ব্যবসায় আরো অধিকতর সম্প্রসারণমূলক কর্ম-পরিকল্পনা গ্রহন করা হয়েছে। আর্থিক খাতের সুবিধা বঞ্চিত এবং সুল্প সুবিধাপ্রাপ্ত প্রান্তিক জনগোষ্ঠী এবং অবহেলিত এলাকায় আর্থিক সেবাসমূহ পৌঁছে দিতে বিনিয়োগ বহুমুখীকরণ ও সর্বোপরি টেকসই সামাজিক উন্নয়নে ইউনিয়ন ব্যাংক অঙ্গীকারবদ্ধ। গ্রাহক সেবার মান বাড়ানো, মূলধন কাঠামোর ভিত্তি সুদৃঢ় করা, ক্ষুদ্র ও কুটির শিল্প এবং পরিবেশবান্ধব খাতে বিনিয়োগ প্রদান, নারী উদ্যোক্তাদেরকে বিনিয়োগ সহায়তা বাড়ানো এবং বিনিয়োগের বৈচিত্র্যতা আনয়নের জন্য আমাদের নিরলস প্রচেষ্টা অব্যাহত থাকবে। আমাদের অঙ্গীকার মোতাবেক ২০১৮ 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 অঙ্গীকারবদ্ধ।

পরিশেষে, আমাদের ব্যাংকের সুদক্ষ 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 আকাঙ্ক্ষার সাথে সংগতি রেখে আমরা ব্যাংকের সক্ষমতা বৃদ্ধির পাশাপাশি গুরুত্বপূর্ণ সূচকসমূহের মান বৃদ্ধির মাধ্যমে সামগ্রিক উন্নয়ন ও ধারাবাহিক মুনাফা বৃদ্ধি করতে প্রতিশ্রুতিবদ্ধ। আশা করি, অদূর ভবিষ্যতে ইউনিয়ন ব্যাংক লিঃ একটি আধুনিক প্রযুক্তি নির্ভর, প্রগতিশীল ও কল্যাণমুখী ইসলামী ধারার ব্যাংক হিসেবে প্রতিষ্ঠা লাভ করবে ইন্-শা-আল্লাহ।

আল্লাহ হাফেজ।

*O. Haroque*

ওমর ফারুক

ব্যবস্থাপনা পরিচালক



## From the Desk of Managing Director

**Bismillahir Rahmanir Rahim**

**Respected Shareholders,**

**Assalamu-Alaikum Wa Rahmatullah,**

Greetings and welcome to you all in the 5<sup>th</sup> Annual General Meeting of Union Bank Limited. I like to mention here that Union Bank has achieved its annual target in the year of 2017 through its prudent business operation and intimate effort of all member of the Bank. I am grateful to the Almighty Allah for this success and thanks to all for your support and co-operation.

## Global and Bangladesh Economy

In the recent era, global economy has reached to positive approach where a positive flow has been instilled in the growth of Investment along with production and trade. Driving forces of this growth were regaining the investment capacity of developed countries, retaining the constant growth of rising Asian countries, repossessing of large economy in European countries, rising price and demand of consumer goods. According to the expert opinion, increasing price and export of consumer goods will bring positive movement in world trade and commerce.

On the other hand, despite of national and global challenges, the economy of Bangladesh has gained capacity to maintain constant growth and stability. In the year 2017, Bangladesh has achieved 7.28 percent economic growth which is more than expectation. Despite of declining trend of inward remittance flow from Arab Countries due to economic recession, per capita income of our country has been remarkably increased for enhanced capability of the economy as a whole. Apart from that, the country has been able to progress in export business. To retain this achievement, we need to invest more in infrastructural sector, uninterrupted supply of fuel, increase export by seeking new market & diversifying of product and increase remittance by seeking new labor market.

## Success of UBL

During the year 2017, Union Bank has achieved its success in all categories through modern technology and shari'ah based quality banking services. Despite of various obstacle, our bank has been able to expand its business at large scale. We have retained our top position among the fourth generation banks in all categories mainly for wide network consist of 68 branches over country and better quality customer services. At present, our total asset size is Tk. 1,31,678 million which is 56.91% higher than previous year and total capital stood at Tk. 8,053 million Which is 18.38% higher than previous year.

## Profitability

Union Bank has earned Tk. 2,273 million operating profit in the year of 2017 which is 28% higher than previous year. Increasing quality investment, expediting recovery and control over classified investment, increasing ancillary business income and effective monitoring towards the investment portfolio were the key factors of this success.

## Deposits

UBL's deposits has increased to Tk. 1,14,050 million in the year 2017 which is 53.60% higher than previous year's Tk. 74,251 million. Meanwhile, the number of deposit accounts has been increasing gradually and the number of total deposit accounts has increased by 49.47% in the year of 2017 in compare with previous year. This growth of deposit and number of accounts indicate the customers' trust upon our bank.

## Investment

Investment diversification and quality investment reduces investment risk apart from sustainable profit growth and overall economic development. UBL's Investment stood at Tk. 1,00,753 million in the year 2017 which is 50% higher than previous year's Tk. 67,150 million. Simultaneously, the number of investment account has increased to 8,648 in 2017 which is 70.44% higher than the previous year. However, UBL has financed Tk. 2,668 million in SME sector, Tk. 744 million in Agriculture sector, Tk. 140 million in Green Finance during the last year. Bank has taken time based procedures for future investment such as preferring Micro & SME sector, more co-operation to Women Entrepreneur, increasing investment facility to productive sectors as well as creating employment facilities, diversifying investment and providing investment facilities according to changing environment of financial sectors.

## Foreign Trade and Remittance

Like other indexes, Union Bank has also achieved success in foreign trade during 2017. Union Bank made Tk. 41,317 million Export in 2017, which is 33.42% higher than 2016 and also made Tk. 15,008 million Import which is 2.39% higher than

previous year. To expedite Import and Export, we are going to establish Central Trade Operation Unit (CTOU) through which all Non-AD branches can participate in Import-Export trade. It will introduce new prospect in Import-Export trade for Banks.

On the other hand, during 2017 we collected Tk. 2,082 million foreign remittance. At present, Union Bank has agreement with Western Union, Wall Street Finance, Express Money, RIA, Transfast, Al-Ansari, Placid NK Corporation, First Security Islami Exchange Italy Remittance House, Aftab Currency and Small World Remittance House which made it possible to provide fast and easy customer service.

### Expansion of Branches and ATM

Union Bank has expanded new branches and ATM booth's in line with rapid economic growth of the country by providing banking service at the door step of the people in urban & rural areas and subsequently, we have established 11 new branches during the year 2017 out of which 5 (five) branches are in urban area and 6 (six) are in rural area. Total number of branches stood at 68 (sixty-eight) at the end of 2017 out of which 34 (thirty-four) situated in urban areas and rest 34 (thirty-four) are in rural areas. During this period, we also have established 5 (five) ATM booth's. Our endeavor to deliver quality banking service at door to door will be continued in the days to come.

### Risk Management

It was possible to maintain the bank's overall index at satisfactory level through efficient risk management. Effective measures and proper management in this regard will be continued by constant endeavor. Core Risk Management grading of the banks has also been improved. It is mentionable that "ALPHA Credit Rating Limited" has rated us 'A+' in long term and 'ST-2' in short term in 2017 which indicates that the bank is operates its business with strong financial base, better liquidity position and organizational stability. We have well organized and efficient risk management structure to ensure sustainable growth and development of the bank. Risk Management Committee is conscious to strengthen risk management capacity and ensure sustainable business growth.

### Information & Communication Technology

Financial system is becoming more automated, modern and digitalized while on the other side, intentional cyber-attack along with promptness of ICT risk is constantly increasing. In this circumstances, each and every financial institution have to adopt internationally accepted preventive measures to tackle those risks. In this context, our bank has strengthened the evaluation of proper cyber security risk and technological weaknesses, established activity system during crisis period, tackled with any kind of cyber or technical attack and risk of third parties adopted services, introduced awareness and training programs regarding cyber security for all employees, build-up awareness regarding transaction related with information technology etc. so that we can efficiently tackle with probable ICT Risk in future. To operate the day to day banking activities successfully, our bank uses BACH, BEFT, RTGS, ATM, POS, Debit Card with Q-Cash and NPSB facility, SMS Banking, SWIFT and foreign remittance services. In every banking service, our bank is complying all international standards and protocols through using DMZ (Demilitarized Zone) and high capacity firewall devices.

### Human Resources Development

Total number of employees of UBL stood at 1,308 in 2017 which was 1,051 in 2016. That means 257 employees has been recruited during this year. The bank is determined not only to recruit employees but also desired to turn them into human resources. Human Resources Development is a continuous process and such there is no alternative of human resources development for sound banking operation and quality customer services. Hence, different types of training are arranged for all employees through the bank's own training institute. The training institute has provided foundation training to 251 officials through 08 foundation courses. Apart from that the institute organized 01 Advanced Training Course, 13 Workshops, 02 Executive Development Programs, which trained up 722 bank officials and executives. To provide more practical knowledge, the syllabus of foundation and advanced training is updating on regular basis. Moreover, the effort of human resources development through BIBM,

BBTA and other domestic & international institute is in place.

### Shari'ah Compliance

Bank is constantly vigilant to become Shari'ah compliant in its banking operations. Relevant guidelines of Bangladesh Bank and instructions of Bank's Shari'ah Supervisory Committee comprised of national recognized Islamic scholars' inspired us to comply with Shari'ah principles. Muraqib's under Shari'ah Supervisory Committee are conducting various Shari'ah Audits and Inspections.

### Corporate Social Responsibility

Union Bank is always concern about Corporate Social Responsibility as well as successful banking performance simultaneously. To become a socially committed bank and attain social welfare, Union Bank has donated Tk. 49 million in 2017. Donation to Honorable Prime Minister Relief Fund, awarding of Scholarship to needy and meritorious students and distributing winter cloths among poor & helpless people are remarkable. UBL distributed 17% in Education sector, 3% in Health sector, 48% in Disaster Management sector, 4% in Cultural welfare sector and 28% in Other sectors of our total CSR Fund.

### Plan for 2018

Union Bank has taken comprehensive plan for deposit mobilization, sustainable development in line with overall economic growth through achievement of Investment and foreign trade target, investment more on social, ethical, environment friendly, productive & profitable business as well as compliance of all rules and regulations of the regulatory bodies for the upcoming year 2018. Union Bank is committed to deliver financial services to financially deprived and less benefited marginal communities along with remote areas for investment diversification and overall sustainable social development. Our endeavor will be continued to increase the quality of customer services, retaining the well strong capital base, investment facilities to small & cottage industry and environment friendly sectors, investment facilities to women

entrepreneur and investment diversification. We are firmly committed to improve the performance of the bank by ensuring the standard of corporate governance, standard of customer services, maintain faithfulness and quality of assets in the 2018 to retain the success constantly.

Finally, I, express my heartfelt gratitude to the honorable shareholders, prudent and forward looking Board of Directors, Bangladesh Bank and other regulatory authorities, respected clients and well-wishers for their continuous support and patronization. We are committed to increase the capabilities of the bank in line with the improvement of key indicators for ensuring overall progress and constant growth of profitability to meet with aspirations of our respected shareholders. Hopefully, UBL will be recognized as a modern state of the art technology based, progressive and well-being shari'ah based islamic bank in the days ahead, In-Sha-Allah.

Allah Hafez.



**Omar Farooque**  
Managing Director

FROM THE DESK OF MANAGING DIRECTOR



# REPORTS





# DIRECTORS' REPORT

**Bismillahir Rahmanir Rahim**

**Dear Shareholders**

**Assalamu Alaikum,**

The Board of Directors of Union Bank Limited is delighted to welcome you all to the 5<sup>th</sup> Annual General Meeting of the Bank. It is an immense pleasure and privilege on the part of Directors to place the Directors' Report and Auditors' Report together with the audited financial statements of the Bank for the year ended 31<sup>st</sup> December 2017 for your valued consideration, adoption and approval. The Board has reviewed the financial statements in order to ensure effective financial control, transparency and accuracy of the financial data and financial reporting. The Board would like to take this great opportunity to spotlight briefly on the operational performance of the Bank during the year 2017 in the perspective of domestic and international economic scenario.



## GLOBAL ECONOMY

After a long period of stagnation, the world economy is finally strengthening. In 2017, global economic growth is estimated to have reached 3.0 percent, a significant acceleration compared to growth of just 2.4 percent in 2016, and the highest rate of global growth recorded since 2011. Labour market indicators continue to improve in a broad spectrum of countries, and roughly two-thirds of countries worldwide experienced stronger growth in 2017 than in the previous year. At the global level, growth is expected to remain steady at 3.0 percent in 2018 and 2019. This recent acceleration in world gross product growth stems predominantly from firmer growth in several developed economies, although East and South Asia remain the world's most dynamic regions. Cyclical improvements in Argentina, Brazil, Nigeria and the Russian Federation, as these economies emerge from recession, also explain roughly a third of the rise in the rate of global growth between 2016 and 2017.

In the first eight months of the year, world merchandise trade grew at its fastest pace in the post-crisis period. The rebound springs predominantly from stronger import demand in East Asia, as domestic demand picked up in the region, supported by accommodative policy measures. In several major developed economies, imports of capital goods have rebounded, as firms respond to improving conditions for investment. Recent course adjustments in major trade relationships, such as the United Kingdom of Great Britain and Northern Ireland's decision to withdraw from the European Union and the United States of America's decisions to renegotiate the North American Free Trade Agreement and to reassess the terms of its other existing trade agreements, have raised concerns over a potential escalation in trade barriers and disputes. These could be amplified if met by retaliatory measures by other countries. An increasingly restrictive trade environment may hinder medium-term growth prospects, given the mutually reinforcing linkages between trade, investment and productivity growth. In this regard, policies should focus on upholding and revitalizing multilateral trade cooperation, emphasizing the possible benefits from trade in services.

## BANGLADESH ECONOMY

In the last two years, Bangladesh's economic expansion has been quite impressive from the perspective of GDP growth rate, which was seven-plus percent both years, according to figures from government and other

sources. The Bangladesh Economy grew at a rate of 7.28 percent in FY 2016-17, satisfactorily up from 7.11 percent growth in FY 2015-16. GDP growth in fiscal 2017-18 is likely to be 7.65 percent up from 7.28 percent year earlier, as per Bangladesh Bureau of Statistics. This growth rate is expected to be achieved through the implementation of prudent fiscal management, effective application of cautious monetary policy, appropriate management of expenditure, sound implementation of the reform activities. The provisional estimates show that the manufacturing sector grew 13.18 percent this fiscal year and the construction sector 10.11 percent. The BBS data shows that the agriculture sector, whose contribution to the GDP is 14.10 percent, grew 3.06 percent in fiscal 2017-18, up from 2.97 percent last year. The services sector, whose contribution to the GDP is 52.85 percent, grew 6.33 percent this year, down from 6.69 percent registered a year earlier. The industrial sector, whose contribution to the GDP is 33.71 percent, grew 11.99 percent against 10.22 percent in fiscal 2016-17. The private investment to GDP ratio increased marginally from 23.1 percent in fiscal 2016-17 to 23.25 percent in fiscal 2017-18. But, gas production is projected to increase by 1.32 percent, coal production declined 20.47 percent, electricity production plus imports increased 9.4 percent, and industrial raw materials import in nominal dollars increased 8.2 percent. In dollar term, the GDP size is \$274.5 billion this fiscal year and the country's per capita income is \$1,752, which was \$1,610 in fiscal 2016-17.

The external sector has been a source of strength for the Bangladesh economy for several years. This has changed in recent periods. Export growth in FY 2016-17 was only 1.7 percent as opposed to the target of 8 percent. A glimmer of hope is in the horizon with both RMG and total exports picking up during July-December of FY 2017-18. In FY 2016-17 remittance earning growth experienced a negative growth of (-)15.9 percent despite increase of manpower export. One important reason for low remittances despite high growth of manpower exports is the flow of remittances through informal channels. Strong Bangladeshi Taka against the US Dollar also played a role for low export and remittances growth to some extent. Though remittances have started to pick up in recent months it is not significant since it was negative during the last fiscal year.

Domestic savings-GDP ratio increased by only 0.3 percent in FY 2016-17 while national savings-GDP ratio declined by 1.2 percentage point to 20.6 percent

in FY 2016-17 from 30.8 percent in FY 2015-16 in the backdrop of the large current account deficit. This has narrowed the gap between national savings and total investment as a share of GDP for the first time in recent years, which otherwise displayed a gap implying that resources are not fully utilised.

Bangladesh has made remarkable progress in reducing poverty, supported by sustained economic growth. Based on the international poverty line of \$1.90 per person per day, it reduced poverty from 44.2 percent in 1991 to 13.8 percent in 2016-17. In parallel, life expectancy, literacy rates and per capita food production have increased significantly. Progress was underpinned by 6 percent plus growth over the decade and reaching to 7.3 percent in 2016-17, according to official estimates. Rapid growth enabled Bangladesh to reach the lower middle-income country status in 2015. In 2018, Bangladesh has fulfilled all three eligibility criteria for graduation from the UN's Least Developed Countries (LDC) list for the first time and is on track for graduation in 2024.

Bangladesh is both an inspiration and a challenge for policymakers and practitioners of development. While the income growth, human development and vulnerability reduction efforts to date have been extraordinary, Bangladesh faces daunting challenges with about 22 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 million youths entering the job market every year. 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, uncertain and complex business regulation, rapid urbanization and vulnerability to climate change and natural disasters, among others.

## BANKING SECTOR

The Banking sector of Bangladesh is one of the major contributors to the Bangladesh economy with the commercial sector playing a pivotal role in the financial sector. The economy of Bangladesh has expanded significantly in 2017, despite ups and downs in the performance of major economic indicators. According to the Centre for Policy Dialogue (CPD), a sound financial sector is the key for a sustained economic

development for any country. It facilitates the financial mechanisms between borrowers and lenders, helps expedite capital accumulation, and ensures use of resources into productive sectors. The growth in credit disbursement, increased amount of deposit, cut in lending rate, increased number of Letter of Credit (LC) opening, operating profit of Banks and even the capital adequacy ratio of the banks in line with the Bangladesh Bank requirement, showed that the country's financial sector is in excellent health.

It has been observed that both Deposit and Advance have increased at the end of 2017. It is a good sign for socio-economic development of the country. At the end of the year of 2017, the overall Bank Deposit stands at BDT 92,61,793 million which is 10.22 percent growth compared to the previous year's total Deposit amounting BDT 84,02,682 million. On the other hand, the total Advance of the Banks reaches BDT 81,26,155 million on December 2017 which is 15.30% increase against the amount BDT 68,88,701 million of the year 2016. The country's Foreign Exchange Reserve kept a steady pace also. It was USD 33,226.9 million at the end 2017 which increased 3.53 percent from the year of 2016 amounting USD 32,092.2 million.

Exports rose 7.15 percent year-on-year to \$17.92 billion in the first half of the fiscal year 2017-2018, maintaining the growth momentum largely on the back of garments, jute, jute goods and furniture. Bangladesh also beat the export target for July-December by 0.23 percent, according to the Export Promotion Bureau. Alone in December, exports receipts stood at \$3.09 billion, up 8.42 percent over the same month in the last fiscal year 2016-2017.

However, the banking sector will have to prepare for the next generation of global regulatory framework and meet emerging clients' needs. In the coming days, the Banking Industry will have to achieve the ability to absorb shocks arising from financial and economic stress, improve risk management and governance, and strengthen Banks' transparency and disclosures. And if the sector has to play the larger role of contributing towards a stable and sound macroeconomic situation, the banking sector has to go through the painful path of stricter policy and legal measures.

## AN OVER VIEW OF THE BANK

Union Bank Limited is a fourth generation Bank and it is just on its sixth year journey. Despite all the challenges and huge competition, we have been able to retain

a steady growth in the year of 2017 like the previous years. At the end of year 2017, total deposit of our Bank stood at BDT 1,14,049.88 million which is 53.60 percent growth compared to the previous year's total deposit at BDT 74,250.56. On the other hand, total investment recorded BDT 1,00,753.55 million which is 50.04 percent increase against BDT 67,150.19 million of the previous year. The Bank achieved an operating profit of BDT 2272.76 million compared to the last year's operating profit BDT 1,775.60 million. The profit growth increases 28.24 percent this year. Our Bank has done well in the area of Export and Import. Import of the Bank was BDT 15,007.90 million in 2017 having 2.38 percent raise while Export of the Bank was BDT 41,317.00 million in 2017 having 33.39 percent raise against BDT 30,973.50 million of the previous year.

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. Our mission is to emancipate our poor people from abject poverty by empowering them with smooth banking services and to be the leading provider of Islami Shari'ah compliant banking services in Bangladesh. We are providing fast, accurate and satisfactory customer service by maintaining corporate and business ethics and transparency at all levels. We have technology based professional banking environment with strong capital base. During this year 2017, we have been able to open 11 (Eleven) new branches both in rural and urban areas. At the end of 2017 we have total 68 (Sixty Eight) branches which are working hard to serve bank's mission. We are establishing new ATM booths in different parts of the country. For providing better services, Union Bank Limited has introduced Online Banking with the help of the State-of-the-art Banking Software (ABABIL). UBL's Products and services are strongly backed by ICT infrastructure which are continuously upgraded and expanded on customers' satisfaction. We have made new agreements with various officialdoms so that our Bangladeshi citizens can send remittance to their family easily. In order to afford great services to the clients, quality manpower is an integral part of any financial institution and for this reason Union Bank Limited established its own Training Institute since its journey so that UBL can ensure proper training to its manpower.

## FINANCIAL HIGHLIGHTS / BANK PERFORMANCE IN 2017

Union Bank Ltd was able to make an operating profit of BDT 2,272.77 million as on 31 December, 2017. The net profit was 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 2,272.77 million as on 31 December 2017 that is 28.00 percent increases against BDT 1,775.61 million of the previous year. At the same time, total deposits of the Bank are BDT 114,049.89 million which is 53.60 percent increases against 74,250.56 million of the previous year and total investments are BDT 100,753.55 million against BDT 67,150.19 million of the previous year which is 50.04 percent increase. Total Assets of the bank are BDT 131,677.57 million as on 31 December 2017 against BDT 83,917.24 million of the previous year.

## FINANCIAL PRODUCTS & SERVICES

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

### Principal Deposit Products of the Bank are as follows:

- Al-Wadiah Current Deposit Account
- Mudaraba Savings Deposit Account
- Mudaraba Savings Deposit Account (Staff)
- Mudaraba School Banking Savings Account
- Mudaraba Savings Salary Account
- Mudaraba Student Saving (Udvas)
- Mudaraba Short Notice Deposit Account
- Mudaraba No-Frill Savings Account
- Mudaraba Term Deposit Account

### Present Scheme Products of the Bank are:

- Mudaraba Monthly Profit Scheme
- Mudaraba Double Benefit Deposit Scheme
- Mudaraba Millionaire Saving Scheme

- Mudaraba Crorepoty Sanchaya Prokalpa
- Mudaraba Monthly Saving Scheme
- Mudaraba Pension Prokalpa
- Mudaraba Marriage Saving Scheme
- Mudaraba Hajj Saving Scheme
- Mudaraba Muhor Saving Scheme
- Mudaraba Barakah Saving Scheme

#### Investment Products:

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

#### Services:

- ATM Banking
- SMS Notification
- Internet Banking

### INFORMATION & COMMUNICATION TECHNOLOGY DIVISION

Union Bank Limited is a leading 4<sup>th</sup> generation bank in terms of profit and growth. In order to keep the pace, technology based-services are critical. Customers and competitors are getting smarter every day in every product, process or application. As ICT division plays the vital role of linking people, technology and process, UBL is focusing on latest technology and innovations like online banking, electronic payments, security services to deliver high quality customer services with less effort.

In order to diversify income (through ancillary services), deposit base and reduce cost of operation, Banks are currently focusing on technology based services. Banks have realized that cost of transaction drastically reduces from brick and mortar structure of the branch to online delivery channels like ATM, POS Terminal, Mobile Phone, Internet, etc. In view of the above, UBL has already introduced ATM for the customers. 5 new ATMs have been implemented in 2017 and there is a plan to introduce more than 10 ATMs in 2018. Mobile top up feature is under development to add in ATM machine. Next year new delivery channel will be added in the form of POS facility. Another online channel that is internet banking project is going on to facilitate 'Anytime' and 'Anywhere' banking. Introduction of mobile Application is also in plan. Online ATM card requisition system and centrally ATM card issue charge deduction has been automated to make the process faster.

UBL started its operation with centralized online real time environment banking facility. In 2017 Limit management module and CIB collateral security set up implementation task is under progress. Online DESCO bill payment facility was made operational in 2017 and WASA, DPDC bill payment development is going on.

In case of process automation, HR solution project is at initial phase which will enable different activities like salary disbursement through automated process. In addition, solution for remittance collection and distribution already put into place this year. New software is under development to help automate Training activity which will enable to conduct training, examination etc.

In order to keep up to date with Bangladesh Bank regulation, BACH II project is under way. To be a full-fledged category-1 commercial bank, a project has been taken to establish Disaster Recovery site. Anti-money laundering screening system automation task initiated to safe the bank from AML risks. ISS reporting automation is also at the first stage and will be completed within next year. To ensure secure foreign exchange transaction, SWIFT upgradation project is on the way of its beginning.

As concentration on ICT platform is increasing day by day, security concern is also rapidly increasing. In order to secure network activity advanced Email security system has been implemented. An enhanced Cyber security project has been started to ensure better security and safety of the Bank and customers' interest.

Green Banking concept is based on paperless banking which reduces cost and increases efficiency. A project has been taken to introduce paperless banking operation in UBL.

Training for continuous development and awareness is the key to stay competitive in the market. Thus, ICT is arranging different training program for branch, head office and ICT employees. This year also a good number of in house and external (home and abroad) training on ICT was arranged.

In conclusion, to ease the growth of the Bank, ICT timely delivered establishment of network, hardware, CBS, ATM, BACH, BEFTN, RTGS, eGP, NID verification etc. for all new branches in 2017. UBL is planning to introduce IP Phone virtual platforms and proper DR centre operation with in next year. In the coming days, ICT division will accelerate supporting different divisions to achieve business goals and make the Bank more efficient through automation with its maximum capacity.

## BRANCH EXPANSION

### All Branches of Union Bank Limited up to 2017

SL.	Branch Name	Opening Date	Urban/Rural
01.	Gulshan Branch	20.05.2013	Urban
02.	Dilkusha Branch	08.07.2013	Urban
03.	Hatkhola Branch	04.08.2013	Urban
04.	Lichubagan Branch	01.10.2013	Rural
05.	Shatibari Branch	06.10.2013	Rural
06.	Mouchak Branch	14.11.2013	Rural
07.	Shantirhat Branch	16.11.2013	Rural
08.	Khatungonj Branch	07.12.2013	Urban
09.	Bogabari Branch	14.12.2013	Rural
10.	Zindabazar Branch	21.12.2013	Urban
11.	Ashkona Bazar Branch	28.12.2013	Urban
12.	Panthapath Branch	10.03.2014	Urban
13.	Sebarhat Branch	30.03.2014	Rural
14.	Badarkhali Branch	26.05.2014	Rural
15.	Islampur Branch	29.05.2014	Rural
16.	Pahartoli Branch	10.06.2014	Rural
17.	Bogra Branch	19.06.2014	Urban
18.	Khulna Branch	26.06.2014	Urban
19.	Sarkarhat Branch	09.07.2014	Rural
20.	Agrabad Branch	10.07.2014	Urban
21.	Lalmal Branch	18.10.2014	Rural
22.	Comilla Branch	19.10.2014	Urban
23.	Talshahor Branch	21.10.2014	Rural
24.	Cox's Bazar Branch	26.10.2014	Urban
25.	Hnila Branch	27.10.2014	Rural
26.	Uttara Branch	06.11.2014	Urban
27.	Muradpur Branch	18.12.2014	Urban
28.	Banani Branch	14.05.2015	Urban
29.	Mawna Branch	18.05.2015	Rural
30.	Rajshahi Branch	28.05.2015	Urban
31.	DT Road Eidgah Branch	01.06.2015	Urban
32.	Bahubal Branch	04.06.2015	Rural
33.	Munshirhat Branch	08.06.2015	Rural
34.	Patiya Branch	10.06.2015	Urban

SL.	Branch Name	Opening Date	Urban/Rural
35.	Pabna Branch	14.06.2015	Urban
36.	Joksin Bazar Branch	17.06.2015	Rural
37.	Panchaboti Branch	12.08.2015	Rural
38.	Narayangonj Branch	16.11.2015	Urban
39.	Miar Bazar Branch	29.11.2015	Rural
40.	Bazar Hasnabad Branch	06.12.2015	Rural
41.	Nanupur Branch	13.12.2015	Rural
42.	Mirpur Branch	17.12.2015	Urban
43.	Feni Branch	23.12.2015	Urban
44.	Bonpara Branch	26.12.2015	Urban
45.	Dawan Bazar Branch	08.05.2016	Urban
46.	Ataikula Branch	15.05.2016	Rural
47.	Barisal Branch	19.05.2016	Urban
48.	Keranihat Branch	02.06.2016	Rural
49.	Mymensingh Branch	16.06.2016	Urban
50.	Nawabpur Branch	20.07.2016	Urban
51.	Ati bazar Branch	28.07.2016	Rural
52.	Khilpara Branch	17.08.2016	Rural
53.	Eidgaon Branch	21.08.2016	Rural
54.	Jessore Branch	01.09.2016	Urban
55.	Kalukhali Bazar Branch	04.12.2016	Rural
56.	Banskhali (Chandpur) Branch	08.12.2016	Rural
57.	Jamuna Future Park Branch	27.12.2016	Urban
58.	Kumira Branch	29.03.2017	Rural
59.	Jotpukuria Branch	24.05.2017	Rural
60.	Laldighi Branch	25.05.2017	Urban
61.	Dhanmondi Branch	20.08.2017	Urban
62.	Rangpur Branch	22.08.2017	Urban
63.	Tangail Branch	05.10.2017	Urban
64.	Shakpura Chowmuhony Branch	19.10.2017	Rural
65.	Madhobdi Branch	26.10.2017	Rural
66.	Lohagara Branch	07.12.2017	Rural
67.	Keranigonj Branch	19.12.2017	Rural
68.	Gazipur Chowrasta Branch	21.12.2017	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 04 (Four) members of the Board of Directors. The Committee takes decision on emergency matter as and when required and assists the Board of Directors to fulfill their responsibilities such as to set objectives, strategies, investment proposal and overall business plans for effective functioning of the Bank. During the year 2017, the Executive Committee has conducted 01 (One) meeting.

### AUDIT COMMITTEE

The Audit Committee is comprised of 05 (Five) members of the Board of Directors. The Committee assists the Board of Directors in ensuring and maintaining oversight of the Bank's financial reporting system, internal control and risk management framework, audit functions, legal and regulatory requirements. During the year 2017, the committee has conducted 04 (Four) meetings.

### RISK MANAGEMENT COMMITTEE

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

### SHARI'AH SUPERVISORY COMMITTEE

The Shari'ah Supervisory Committee is comprised of 07 (Seven) members including 02 (Two) members of Board of Directors. The Committee is ensuring and maintaining the Shari'ah rules and regulations in all banking activities. The Committee has conducted 04 (Four) meetings.

### OTHER COMMITTEE

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

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 of 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 consists 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 2017, 04 (Four) 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 branches is not satisfactory, and which may pose a potential threat for the Bank.

Each year the ICC 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 the year 2017, ICC Division conducted Comprehensive Audit in 57 Branches, Special Audit in 03 Branches, Surprise Audit/Inspection in 05 Branches, Online Foreign Exchange Transaction Monitoring System Audit in 06 AD Branches, ICT system Audit in 07 Branches and 02 divisions/departments at Head Office of the Bank.

The Bank has already prepared the Risk Assessment Matrix of various banking functions and trying to incorporate the same in the Department Control Function Checklist (DCFCL) and Quarterly Operation Report (QOR). The branches and divisions will follow

these attaching due importance to high risk and medium risk functions. The Bank also has 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. ICC Division is thoroughly guided by the motto "Prevention is better than cure". The array of ICC Division 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 and 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 ICC Division submits summary report (Quarter Basis) 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 one of the crucial Divisions of Union Bank Limited. to supervise smooth functioning of Banking Operation (especially general Banking) and monitor progress of assigned Annual Business Target of the branches. It is also assigned to implement business strategy to continue business growth and reputation.

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 branches, even Bangladesh Bank and branches, Branches Operation & Control Division is working as a bridge or mediator or catalyst.

Union Bank Limited 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 departments 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' 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 sessions 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, BOCD has been working to improve service quality of the branches and supervise business targets assigned to branches and in addition, providing required policy/guideline and support regarding branch operation time to time if required.

## INTERNATIONAL DIVISION

Foreign Trade is one of the pioneer business activities of the Bank conducted by and routed through the International Division of the Bank. International Division of the Bank is playing a vital role for smooth and dynamic operation of foreign trade transactions from time to time and maintains a coordination and continuous correspondence between foreign Banks and Authorized Dealer (AD) branches of the Bank. The main functions of International Division are: a) Correspondent banking and remittance agency arrangement, b) Nostro Accounts Opening, maintenance and Fund management, c) Acting as a gateway between AD branches and foreign/Local correspondents d) Foreign Trade payment/received settlement. e) Maintain compliance and provide time to time guidance of foreign exchange transactions to AD branches to ensure and minimize foreign exchange risks. f) Supervision of foreign trade related transaction issues g) Operating as assistant, advisor, guide and supervisor of the branches regarding their different issues related to foreign remittance and foreign exchange business. h) Mitigation of various risks related to foreign exchange issues i) Maintenance and improvement of correspondent relations internationally j) SWIFT support k) Credit line/Confirmation arrangement l) Diversification of foreign exchange business products m) Generating new mechanisms in foreign trade n) Liaison maintenance with Bangladesh Bank for AD License and required approval as and when required.

From the very beginning of the journey of the Bank, International Division has been playing an outstanding role promoting the Bank's business and reputation. Mainly the Financial Institution Unit/Correspondent Banking Relationship and the Foreign Remittance Unit are the business developing wings of International Division.

**Correspondent Banking Relationship:** UBL has a wide range of correspondent network across the world to facilitate smooth foreign trade transactions. The Bank maintains 14 Standard Settlement Instructions (Nostro Account) involving 4 major currencies e.g. USD, GBP, EURO & JPY and also USD & EURO under ACU mechanism at important financial centers.



Total correspondents of UBL stand at 139 as on 31 December 2017.

**Foreign Trade Service:** UBL provides sustained support to facilitate international trade success so that its clients can meet the demands of a global business environment. The periphery as well as volume of trade finance business of the Bank is increasing notably day by day. Total import of the Bank in 2016 was amounted in BDT 14,659.00 million (Eqvt. USD 190.00 million) and the figure stood for the year 2017 is BDT 15,008.00 million (Eqvt. USD 190.00 million) which indicates a 2% increase of Import by this one year.

Total export of the Bank in 2016 was amounted in BDT 30,974.00 million (Eqvt. USD 402.00 million) and the figure for export in 2017 stood for BDT 41,317.00 million (Eqvt. USD 523.00 million) indicating a 33% increase by this one year.

Union Bank Limited focuses on encouraging the overseas remittance to generate the wage earners revenue, increase the remittance through banking channel, quick settlement remittance and immediate response of queries as well as to equally participate with the government's decision against Money Laundering. Union Bank Limited is in a remarkable position of disbursing foreign remittance.

**Foreign Remittance:** UBL handles both inward & outward foreign remittance products. The outward remittance includes FC Cash/FDD & Wire transfer by SWIFT. The Bank's inward remittance covers Cash Payout Service, Account Credit Service and Electronic Fund Transfer (EFT) arrangement for other Banks account holders. The inward foreign remittance business amounted in BDT 2,201.00 million (Eqvt. USD 28.00 million) in 2017.

At present UBL is disbursing remittance being affiliated with 10 remittance houses i.e. 1. Western Union Money Services, 2. Xpress Money Services, 3. Tran-Fast Remittance Co. LLC, 4. Small World Financial services, UK, 5. RIA Financial Services, 6. Wall Street Finance LLC, 7. Placid NK Corporation, USA, 8. First Security Islami Exchange Italy, Srl, 9. AL-Ansari Exchange, and 10. Aftab Currency Exchange Ltd, UK.

International Division strives for promoting Export, Import & Foreign Remittance of the Bank with endless effort.

The Bank is committed to provide quality global banking service to its clients and unlock the sleeping potentials of missing middle of the country who are beyond the coverage of corporate banking service, focus on rural & micro economic developments, bring the unbanked rural people under the umbrella of banking service with state-of-the-art technology.

## MARKETING & DEVELOPMENT DIVISION

The Marketing & Development Division of Union Bank Limited implies a set of strategies for establishing a strong Brand in the competitive market place which is also considered as one of the most valuable asset for the Bank.

The core activities of Marketing & Development Division are to formulate business and marketing promotion policies. Side by side, Marketing & Development Division is also involved in introducing new products & services, Development of existing products under current product line, to review and analyze product performance of all branches in month wise and suggest effective measures to arrange all necessary initiatives for corporate agreement with prominent organizations, to support enhancing the source of ancillary income (Collection of DPDC Bill, WASA Bill, DESCO Bill, Pre-registration and registration fees from Hajj Pilgrims), to take necessary initiatives for collecting base deposit and corporate fund, to arrange training sessions for Branch officials for collecting pre-registration and registration fees from Hajj Pilgrims, to ensure proper arrangement of the distribution of gift items, to maintain the expenses of branches regarding School Banking fair, Development fair, and any other business development purpose and provide branding support for the arrangement of fair, to design brochure, banner and other branding materials for arranging business conference and promotional campaign and branding for any branches, to facilitate pavilion in fairs/exhibition for the Bank.

## RISK MANAGEMENT & CONTROL ENVIRONMENT

### 1.00: Risk and Risk Management

Risk is an uncertain event or condition that has an effect on business objective. Risk in a Bank refers to the probability of losses that may arise for an action, inaction or an event which could have an adverse impact on bank's profitability and sustainability. On the other hand, Risk Management in banks is the deliberate acceptance of risk for maximizing profit and capital

base. Considering the different aspects, banks are facing various challenges due to increased competition and expansion of diversified business activities. As such, Banks need to acknowledge Risk Management as one of the core and value added functions within the banking operations which is linked to financial system stability.

### 2.00: Objectives of Risk Management

Risk management is a discipline at the core of every Bank and encompasses all the activities that affect its risk profile. It involves identification, measurement, monitoring and controlling risks to ensure that-

- The individuals who take or manage risks clearly understand it.
- The organization's risk taking decisions and exposures are within the limits established by the Board.
- Risk taking decisions are explicit and clear.
- Risk taking decisions are in line with the business strategy and objectives set by the Board.
- The expected pay-offs compensate for the risks taken; and
- Sufficient capital as a buffer is available to take risk.

### 3.00: Elements of a Sound Risk Management System

The key elements of a sound risk management system should encompass the following:

- Risk management structure with Board and senior management;
- Organizational policies, procedures and limits that have been developed and implemented to manage business operations effectively;
- Adequate risk identification, measurement, monitoring, control and management information systems that are in place to support all business operations; and
- Established internal controls and the performance of comprehensive audits to detect any deficiencies in the internal control environment in a time passion.

It should not be understood that risk management functions are only limited to the individual (s), who are responsible for overall risk management function. Business lines are equally responsible for the risks they are taking. Because the line personnel can understand the risks of their activities, any lack of accountability on their part may hinder sound and effective risk management.

### 4.00: Risk Management Process

The risk management process consists of the following elements, performance, more or less, in the following order:



### 5.00: Risk Management Regulations for Banks

Practicing sound risk management is crucial for banking sector. For effective risk management within the banks, necessary directions have been provided by Bangladesh Bank through various letters/circulars/guidelines from time to time most of which are as follows:

- Risk Based Capital Adequacy (RBCA) Guidelines-2014.
- Core Risk Management Guidelines issued by Bangladesh Bank (2015 & 2016)
- Risk Management Guidelines-2012;
- Stress Testing Guideline-2011;
- BRPD Circular No.11 (Section-5.3), dated 27 October 2013 regarding responsibilities of Board of Directors and Board Risk Management Committee (BRMC);
- DOS Circular No. 13, dated 09 September 2015 regarding strengthening and updating the risk management system in banks.;
- Guidelines on Environmental & Social Risk Management (ESRM) for Banks, dated 08 February 2017.
- Other related instructions/circulars/letters as issued by regulators from time to time; etc.

### 6.00: Risk Appetite Statement

Risk appetite is the level and type of risk a bank is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders (depositors, creditors, shareholders, borrowers, regulators). Risk appetite is generally expressed through both quantitative means and should consider extreme conditions, events and outcomes. It should be stated in terms of the potential impact on profitability, capital and liquidity.

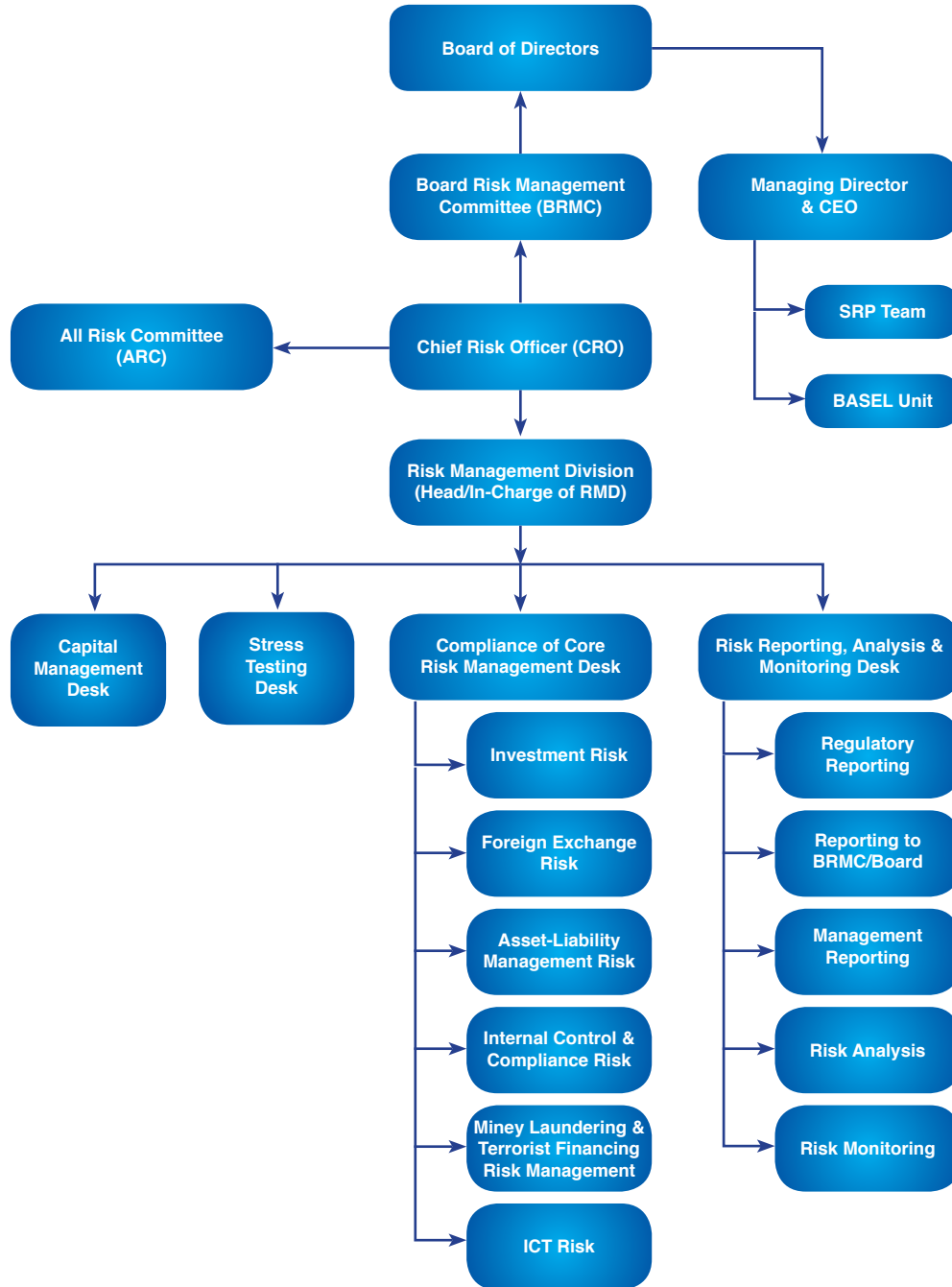
Risk appetite is the cornerstone of a successful risk management framework. Risk appetite can be fitted into the risk management framework in the following manner:

Elements of Risk management framework	Linkage to Risk appetite	Risk Culture
Risk Governance	Clear risk appetite statement approved by the Board and embodied in risk policy and delegated authorities. This sets the 'tone from the top' and the foundation for the risk culture.	
Risk Assessment	Frequent risk assessment process to identify new and changing risk landscape in context to risk appetite.	
Risk quantification & aggregation	Regular quantification and aggregation of risk to prioritize focus of risk management and control.	
Monitoring and reporting	Monitoring and reporting of performance against risk-based limits based on risk appetite.	
Risk and control optimization	Framework of controls calibrated in line with risk appetite to optimize cost/benefit.	

The Bank's risk appetite statement is determined, based on the defined risk factors where risk tolerance outlines the acceptable upper and lower range of risk variation around risk appetite and risk limit indicates the trigger point in which the Bank needs to be cautious for maintaining consistency with the set target. However, in compliance of Bangladesh Bank DOS Circular Letter No. 13, dated September 09, 2015; the risk appetite statement of the Bank is prepared and submitted the same to Bangladesh Bank along with Board Extract by the end of 1<sup>st</sup> quarter in every year.

**7.00: Risk Management Framework of the Bank**

Risk management framework is fundamental element for establishing proper authorities of risk management in Banks. As such, the Bank's risk management framework has been outlined according to the Bangladesh Bank guidelines/instructions/circulars/applicable laws and regulations; etc. which are as follows:



## 8.00: Risk Management Authorities of the Bank

### 8.01: Board of Directors

The key risk management reports/issues are placed before the Board of Directors on quarterly basis for review and perusal. Board provides guidance against the identified/mentionable risks and the same are communicated to responsible organs for taking corrective actions. However, 4 (four) meetings of the board of directors were held related to risk management during the year 2017.

### 8.02: Board Risk Management Committee (BRMC)

Board Risk Management Committee (BRMC) reviews the material risks related to investment, foreign exchange, internal control & compliance, money laundering & terrorist financing, information & communication technology, operation, profit rate, liquidity, capital management functions and provisioning (required & maintained); etc. on quarterly basis. The BRMC provides guidance against the identified risks for taking corrective actions by the management. However, 4 (four) meetings of the BRMC were held during the year 2017.

### 8.03: All Risk Committee (ARC)

An All Risk Committee (ARC) is in place in the Bank headed by DMD & Chief Risk Officer (CRO) comprising the Heads of all core risk areas. Monthly meetings of the committee are organized by the Risk Management Division (RMD). In the meeting of ARC, defined and undefined risks issues are discussed/reviewed by the members of the committee. Recommendations and suggestions are communicated to the concerned divisions to mitigate the particular risk factors. The reviewed monthly risk management reports are submitted to Bangladesh Bank within the stipulated time.

### 8.04: Supervisory Review Process (SRP) Team

Supervisory Review Process (SRP) includes regulations of Bank's own supervisory review of capital positions, aiming to reveal whether a Bank has prudent risk management and sufficient capital to manage the risks. In respect of SRP, Bank has a defined process for assessing overall capital adequacy and a strategy for maintaining capital at an adequate level. In this regard, the Bank has formed an exclusive body called SRP Team with the defined Terms of Reference (TORs) and a process document called Internal Capital Adequacy Assessment Process (ICAAP) for assessing the Bank's overall risk profile in addition to minimum capital

requirement. The SRP team is headed by the Managing Director of the Bank. The Team sits on bi-monthly basis.

### 8.05: Risk Management Division (RMD)

RMD is performing the defined risk management activities of the Bank including the desk of capital management, stress testing, compliance of core risk management, regulatory reporting, management reporting, risk analysis and monitoring. Apart from that RMD also serves the activities related to SRP Team and Basel Unit. The Head/In-Charge of RMD reports to DMD & CRO as well as Managing Director from time to time.

#### 8.05.01: Defined functions of RMD

The defined responsibilities of RMD include but not limited to the following:

- a. Serving as secretariat of All Risk Committee (ARC).
- b. Designing Bank's overall risk management strategy.
- c. Developing and overseeing implementation of stress tests.
- d. Developing, testing and observing use of models for measuring and monitoring risk.
- e. Informing the Board and Risk Management Committee about the appetite for risk across the Bank.
- f. Communicating views of the Board and Senior Management throughout the Bank.
- g. Independently monitoring limits, in addition to the monitoring that is done by business units.
- h. Establishing risk management policies and procedures.
- i. Formulating guidelines on the handling of all property and liability claims involving the organization.
- j. Developing and implementing loss prevention/loss retention programs.
- k. Identifying and quantifying Bank's exposures to material loss.
- l. Securing and maintaining adequate loss coverage at the most reasonable cost.
- m. Adopting proper financial protection measures through risk transfer, risk avoidance and risk retention programs; etc.

### 9.00: Risk Management Reporting

The Bank adheres to the applicable rules, regulations and relevant policy guidelines related to risk management reporting as amended up to date. In these contexts, Risk Management Division has been preparing and submitting the following reports, summary of which are as under:

Sl. No.	Name of Report	Reporting Frequency	Status	Remarks
1.	Statement of Capital Adequacy	4	Complied	Quarterly reporting to BB, BRMC & Board of Directors
2.	Statement of ICAAP under Supervisory Review Process	1	Complied	Yearly reporting to BB, BRMC & Board of Directors.
3.	Stress Testing Report	4	Complied	Quarterly reporting to BB and Board of Directors.
4.	Comprehensive Risk Management Report (CRMR)	2	Complied	Half yearly reporting to BB for determination of risk management rating.
5.	Monthly Risk Management Report (MRMR)	12	Complied	<ul style="list-style-type: none"> <li>Monthly reporting to ARC &amp; BB.</li> <li>Quarterly reporting to BB, BRMC &amp; Board of Directors.</li> </ul>
6.	Statement of Market Discipline	1	Complied	Yearly reporting to BB & Board of Directors and disclose the same in the Bank's Website.
7.	Statement of Risk Appetite	1	Complied	Yearly reporting to BB & Board of Directors for approval.
8.	Bank's Credit Rating	1	Complied	Yearly reporting to BB, Board of Directors, Bank's website, daily newspapers.
9.	Compliance Report	As and when required.	Complied	Reporting to the respective departments of BB from time to time.

#### 9.01: A Brief Discussion on Risk Management Reports

**Monthly Risk Management Report (MRMR):** MRMR covers capital adequacy information, investment risk related information, off-shore banking operation, market risk related information, information about profitability, liquidity risk related information, operational risk related information, audit compliance, reputational risk related information, money laundering/terrorist financing risk, compliance risk management related information; etc. The key risk issues are communicated to the respective divisions/branches through ARC for taking corrective measures.

#### **Comprehensive Risk Management Report (CRMR):**

CRMR covers the national and global risk factors, investment risks, market risks, liquidity risks, operational risks (human resources management, customer satisfaction, insurance coverage against the vault limit; etc), reputational risks, implementation of core risk management, compliance risks, environmental and social risk management status, status of capital management, bank's resilience capacity, money laundering & terrorist financing risk management; etc.

#### **Statement of Risk Based Capital Adequacy (RBCA):**

Statement of RBCA shows Capital to Risk Weighted Assets Ratio (CRAR), Regulatory Capital, Risk Weighted Assets (RWA), Minimum Capital Requirement (MCR) which is maintained against investment risk, market risk and operational risk under pillar-I of Basel-III.

#### **Statement of Internal Capital Adequacy Assessment Process (ICAAP):**

Internal Capital Adequacy Assessment Process (ICAAP) is required for assessing overall risk profile and the level of adequate capital to cover the risks under Supervisory Review Process (SRP). In this regard, Bangladesh Bank issued a guideline to evaluate Internal Capital Adequacy Assessment Process (ICAAP) named as Process Document for SRP-SREP dialogue.

**Statement of Market Discipline:** The purpose of market discipline in the revised capital adequacy framework is to complement the minimum capital requirements and the supervisory review process. The aim of introducing market discipline in the revised framework is to establish more transparent and more disciplined financial market so that stakeholders can

assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. In this regard, banks are directed to develop a set of disclosure containing the key pieces of information on the assets, risk exposures, risk assessment processes, and hence the capital adequacy to meet the risks. Banks should have a formal disclosure framework approved by the Board of Directors/Managing Director. The components of disclosure requirements are: a) Scope of application b) Capital structure c) Capital adequacy d) Investment/credit risk e) Equities: disclosures for banking book positions f) Profit rate risk in the banking book g) Market risk h) Operational risk i) Leverage ratio j) Liquidity ratio k) Remuneration.

**Stress Testing Report:** Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. Stress test is carried on quarterly basis as guided by Bangladesh Bank considering the set framework. Stress testing framework is being used to assess absorbing capacity considering its impact on bank's capital adequacy by using minor, moderate and major level of shock. The five different risk factors such as: a) Investment Risk (individual and combined), b) Profit Rate Risk, c) Exchange Rate Risk, d) Equity Price Risk and f) Liquidity Risk are considered for conducting stress test. The findings of stress tests are reviewed by ARC in its monthly meeting and the same are reported to Bangladesh Bank within the stipulated time. The result of the stress test is also reported to the Board of Directors for their guidance against the identified risks.

#### 10.00: Core Risk Management

Bangladesh Bank issued Core Risk Management Guidelines for Banks which provided the benchmark that needs to be implemented within the banks as minimum standard apart from the bank specific internal core risk management guidelines. However, DOS Circular Letter No. 13, dated 09 September 2015 instructed that banks shall entrust in the RMD the responsibility of monitoring implementation of required corrective action, related to objections revealed in the inspections conducted on the basis of the core risk management guidelines. In this context, the bank's core risk management compliance issues are monitored by the All Risk Committee (ARC) in its monthly meeting through RMD. The recommendations/suggestions are communicated to the divisions related to core risk areas for ensuring timely compliance of the particular risk factors.

The status of Core Risk Management of the Bank are as follows:

#### 10.01: Investment Risk Management

Investment Risk is one of the major risks of the banks which can be described as potential losses arising from the failure of counterparty to perform according to the agreed terms. The failure may result from unwillingness of the counterparty or decline due to economic condition, market situation etc. Macro level investment risk management issues cover sectoral concentration, industry-wise concentration, area concentration, non-performing/classified investments, provisioning, top-20 borrower concentration, single borrower exposure limit, forced investment, status of top-20 defaulters, status of law suit, status of provisioning against classified investments, error in valuation of collateral, documentation lapses, recovery from overdue investments, rescheduled/restructured/written-off investment, status of credit rating of eligible corporate, SME clients, etc.

#### 10.02: Asset-Liability Risk Management

Asset Liability Management (ALM) can be defined as a mechanism to address the risk faced by a bank due to a mismatch between assets and liabilities either due to liquidity or changes in profit/interest rates. Liquidity is a bank's ability to meet its liabilities either by borrowing or converting assets. Strategic ALM risk management covers the status of Cash Reserve Requirement (CRR), Statutory Liquidity Ratio (SLR), Investment Deposit Ratio (IDR), Deposit Mix, Wholesale Borrowing Guideline (WBG), Maximum Cumulative Outflow (MCO), Medium Term Funding Ratio (MTRF), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Leverage Ratio, Ratio of Liquid Assets to Total Deposit, Ratio of Liquid Assets to Short Term Liabilities, Liquidity Status under Stress Test Scenario, Status of Rate Sensitive Assets, Rate Sensitive Liabilities, etc.

#### 10.03: Foreign Exchange Risk Management

Foreign Exchange Risk arises due to unexpected movement of market price of the holding of currencies or the price of the assets denominated in foreign currencies. Macro level FEX risk covers open position risk, exchange rate, violation of dealers limit and loss for the violation, un-reconciled nostro account, non repatriation of export bills, and overdue accepted bills; etc. Union Bank Limited has a well developed and structured Foreign Exchange risk manual for effective and efficient risk management. In order to mitigate the risk, the Bank follows related directives of Bangladesh Bank as issued from time to time.

#### 10.04: Money Laundering & Terrorist Financing Risk Management

Identifying, assessing and understanding ML/TF risks is an essential part of the implementation and development of a national Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) regime, which includes laws, regulations, enforcement and other measures to mitigate ML/TF risks. It assists in the prioritisation and efficient allocation of resources by authorities. However, the Central Compliance Unit (CCU) of the bank looks after the overall compliance related to AML/CFT regulations. Main functions of the Unit is to formulate, monitor, review and enforce the bank's Anti-Money Laundering/Combating Financing Terrorism policy guidelines in line with BFIU of Bangladesh Bank, creation of awareness among the officers/employees about the internal AML/CFT policies, procedures and programs and ensuring timely reporting to Bangladesh Bank; etc. Number of suspicious transaction reports (STRs), Cash Transaction Reports (CTRs), Suspicious Activity Reports (SARs), branch inspections for checking implementation status of AML/CFT regime, organizing trainings/workshops held on AML/CFT for creation of employees' awareness, etc. are reviewed by ARC of the Bank in its monthly meetings.

#### 10.05: Internal Control and Compliance Risk Management

Internal Control & Compliance Division (IC&CD) is responsible for ensuring compliance of internal control system of the Bank through audit and inspection. The IC&CD consists of three departments namely Audit & Inspection, Compliance and Monitoring. The deviations are addressed and reported to the Board Audit Committee for review and guidance. However, the implementation status of regulatory compliances, number of branches audited, number of major irregularities found, review of audit committee, number of officers involved in performing audits, action taken in case of major violation, number of non-compliances with regards to BB inspections, internal, external audit reports, etc. reviewed by the ARC in its monthly meetings.

#### 10.06: ICT Risk Management

ICT risk management is the application of risk management techniques in order to manage ICT risk which is associated with the use, authority, operation, involvement, influence and adoption of ICT issues within the Bank. The main functions under the risk is to prevent the Bank information system from unauthorized access, maintain confidentiality, integrity and availability of the bank information system for the authorized users, ensure regulatory requirements,

ensure security of information/data, access, password, identity and monitoring, maintain continuity of IT and IT enabled services through a proven business continuity planning and disaster recovery system; etc. However, business disruption and system failures, execution, delivery and process management, data entry errors, vendor disputes, data security, physical security, network security and other potential risks etc. are reviewed by ARC in its monthly meeting.

#### 11.00: Risks under Supervisory Review Process (SRP)

SRP covers residual risk, concentration risk, profit rate risk, liquidity risk, reputation risk, strategic risk, settlement risk, appraisal of core risk management practice, environmental and climate change risk (currently known as Environmental and Social Risk-ESR), other material risks.

#### 12.00: Key Initiatives in the year-2017

- Determining Board approved risk appetite of the Bank in line with regulatory requirement.
- Developing Bank's risk profile considering the risks under MCR & SRP.
- Adoption of "Employee Turnover Risk" as the Bank's other material risk under SRP.
- Streamlining risk management reporting to the Regulator, Management, BRMC & Board.
- Developing a comprehensive "documentation checklist" for investment.
- Review of Bank's "valuation methodology".
- Review of Bank's internal core risk management methodologies.
- Introducing robust employees' awareness programs on risk management in the bank's training need assessment.
- Expediting credit rating process to reduce risk weighted assets and thus improving bank's capital adequacy.
- Introducing risk based pricing policy.
- Adopting risk management module to detect major irregularities in Bank's internal audit programs.
- Review of Bank's internal risk management policies/guidelines (Money Laundering Prevention Policy, ICT policy, Problem Log Management Software Manual, Investment Policy, etc.).



### Action Plan For The Year-2018

- Ensuring applicable regulatory compliances related to risk management.
- Developing risk profile of the Bank and determining appropriate risk management strategies based on the periodic capital adequacy as well as identified and potential risks.
- Improving capital adequacy by enhancing credit rating status of the eligible customers (Corporate and SME).
- Implementation of Key Risk Indicators (KRIs) for addressing the risks on timely basis.
- Introducing Operational Risk Management (ORM) Module for the Bank.
- Updating the required risk management policies and procedures of the Bank through Management, BRMC & Board Approval.
- Enhancing employee awareness programs on risk management.
- Regular review of Board approved risk appetites/limits.
- Monitoring the national and global risk issues in line with bank's exposure.
- Communicating the key risk issues to the Senior Management, BRMC and Board.

### Concluding Remarks

Prudent and well-structured risk management framework are in place for managing various risks in order to ensure sustainable growth of the Bank in the long run. In fact, the Bank's risk management authorities are working together for enhancing risk management capacity in line with Bank's business growth.

### 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 deals with funding operation for managing the liquidity positions in local and foreign currency & Inter-Bank Market dealings 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 headed by the Managing Director. Treasury Mid office is 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 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.

### SUSTAINABLE FINANCE UNIT

Bangladesh Bank has been integrating sustainability into core banking practices through Green Banking, Corporate Social Responsibility, Financial Inclusion and Financial Education. Sustainable Banking mainly focuses on three broad categories- Green Banking, Corporate Social Responsibility and Financial Inclusion.

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.

The Bank has formed a strong Sustainable Finance Committee comprising 12 (twelve) members and Sustainable Finance Unit comprising 8 (eight) members as per guideline of Bangladesh Bank to look after the activities related to sustainable finance and working to formulate its own ESRM guideline. Apart, the Bank has been following guideline on Environmental and Social Risk Management (ESRM) guideline issued by Bangladesh Bank. Union Bank Limited has introduced green financing products through which we are able to finance various projects which are environmental friendly.

### 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 of 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 Limited is vigilant against money laundering and terrorist financing. For successful prevention of these illegal activities, a full-fledged division named Anti-Money Laundering Division (AML) 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 instructions mentioned the circulars and circular letters. For constant vigilance

against money laundering, every branch has a "Branch Anti-Money Laundering Compliance Officer (BAMLCO)" and AMLD initiated periodic branch visit for looking after the activities relating to Anti-Money Laundering.

Moreover, the Bank has also issued yearly statement of commitment of the MD/CEO where in every one was cautioned to identify the 'Beneficial Owner' do KYC and Transaction Profile properly, be careful in ascertaining and recognizing suspicious/unusual transaction, do contact point verification, complete record keeping requirements, etc.

### 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 from banking activities. Main objectives of Green Banking are to ensure the use of organizational resources infavour of the environment and society.

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 Limited has Green Financing products through which we are able to finance various projects which are environment friendly. During 2017, The Bank has extended green finance of TK.14 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, it 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 Limited is an Islami Shari'ah based 4th generation Bank with a progressive and service oriented exposure. Thousands of employees are dedicatedly working for stirring its development with a view to ensuring 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. The Bank, thereby, simultaneously adopts & implements 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 retaining high quality professionals to face the challenges of the 21<sup>st</sup> Century. Union Bank Ltd. as one of the employee responsive organizations always recognizes and responds to the necessity & prospects of its members and thus implements & embraces various policies to ensure their job security as well as social security even after retirement.

## UNION BANK TRAINING INSTITUTE

### Performance Report

In 2017, Union Bank Training Institute has conducted and facilitated training, workshops, discussion for meeting the Banking challenges. In-Sha-Allah this effort will be continued in upcoming days to enrich knowledge, improve skills and build positive attitudes.

Synopsis of the activities of the Union Bank Training Institute are as follows:

a) Foundation Training Courses conducted during 2017:

S.L	Name of the Course	Period	Duration	No. of Participants
01	Foundation Training Course (Phase- I)	05.01.17 to 19.01.17	15 Days	33
		09.03.17 to 23.03.17	15 Days	32
		16.04.17 to 30.04.17	15 Days	30
		15.05.17 to 29.05.17	15 Days	31
		09.07.17 to 23.07.17	15 Days	31
		16.08.17 to 30.08.17	15 Days	30
		13.09.17 to 28.09.17	15 Days	33
		16.11.17 to 30.11.17	15 Days	31
<b>Sub Total</b>				<b>251</b>

b) Advanced Training Course conducted during 2017:

S.L	Name of the Course	Period	Duration	No. of Participants
01	Project Appraisal & Management	12.02.17 to 17.02.17	Week Long	28
<b>Sub Total</b>				<b>28</b>

## c) Workshops conducted during 2017:

S.L	Name of the Course	Date	Duration	No. of Participants
01	Workshops on e-Government Procurement (e-GP) System	04.03.2017	Day Long	40
		05.03.2017	Day Long	33
02	Workshops on Bill Payment of DESCO	05.03.2017	Day Long	33
03	Workshop on "Grading of National Integrity Strategy Implementation"	30.03.2017	Day Long	30
04	Workshop on Prevention of Money Laundering & Combating Terrorist Financing	09.05.2017	Day Long	33
		11.09.2017	Day Long	33
		09.10.2017	Day Long	33
05	Workshop on "Online Foreign Exchange Transaction Monitoring System"	27.05.2017	Day Long	31
06	Workshop on "Shariah Application in Investment Operations"	19.08.2017	Day Long	29
		26.08.2017	Day Long	27
		16.09.2017	Day Long	28
		23.09.2017	Day Long	25
		11.11.2017	Day Long	29
<b>Sub Total</b>				<b>404</b>

## d) Other Development Training during 2017:

S.L	Name of the Course	Date	Duration	No. of Participants
01	Executive Development Series on "Income Tax Management & Planning"	25.04.2017	Day Long	26
02	Executive Development program on "Internet Banking Module"	19.12.2017	Day Long	13
<b>Sub Total</b>				<b>39</b>
<b>Total (a+b+c+d)</b>				<b>722</b>

**DIVIDEND**

The Board of Directors has recommended 10% stock Dividend for the year ended December 31, 2017.

**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 of at least once every three years. A retiring Director shall be eligible for re-election.

**APPOINTMENT OF AUDITORS**

The present Auditor Syful Shamsul Alam & Co., Chartered Accounts appointed by the Board of Directors has completed the last (2017) year as Auditor. And in accordance of the decision of Board of Directors Syful Shamsul Alam & Co. has again been re-elected as Auditor of year 2018

**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 the Bank's assets will continue in 2018. 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 2017. I would like to thank my Board colleagues for their continued support and on their behalf to express my thanks to Managing Director, officials and also all staffs of Union Bank Limited.

The UBL Board and management are confident that the Bank is well-positioned to continue its growth journey in the coming years. This can be achieved through an unwavering focus on enhancing the Bank's customer service and product proposition, adopting sound asset and liability management, embracing market best practices and practicing prudent risk management and good governance.

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

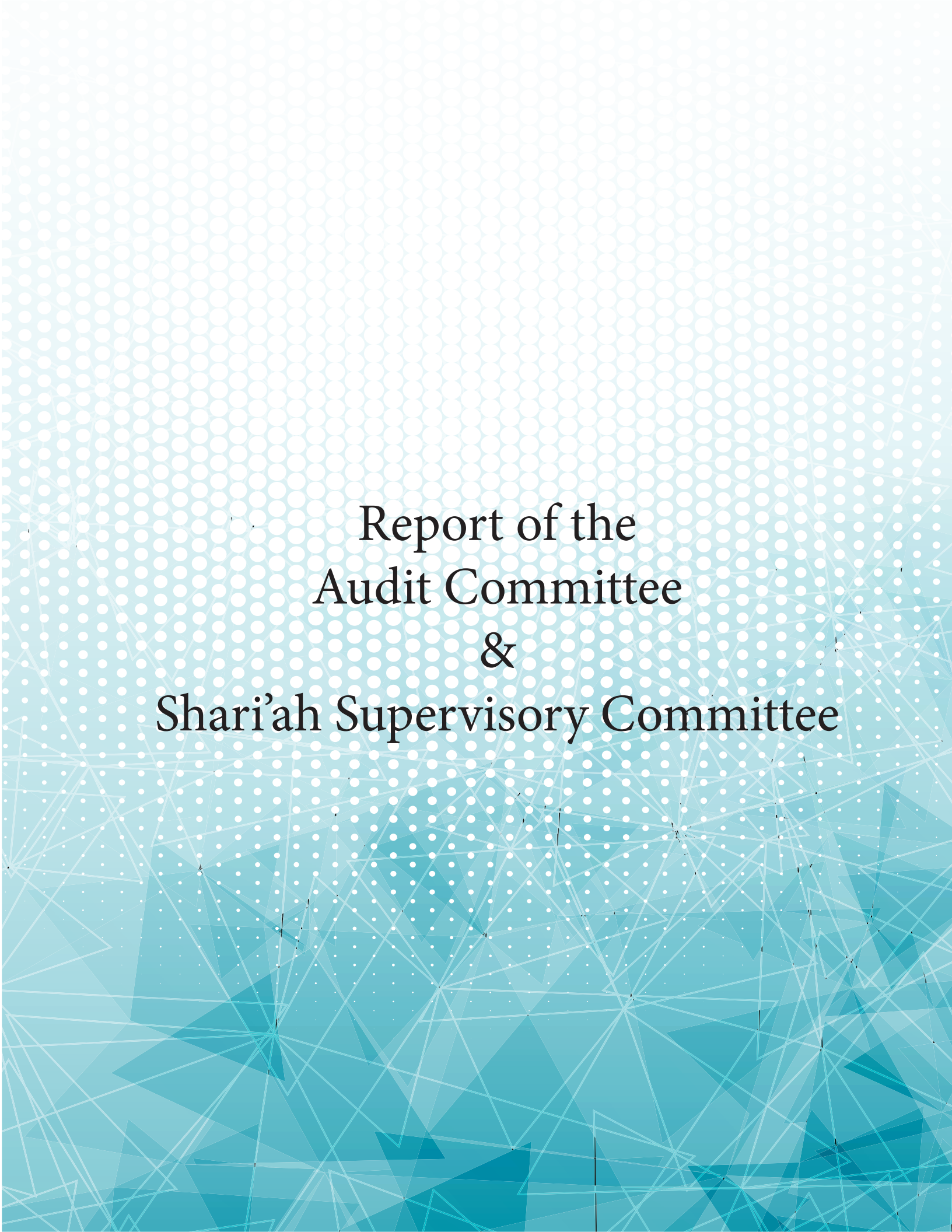
May Almighty Allah grant his infinite mercy upon us.

Ameen.

On behalf of the Board of Directors



**Shahidul Alam**  
Chairman



Report of the  
Audit Committee  
&  
Shari'ah Supervisory Committee

# REPORT OF THE AUDIT COMMITTEE

For the period from January-2017 to December-2017

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:

Sl.	Name	Status in the Board	Status in the Audit Committee
1	Showkat Hossain, FCA	Director	Chairman
2	Farzana Begum	Director	Member
3	Mohammad Fazlay Morshed	Director	Member
4	Md. Abdul Quddus	Director	Member
5	Md. Enayet Ullah, FCA	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.

### I) 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 04 (Four) meetings during the year 2017 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 the Management to follow those remedial suggestions and monitored those accordingly.

Dates of Audit Meetings held during the year 2017 are:

Meeting	Date of Meeting Held
18th Audit Committee Meeting	23-02-2017
19th Audit Committee Meeting	11-10-2017
20th Audit Committee Meeting	27-11-2017
21th Audit Committee Meeting	24-12-2017

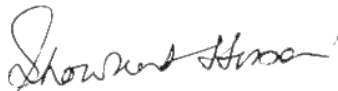


**Activities in 2017:**

- Reviewed and examined the Annual Financial Statements (Un-audited), 2016 prepared by the Management and recommended those to place before the Board of Directors for consideration.
- Reviewed and examined the Annual Financial Statements, 2016 prepared by the Management and audited by the external auditors Saiful Shamsul Alam & Co., Chartered Accounts and recommended those to place before the Board of Directors for consideration.
- Reviewed Internal Audit/Inspection Plan-2017 prepared by Internal Control & Compliance Division, Head Office and recommended to submit it to the Board of Directors.
- Reviewed summary of Comprehensive Audit report, Surprise Audit Report and Compliance of both comprehensive and surprise audit report submitted by Internal Audit from 01-01-2016 to 30-12-2016 and recommended to submit it to the Board of Directors.
- Reviewed Financial Report of the Bank as on 31 March, 2017 and recommended to place it to the Board of Directors.
- Reviewed and Approved "Report of the Audit Committee" to be attached with "Annual Report 2016".
- Reviewed Financial Report of the Bank as on 30 June, 2017 and recommended to place it to the Board of Directors.
- Reviewed Compliance report of Bangladesh Bank's Comprehensive Audit report of Head Office as on 31-12-2016 and recommended to submit it to the Board of Directors.
- Reviewed Financial Report of the Bank as on 30 September, 2017 and recommended to place it to the Board of Directors.
- Reviewed Annual Health Report-2016.
- 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 2016 by MANCOM.
- Reviewed Self-Assessment of Anti-Fraud Internal Control and recommended to place it to the Board of Directors.
- Reviewed Internal Control & Compliance Policy/Manual of UBL.

**Acknowledgement**

The Audit Committee expresses its sincere thanks to the Members of the Board, the 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

(৩১ ডিসেম্বর, ২০১৭ ঈসায়ী তারিখে সমাপ্ত বছরের জন্য)

বিস্মিল্লাহির রাহমানির রাহিম,

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

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 কেরামের সমন্বয়ে একটি স্বাধীন শারী'আহ সুপারভাইজরি কমিটি দায়িত্ব পালন করছে।

ইউনিয়ন ব্যাংক শারী'আহ সুপারভাইজরি কমিটির দায়িত্ব হলো ব্যাংকের কার্যাবলী 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 ২০১৭ সালে মোট ৪ টি সভায় মিলিত হয়েছে। এ সময় কমিটি মুদারাবা আমানতকারীদের মধ্যে বিতরণের জন্য মুনাফার হার অনুমোদন, যাকাত তহবিল থেকে ১,৫০,২৫,০০০ 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 করেছে।

ব্যাংকের সকল লেনদেন নিরীক্ষা ও পরিদর্শন পূর্বক 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

(FOR THE YEAR ENDED 31 DECEMBER, 2017)

Bismillahir Rahmanir Rahim

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

Union Bank Limited is one and only 4<sup>th</sup> 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 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 the Bank Management is responsible for ensuring that Banking operations are conducted according to the directions of the committee.

In 2017, Shari'ah Supervisory Committee has conducted 04 (Four) meetings. In these meeting Committee has approved profit rate for distributing to Mudarabah depositors, transfer of Tk. 1,50,25,000/- to Union Bank Foundation from Zakat fund. The Committee also approved the Balance Sheet and Profit and Loss accounts for the financial year 2016 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 the 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

# 4<sup>TH</sup> ANNUAL GENERAL MEETING





Management of UBL is unveiling the cover of the book on "Guideline & Circular for Bank Management (2<sup>nd</sup> Edition)"



Top Management in frame on occasion of 5<sup>th</sup> Anniversary of Union Bank Limited.

MEMORIES IN FRAME

## BRANCH OPENING AND CONFERENCE



Opening Ceremony of Dhanmondi Branch, Dhaka.



Opening Ceremony of Gazipur Chowrasta Branch, Gazipur.





Opening Ceremony of Keranigonj Branch, Dhaka.



Opening Ceremony of Kumira Branch, Chattogram.

MEMORIES IN FRAME



Opening Ceremony of Tangail Branch, Tangail.



Opening Ceremony of Madobdi Branch, Narshindi.



Opening Ceremony of Shakpura Chowmuhony Branch, Chattogram.



Review of 1st Quarter Business Performance-2017 of Union Bank Limited.

MEMORIES IN FRAME



Half Yearly Managers' Conference-2017 of Union Bank Limited.



Celebrating 4<sup>th</sup> Anniversary of Union Bank Limited.

## UNION BANK TRAINING INSTITUTE -2017



Hon'able Managing Director along with Additional Managing Director is seen at the Inaugural Ceremony of Foundation Training Course (Phase-I).



Hon'able Additional Managing Director is addressing at the Inaugural Ceremony of Foundation Training Course (Phase-I).

MEMORIES IN FRAME



Participants along with Chief Guest & Special Guests of the Foundation Course are seen at the closing ceremony.



Participants with the Chief Guest & Special guest are seen at the Closing Ceremony of Foundation Training Course (Phase-I)



Participant of Foundation Training Course (Phase-I) is receiving certificate from Hon'able Additional Managing Director



Hon'able Managing Director along with Additional Managing is seen with the Participants of Workshop on Prevention of Money Laundering & Terrorist Financing



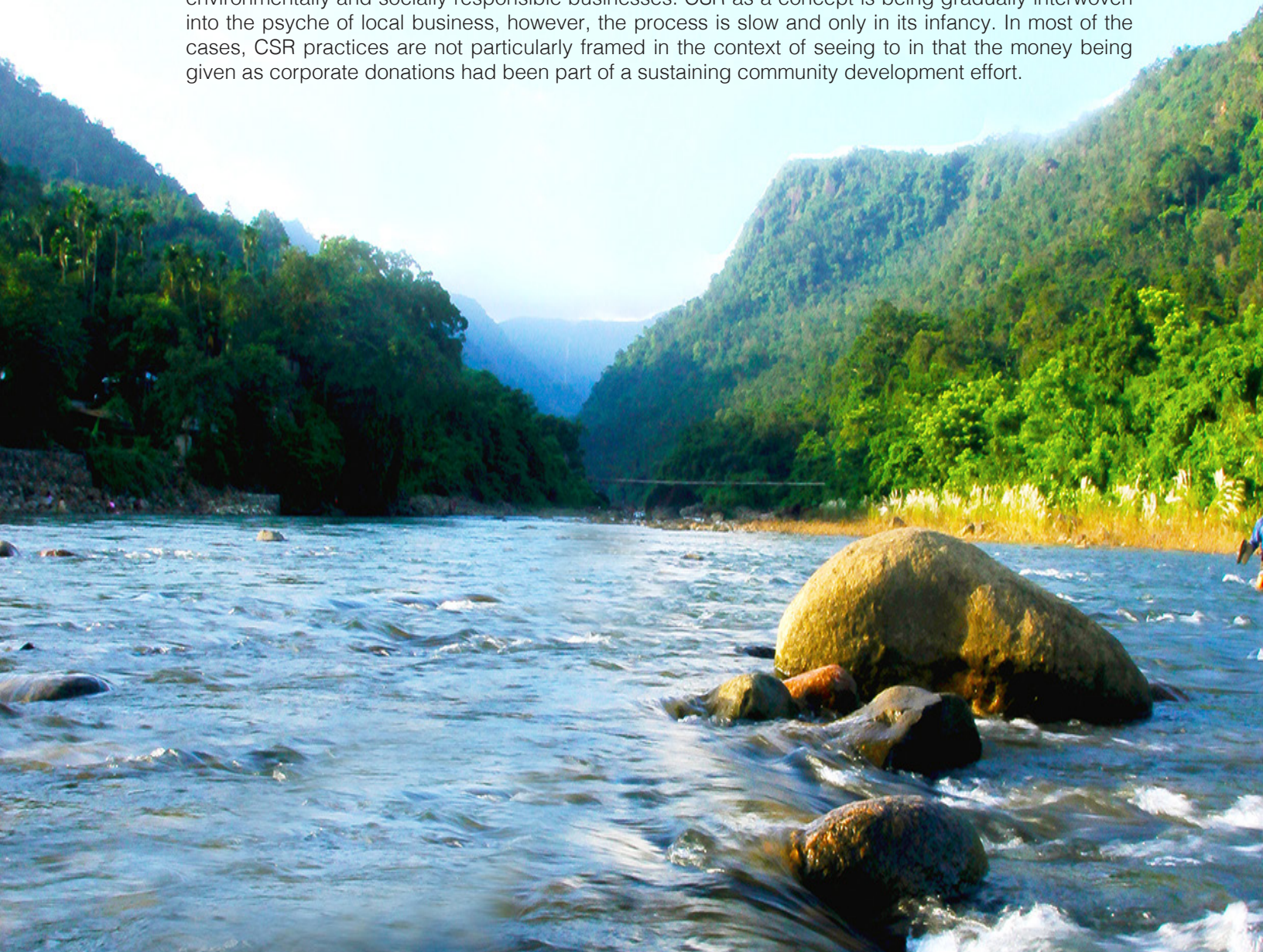
Hon'able Additional Managing Director along with Deputy Managing Director is seen with the Participants of Workshop on Prevention of Money Laundering & Terrorist Financing

MEMORIES IN FRAME

# CSR ACTIVITIES

## OF UNION BANK LIMITED-2017

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

In 2017 we have spent an amount of TK.4,87,90,200.00 (Taka Four Crore Eighty Seven Lac Ninety Thousand Two Hundred) only in different sectors. CSR expenditure on different sectors is given below :

Description	Amount in (TK).
Education	84,70,000.00
Health	12,34,000.00
Disaster Management	2,36,00,000.00
Environment	10,000.00
Cultural Welfare	18,00,000.00
Others	1,36,76,200.00
Total Amount	4,87,90,200.00

We are also adding here some photographs on CSR activities of Union Bank Limited for the year 2017 with captions.



Mr. Shahidul Alam, Chairman, Union Bank Limited is handing over Blankets to Honorable Prime Minister Sheikh Hasina for Prime Minister's Relief Fund as a part of CSR activities. Mr. Omar Farooque, Managing Director of Union Bank Limited was also present on the occasion.



Mr. Shahidul Alam, Chairman, Union Bank Limited handing over a Cheque to Honorable Prime Minister Sheikh Hasina for Prime Minister's Relief and Welfare Fund as a part of CSR activities. Mr. Omar Farooque, Managing Director of Union Bank Limited was also present in the program.



Mr. Shahidul Alam, Chairman, Union Bank Limited is handing over a Cheque to Honorable Prime Minister Sheikh Hasina for Prime Minister's Relief Fund to assist flood affected people of the country as a part of CSR activities. Mr. Omar Farooque, Managing Director of Union Bank Limited was also present on the occasion.



Mr. Shahidul Alam, Chairman of Union Bank Limited is handing over a Cheque to Honorable Prime Minister Sheikh Hasina for Prime Minister's Relief Fund as a part of CSR activities. Mr. Ziauddin Ahmed, MP, Director of Union Bank Limited was also present on the occasion.



Mr. Ziauddin Ahmed Bablu, MP, Director of Union Bank Limited is handing over a Cheque to Honorable Prime Minister Sheikh Hasina for Prime Minister's Education Assistance Trust and Suchona Foundation as a part of CSR activities.



Mr. Omar Farooque, Managing Director, Mr. Syed Abdullah Mohammed Saleh and Mr. A B M Mokammel Hoque Chowdhury, Additional Managing Directors of Union Bank Limited are distributing blankets (at mid-night) to the helpless cold affected people during last winter as a part of CSR.



Major General Md. Akbar Hossain, GOC of 9 Infantry Division and President of Savar Golf Club, Mr. Omar Farooque, Managing Director and Mr. A B M Mokammel Hoque Chowdhury, Additional Managing Director of Union Bank Limited pose for photograph with winner of 1st Union Bank Golf Tournament-2017. Union Bank Limited sponsored the Tournament as a part of CSR.



Mr. Omar Farooque, Managing Director, Mr. Syed Abdullah Mohammed Saleh and Mr. A B M Mokammel Hoque Chowdhury, Additional Managing Directors of Union Bank Limited distributing Iftar Boxes among Helpless, Poor and Orphans in the Dhaka city as a part of CSR activities.



**Disclosures on  
Risk Based Capital  
(BASEL III)  
for the year ended 31 December 2017**

# DISCLOSURES ON RISK BASED CAPITAL (BASEL III)

For The Year Ended 31 December 2017

## BACKGROUND

These disclosures have been made in accordance with the Bangladesh Bank circular no. 18 dated 21<sup>st</sup> December 2014 as guideline on Risk Based Capital Adequacy for Banks” in line with Basel-III. The said guideline helps the banking sector cope with the international best practice and to make the Bank’s capital more risk sensitive and shock resilient.

Basel-III guideline apply to all scheduled bank’s on ‘Solo’ basis as well as on ‘Consolidated’ basis where;

- Solo basis refers to all position of the bank and its local & overseas branches/offices; and
- Consolidated basis refers to all position of the bank (including its local & overseas branches/offices) and its subsidiaries companies engaged in financial (excluding insurance) activities like merchant banks, brokerage firms, discount houses etc. [If any].

## OBJECTIVE

The objectives of Market discipline in the revised framework is to establish a more transparent and disciplined financial market, so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. The following detailed qualitative and quantitative disclosures are provided in accordance with Guidelines on Risk Based Capital Adequacy by Bangladesh Bank.

## 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 2017.

## 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

<i>Qualitative Disclosure</i>		
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 4<sup>th</sup> generation private commercial bank and started its banking business under the license issued by Bangladesh Bank. Presently the Bank has 68 (Sixty-Eight) 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.	No major impediments found.
<i>Quantitative Disclosure</i>		
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> <p>1. Tier 1 Capital (going-concern capital)</p> <p style="margin-left: 20px;">a) Common Equity Tier 1</p> <p style="margin-left: 20px;">b) Additional Tier 1</p> <p>2. Tier 2 Capital (gone-concern capital)</p> <p>Common Equity Tier 1 (CET-1) Capital:</p> <p style="margin-left: 20px;">a) Paid up share capital,</p> <p style="margin-left: 20px;">b) Non-repayable share premium account,</p> <p style="margin-left: 20px;">c) Statutory Reserve,</p> <p style="margin-left: 20px;">d) General Reserve,</p> <p style="margin-left: 20px;">e) Dividend equalization reserve,</p> <p style="margin-left: 20px;">f) Retained earnings</p> <p style="margin-left: 20px;">g) Minority interest in subsidiaries.</p> <p>Additional Tier 1 (AT 1) Capital:</p> <p style="margin-left: 20px;">a) Instruments issued by the banks that meet the qualifying criteria for AT1;</p> <p style="margin-left: 20px;">b) Minority Interest i.e. AT1 issued by consolidated subsidiaries to third parties (for consolidated reporting only);</p> <p>Tier-2 Capital:</p> <p style="margin-left: 20px;">a) General Provisions;</p> <p style="margin-left: 20px;">b) Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital;</p> <p style="margin-left: 20px;">c) Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties.</p>
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### Quantitative Disclosure: As On 31.12.2017

b)	The amount of regulatory capital, with separate disclosure of:	Fig. in Crore	
		Solo	Consolidated
	CET-1 Capital:		
	I. Paid up capital	527.30	-
	II. Non repayable share premium account	0	-
	III. Statutory reserve	87.68	-
	IV. General reserve	14.57	-
	V. Retained earnings	60.70	-
	VI. Dividend equalization reserve	0	-
	VIII. Minority interest in subsidiaries	0	-
	Sub-Total:	690.25	-

DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

c)	Regulatory Adjustment:	-	
	Additional Tier 1 Capital:	0	
	Total Tier-1 Capital:	690.25	
	The total amount of Tier 2 Capital (General Provision)	115.09	-
d)	Regulatory Adjustments/Deductions from capital	0	-
e)	Total eligible capital	805.34	-

### 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 2017 and fully implemented as on January 01, 2019.</li> <li>➤ Union bank is able to maintain Capital to Risk Weighted Assets Ratio (CRAR) at 11.72% on SOLO basis against the regulatory minimum level of 11.25%. Tier-I capital adequacy ratio under "Solo" basis is 10.05% against the minimum regulatory requirement of 6%.</li> </ul>
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#### Quantitative Disclosure

	Particulars	Fig. in Crore	
		Solo	Consolidated
b)	Capital requirement for credit risk	637.56	-
c)	Capital requirement for market risk	3.15	-
d)	Capital requirement for operational risk	46.26	-
e)	Total and Tier 1 capital ratio:	-	-
	• For the consolidated group; and	-	-
	Total Risk Weighted Assets (RWA)	6869.66	-
	Minimum capital requirement	686.97	-
	Total and Tier-1 Capital Ratio:		-
	• Total CRAR	11.72%	-
	• Tier-1 Capital to RWA	10.05%	-
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 11.25%. Subsequently it will increase by 0.625% every year till 2019.	
g)	Available Capital under Pillar 2 Requirement	Yet to calculated	-

## 4. INVESTMENT (CREDIT) RISK

### Qualitative Disclosure

a) The General Qualitative disclosure requirement with respect to investment (credit) risk, including:

- |  |   |
|--|---|
| i) Definitions of past due and impaired (for accounting purposes): | <p>As per Bangladesh Bank guidelines, any Investment if not repaid within the fixed expiry date will be treated as Past Due/Overdue.</p> <ul style="list-style-type: none"> <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> |
|--|---|

The investments are classified as follows:

- Continuous & Demand Investments are classified as:
  - Sub-standard - if past due for 3 months or more, but less than 6 months;
  - Doubtful - if past due for 6 months or more, but less than 9 months;
  - Bad/Loss - if past due for 9 months or more.
- Fixed Term Investment s amounting up to 10 lacs are classified as:
  - 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;
  - Doubtful - if the amount of past due installment is equal to or more than the amount of installment (s) due within 9 (Nine) months;
  - 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.
- Fixed Term Investment s for more than 10 lacs are classified as:
  - 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;
  - Doubtful - if the amount of past due installment is equal to or more than the amount of installment (s) due within 6 (Six) months;
  - 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.
- Short-term Agricultural and Micro Credit are classified as:
  - Sub-standard - if the irregular status continues after a period of 12 (twelve) months;
  - Doubtful - if the irregular status continues after a period of 36 (thirty-six) months;
  - Bad/Loss - if the irregular status continues after a period of 60 (sixty) months.

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)".

DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

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

Type of Facility	Investment s Classification					
	Sub Standard		Doubtful		Bad & Loss	
	Overdue	Provision	Overdue	Provision	Overdue	Provision
	Period	(%)	Period	(%)	Period	(%)
Continuous Investment	≥3 & < 6 months	20%	≥6 & < 9 months	50%	≥ 9 months	100%
Demand Investment	≥3 & < 6 months	20%	≥6 & < 9 months	50%	≥ 9 months	100%
Fixed Term Investment more than Tk. 10 lac	≥3 & < 6 months	20%	≥6 & < 9 months	50%	≥ 9 months	100%
Fixed Term Investment up to Tk. 10 lac	≥6 & < 9 months	20%	≥9 & < 12 months	50%	≥ 12 months	100%
Short Term Agricultural & Micro Credit	≥12 & < 36 months	5.0%	≥36 & < 60 months	5.0%	≥ 60 months	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 for Professionals to set up business under Consumer Financing Scheme.	2%
Unclassified Investment to Housing Finance under consumer financing	1%
Unclassified Credit Card investment under consumer finance	2%
Unclassified Investment to Brokerage House, Merchant Banks, Stock dealers, etc.	2%
Off-Balance Sheet Exposure	1%
Short-term Agricultural and Micro-Credits:	
All unclassified credits (irregular & regular)	1%
Classified as "Sub-Standard" & "Doubtful"	5%
Classified as "Bad/Loss"	100%
Specific provision on:	
Substandard Investment s and advances	20%
Doubtful Investment s and advances	50%
Bad/loss Investment s and advances	100%

iii)	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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**Quantitative Disclosure:**

**b) 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	80.13
b.	Claims on Bangladesh Government and Bangladesh Bank	1531.22
c.	Claims on Banks & NBFIs	
	i) Original maturity over 3 months	1483.17
	ii) Original maturity up to 3 months	921.20
d.	<b>Claims on Corporate:</b>	
	Different Risk Weights	2307.13
	Unrated	1740.39
e.	<b>Claims on SME:</b>	
	Different Risk Weights	914.28
	Unrated (small enterprise & <BDT 3.00m)	48.84
	Unrated (small enterprise having ≥ BDT 3.00m & Medium Enterprise)	77.02
f.	<b>Claims under Credit Risk Mitigation [From Work Sheet 1(a) of revised RBCA Guidelines]:</b>	
	i) Corporate	2607.80
	ii) Retail & Small	556.08
	iii) Consumer finance	33.96
	iv) Residential property	0.004
	v) Commercial Real Estate	23.90
g.	Claims categorized as retail portfolio (excluding SME, Consumer Finance and Staff Investment) up to 1 crore	0.00
h.	Consumer finance	3.26

i.	Claims fully secured by residential property	81.23
j.	Claims fully secured by commercial real estate	119.90
<b>k.</b>	<b>Past due claims that is due for 60 days or more:</b>	
	Where specific provision are less than 20% of the outstanding amount of the past due claim	4.89
	Where specific provision are less than 20% of the outstanding amount of the past due claim	0.40
	Capital market Exposure	49.62
	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	85.00
m.	All other assets	
	i) Staff Investment /investment	32.49
	ii) Other assets (not specified above) [Net of specific provision, if any]	432.40

Quantitative Disclosure																																
c	Geographical distribution of exposures, broken down in significant areas by major types of credit exposure.	BDT in crore																														
		<table border="1"> <thead> <tr> <th>Sl.</th> <th>Division-wise investment</th> <th>Exposure</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dhaka</td> <td>5,191.69</td> </tr> <tr> <td>2</td> <td>Chittagong</td> <td>4,823.08</td> </tr> <tr> <td>3</td> <td>Rajshahi</td> <td>20.35</td> </tr> <tr> <td>4</td> <td>Sylhet</td> <td>13.13</td> </tr> <tr> <td>5</td> <td>Khulna</td> <td>7.28</td> </tr> <tr> <td>6</td> <td>Rangpur</td> <td>12.21</td> </tr> <tr> <td>7</td> <td>Barisal</td> <td>3.79</td> </tr> <tr> <td>8</td> <td>Mymensingh</td> <td>3.81</td> </tr> <tr> <td colspan="2" style="text-align: right;"><b>Total</b></td> <td><b>10,075.35</b></td> </tr> </tbody> </table>	Sl.	Division-wise investment	Exposure	1	Dhaka	5,191.69	2	Chittagong	4,823.08	3	Rajshahi	20.35	4	Sylhet	13.13	5	Khulna	7.28	6	Rangpur	12.21	7	Barisal	3.79	8	Mymensingh	3.81	<b>Total</b>		<b>10,075.35</b>
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d)	Industry or counterparty type distribution of exposures, broken down by major types of investment exposure	<b>BDT in crore</b>		
		<b>Sl.</b>	<b>Industry-wise Investments</b>	<b>Exposure</b>
		1	Agriculture	74.37
		2	RMG	123.61
		3	Textile	517.83
		4	Ship Building	12.58
		5	Ship Breaking	0.00
		6	Service Industry	363.47
		7	Other Manufacturing Industry	352.26
		8	Retail & SME Investments	266.78
		9	Insurance	50.67
		10	Construction	0.00
		11	Power, Gas	130.04
		12	Transport, Storage and Communication	0.95
		13	Trade Service	7566.30
		14	Commercial real estate	326.04
		15	Residential real estate	19.08
		16	Consumer Credit	67.70
		17	Capital Market	140.18
		18	Non-bank financial institutions	0.00
19	Others	63.49		
	<b>Total</b>	<b>10075.35</b>		
e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of investment (credit) exposure.	<b>SL. No.</b>	<b>Particulars</b>	<b>Exposure</b>
		1	Repayable on Demand	246.92
		2	Up to 1 month	965.50
		3	Over 1 month but not more than 3 months	2893.09
		4	Over 3 months but not more than 1 year	5335.45
		5	More than 1 year but less than 5 year	341.73
		6	Over 5 years	292.65
			<b>Total</b>	<b>10075.35</b>
f)	<b>By major industry or counterparty type:</b>			
i) Amount of impaired investment (Investment s) and if available, past due investment/Investment s, provided separately;	The amount of classified investment of the bank is as under:			
	<b>Particulars</b>	<b>Fig. in Crore</b>		
	1. SS –	5.60		
	2. DF–	9.01		
	3. B/L–	42.60		
	<b>Total –</b>	<b>57.21</b>		

	ii) Specific and general provisions;	<p>Specific and general provisions were made on the amount of classified and unclassified investments/Investment s and advances, off-balance sheet exposures and off-shore banking, interest on receivable, diminution in value of investment and other assets-suspense of the Bank according to the Bangladesh Bank guidelines.</p> <table border="1" data-bbox="602 554 1448 779"> <thead> <tr> <th colspan="2" data-bbox="602 554 1024 583"><b>Particulars</b></th> <th data-bbox="1024 554 1448 583"><b>Fig. in Crore</b></th> </tr> <tr> <th colspan="2" data-bbox="602 583 1024 625"><b>Provision required:</b></th> <th data-bbox="1024 583 1448 625"><b>Provision as on 31.12.2017</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="602 625 1024 663">Unclassified Investments</td> <td data-bbox="1024 625 1448 663"></td> <td data-bbox="1024 625 1448 663">101.99</td> </tr> <tr> <td data-bbox="602 663 1024 701">Classified Investment</td> <td data-bbox="1024 663 1448 701"></td> <td data-bbox="1024 663 1448 701">17.69</td> </tr> <tr> <td data-bbox="602 701 1024 739">Off-balance sheet</td> <td data-bbox="1024 701 1448 739"></td> <td data-bbox="1024 701 1448 739">7.39</td> </tr> <tr> <td data-bbox="602 739 1024 779" style="text-align: right;"><b>Total</b></td> <td data-bbox="1024 739 1448 779"></td> <td data-bbox="1024 739 1448 779"><b>127.07</b></td> </tr> </tbody> </table>	<b>Particulars</b>		<b>Fig. in Crore</b>	<b>Provision required:</b>		<b>Provision as on 31.12.2017</b>	Unclassified Investments		101.99	Classified Investment		17.69	Off-balance sheet		7.39	<b>Total</b>		<b>127.07</b>
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Note: Bank maintained Tk. 135.09 crore for provision of investment.



## 5. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures:	
a)	The general qualitative disclosures requirement with respect to equity risk, including
	<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> <p>i) Quoted Securities (common or preference share &amp; mutual fund) that are traded in the secondary market;</p> <p>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.</p> <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 revaluated 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 revaluated 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>

Quantitative Disclosures:							
b)	<p>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.</p> <table border="1"> <thead> <tr> <th colspan="2">BDT in crore</th> </tr> <tr> <th>At Cost</th> <th>At Market Value</th> </tr> </thead> <tbody> <tr> <td>3.45</td> <td>3.22</td> </tr> </tbody> </table>	BDT in crore		At Cost	At Market Value	3.45	3.22
BDT in crore							
At Cost	At Market Value						
3.45	3.22						
c)	The cumulative realized gains (losses) arising from sales and liquidations in the reporting (31 December 2017) period. -						
d)	Total unrealized gains (losses) (0.23)						
	• Total latent revaluation gains(losses) Not applicable						
	• Any amounts of the above included in Tier 2 capital. Not applicable						
e)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements Not applicable						

DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

## 6. INTEREST (PROFIT) RATE RISK IN BANKING BOOK (IRRBB)

Qualitative Disclosure:																																																											
a)	<p>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.</p> <p>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 &amp; 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.</p>																																																										
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b)	<p>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)</p> <p style="text-align: right;"><b>BDT in crore</b></p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>1 month</th> <th>3 months</th> <th>6 months</th> <th>1 year</th> <th>Above 1 year</th> </tr> </thead> <tbody> <tr> <td>Rate Sensitive Asset</td> <td>1,505.36</td> <td>3,751.79</td> <td>2,241.82</td> <td>3,362.73</td> <td>664.41</td> </tr> <tr> <td>Rate Sensitive liabilities</td> <td>708.21</td> <td>3,973.61</td> <td>1,703.06</td> <td>2,554.59</td> <td>2,426.02</td> </tr> <tr> <td>Net gap</td> <td>797.15</td> <td>(221.81)</td> <td>538.76</td> <td>808.14</td> <td>(1,761.61)</td> </tr> <tr> <td>Cumulative gap</td> <td>797.15</td> <td>575.33</td> <td>1,114.09</td> <td>1,922.23</td> <td>160.62</td> </tr> </tbody> </table> <p style="text-align: right;"><b>BDT in crore</b></p> <table border="1"> <thead> <tr> <th>Profit Rate Stress</th> <th>Minor</th> <th>Moderate</th> <th>Major</th> </tr> </thead> <tbody> <tr> <td>Assumed change in Profit Rate</td> <td>1%</td> <td>2%</td> <td>3%</td> </tr> <tr> <th colspan="4">Net investment income impact</th> </tr> <tr> <td>&lt;12 months</td> <td>19.23</td> <td>38.44</td> <td>57.67</td> </tr> <tr> <td>Capital after-shock</td> <td>824.56</td> <td>843.78</td> <td>863.01</td> </tr> <tr> <td>CAR after-shock (%)</td> <td>12.00</td> <td>12.28</td> <td>12.56</td> </tr> <tr> <td>Change in CAR after-shock (%)</td> <td>0.28</td> <td>0.56</td> <td>0.84</td> </tr> </tbody> </table>	Particulars	1 month	3 months	6 months	1 year	Above 1 year	Rate Sensitive Asset	1,505.36	3,751.79	2,241.82	3,362.73	664.41	Rate Sensitive liabilities	708.21	3,973.61	1,703.06	2,554.59	2,426.02	Net gap	797.15	(221.81)	538.76	808.14	(1,761.61)	Cumulative gap	797.15	575.33	1,114.09	1,922.23	160.62	Profit Rate Stress	Minor	Moderate	Major	Assumed change in Profit Rate	1%	2%	3%	Net investment income impact				<12 months	19.23	38.44	57.67	Capital after-shock	824.56	843.78	863.01	CAR after-shock (%)	12.00	12.28	12.56	Change in CAR after-shock (%)	0.28	0.56	0.84
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## 7. MARKET RISK:

a) Qualitative Disclosure		
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>
ii)	Methods used to measure Market risk.	<p>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.</p>
iii)	Market Risk Management system.	<p>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 &amp; CEO of the Bank. ALCO meets at least once in a month.</p>

DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

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>Quantitative Disclosure</b>			
b)	<b>The capital requirements for:</b>	<b>Solo</b>	<b>Consolidated</b>
	<b>Particulars</b>	<b>Fig. in Crore</b>	
	Profit rate risk	0.00	-
	Equity position risk	0.64	-
	Foreign exchange risk	2.50	-
	Commodity risk	0.00	-
	<b>Total Capital Requirement</b>	<b>3.14</b>	<b>-</b>

## 11. OPERATIONAL RISK

<b>a) Qualitative Disclosures:</b>		
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> <ol style="list-style-type: none"> <li>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>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>Provide senior management clear guidance and direction regarding the principles underlying the framework and approve the corresponding policies developed by senior management;</li> <li>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>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> </ol>

ii)	Performance gap of executives and staffs	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.
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 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>

v)	Approach for calculating capital charge for operational risk	<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> <ul style="list-style-type: none"> <li>K = the capital charge under the Basic Indicate or Approach</li> <li>GI = only positive annual gross income over the previous three years (i.e., negative or zero gross income if any shall be excluded)</li> <li><math>\alpha</math> = 15 percent</li> <li>n = number of the previous three years for which gross income is positive.</li> </ul> <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>		
<b>Quantitative Disclosure:</b>		<b>BDT in crore</b>		
b)	The capital requirements for operational risk	46.63		
Capital Charge for Operational Risk-Basic Indicator Approach				
	<b>Year</b>	<b>Gross Income (GI)</b>	<b>Average Gross Income (AGI)</b>	<b>Capital Charge = 15% of AGI</b>
	2015	206.13		
	2016	317.94	308.39	46.26
	2017	401.11		

## 12. LIQUIDITY RATIO:

a) Qualitative Disclosure	
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><b>a) Composition of assets and liabilities:</b> 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>b) Diversification and stability of liabilities:</b> 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><b>c) Managing liquidity in different currencies:</b> The bank should have a strategy on how to manage liquidity in different currencies.</li> <li><b>d) Dealing with liquidity disruptions:</b> 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>
Liquidity risk management system	<p>In Union Bank, at the management level, the liquidity risk is primarily managed by the Treasury Division under oversight of ALCO which is headed by the Managing Director along with other senior management.</p> <p>Treasury Division upon reviewing the overall funding requirements on daily basis sets their strategy to maintain a comfortable/adequate liquidity position taking into consideration of Bank's approved credit deposit ratio, liquid assets to total assets ratio, asset-liability maturity profile, Bank's earning/profitability as well as overall market behavior and sentiment etc. Apart from Risk Management Division also monitors &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>

Policies and process for mitigating risk	<p>The bank should include in liquidity risk management policy;</p> <ol style="list-style-type: none"> <li>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>Adhere to the lines of authority and responsibility that the Board has approved for managing liquidity risk;</li> <li>Oversee the implementation and maintenance of management information and other systems that identify, measure, monitor, and control the bank's liquidity risk;</li> <li>Develop and recommend liquidity and funding policies for approval by the Board and implement the liquidity and funding policies;</li> <li>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>Ensure that liquidity is managed and controlled within the liquidity management and funding management programs;</li> <li>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> </ol>
<b>BDT in Crore/Percentage</b>	
<b>b) Quantitative Disclosure</b>	
<b>Components</b>	<b>Amount</b>
Liquidity Coverage Ratio (LCR)	103.41%
Net Stable Funding Ratio (NSFR)	121.64%
Stocks of high quality liquid assets	1588.31
Total net cash outflows over the next 30 calendar days	1535.93
Available amount of stable funding	9286.86
Required amount of stable funding	7634.92



### 13. LEVERAGE RATIO:

a) Qualitative Disclosure	
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 review 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%.

BDT in Crore/Percentage

b) Quantitative Disclosure	
Components	Amount
$\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$	
Bangladesh Bank Requirement	>3%
Leverage Ratio	5.19%
On balance sheet exposure	13,152.06
Off balance sheet exposure	151.02
Total exposer	13,303.08

DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

**14. REMUNERATION:**

Qualitative Disclosure	
<p>a)</p> <p>Information relating to the bodies that oversee remuneration. Disclosures should include:</p> <p>Name, composition and mandate of the main body overseeing remuneration.</p> <p>External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.</p> <p>A description of the scope of the bank's remuneration policy (e.g 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> <p>The Bank has 02 (Two) group of material risk takers at present i.e., Senior Management and Branch Managers. The total no. of Senior Management is 14 and the total no. of Branch Managers is 68.</p>

<p>b)</p>	<p>Information relating to the design and structure of remuneration processes. Disclosures should include: An overview of the key features and objectives of remuneration policy.</p> <p>Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.</p> <p>A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</p>	<p>The key features and objectives of the Remuneration policy are as follows:</p> <ul style="list-style-type: none"> <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>
<p>c)</p>	<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>An overview of main performance metrics for bank, top-level business lines and individuals.</p> <p>A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</p> <p>A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak</p>	<p>The Board sets the Key Performance Indicators (KPIs) while approving the business target/budget for each year for the Bank and business lines/ segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence/approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc.</p> <p>The remuneration of each employee is paid based on her/ his individual performance evaluated as per set criteria. And, accordingly, the aggregate amount of remuneration of the Bank as a whole is linked/ impacted to the same extent.</p> <p>The Bank follows remuneration process as per set criteria with no in general adjustment in the event of weak performance metrics/scorecard.</p>
e)	<p>Description of the ways in which the bank seeks 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: 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>
<b>Quantitative Disclosure</b>		
g)	<p>Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.</p>	<p>Not Applicable</p>
h)	<p>Number of employees having received a variable remuneration award during the financial year.</p> <p>Number and total amount of guaranteed bonuses awarded during the financial year.</p> <p>Number and total amount of sign-on awards made during the financial year.</p> <p>Number and total amount of severance payments made during the financial year</p>	<p>Total No. of 82 employees have received a variable remuneration award during the 2017/2017 Financial Year.</p> <p>Total no. &amp; amount of 781 guaranteed bonuses awarded during the 2017/2017 Financial Year.</p> <p>There were no sign-on awards made during the financial year. There was no severance payment made during the 2017/2017 Financial Year.</p>

## DISCLOSURES ON RISK BASED CAPITAL (BASEL-III)

i)	<p>Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.</p> <p>Total amount of deferred remuneration paid out in the financial year.</p>	<p>There was no outstanding deferred remuneration, split into cash, shares, share-linked Instruments and other forms.</p>
j)	<p>Breakdown of amount of remuneration awards for the financial year to show:</p> <ul style="list-style-type: none"> <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>	<p>Not Applicable</p>
k)	<p>Quantitative information about employees' exposure to implicit (eg fluctuations in the value of shares or performance units) and explicit adjustments (eg claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:</p> <p>Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post explicit adjustments.</p> <p>Total amount of reductions during the financial year due to ex post implicit adjustments.</p>	<p>Not Applicable</p>



# Financial Information

# AUDITORS' REPORT

## TO THE SHAREHOLDERS OF UNION BANK LIMITED

We have audited the accompanying financial statements of Union Bank Limited (the "Bank"), which comprise the balance sheet as at 31 December 2017, 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.

### Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements of the bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) 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 in 2013 & 2018 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 2017, 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 and other applicable rules and regulations.


### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Company Act, 1991 as amended in 2013 & 2018 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- (d) The balance sheet and profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (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 Standards 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 22 April 2018 and Bangladesh Bank instruction letter no. DBI-4/42(8)/2018-849 dated 26 April 2018;
- (g) Adequate provisions have been made for investments, other assets and off-balance sheet items 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 3,083 person hours for the audit of the books and accounts of the Bank.

Place: Dhaka  
Dated: 30 April 2018

  
**Syful Shamsul Alam & Co**  
Chartered Accountants

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2017

Particulars	Notes	December 2017 Taka	December 2016 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>	3	<b>11,257,005,478</b>	<b>6,120,557,231</b>
In hand (Including foreign currency)	3.1	801,321,303	583,472,797
Balance with Bangladesh Bank and its agent bank(s) (Including foreign currency)	3.2	10,455,684,175	5,537,084,434
<b>Balance with other Banks and Financial Institutions</b>	4.1	<b>244,582,063</b>	<b>263,739,285</b>
In Bangladesh		38,074,756	116,876,875
Outside Bangladesh		206,507,307	146,862,410
<b>Placement with banks &amp; Other Financial Institutions</b>	4.2	<b>9,263,887,421</b>	<b>3,078,517,919</b>
<b>Investments in Shares &amp; Securities</b>	5	<b>4,984,525,024</b>	<b>3,868,479,214</b>
Government		4,650,000,000	3,550,000,000
Others		334,525,024	318,479,214
<b>Investments</b>	6	<b>100,753,547,130</b>	<b>67,150,190,750</b>
General Investments etc.	6.A	84,268,614,957	52,351,997,718
Bills Purchased and Discounted	6.B	16,484,932,173	14,798,193,032
<b>Fixed Assets Including Premises, Furniture and Fixtures</b>	7	<b>849,999,808</b>	<b>829,422,106</b>
<b>Other Assets</b>	8	<b>4,324,019,497</b>	<b>2,606,332,421</b>
<b>Non Banking Assets</b>		-	-
<b>Total Assets</b>		<b>131,677,566,421</b>	<b>83,917,238,926</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; other Financial Institutions</b>	9	<b>5,141,390,322</b>	<b>140,719,643</b>
<b>Deposits and Other Accounts</b>	10	<b>114,049,889,571</b>	<b>74,250,559,036</b>
Mudaraba Savings Deposits	10.1	2,876,904,725	1,688,892,795
Mudaraba Term Deposits	10.2	80,432,924,516	54,741,355,944
Other Mudaraba Term Deposits	10.3	16,035,274,892	11,861,935,948
Al-Wadia Current Accounts and Other Accounts	10.4	14,185,117,907	5,569,007,885
Bills Payable	10.5	519,667,531	389,366,464
<b>Other Liabilities</b>	11	<b>5,611,985,916</b>	<b>3,536,716,856</b>
<b>Deferred Tax Liabilities/(Assets)</b>	11.a	<b>(28,199,024)</b>	<b>(23,174,045)</b>
<b>Total Liabilities</b>		<b>124,775,066,785</b>	<b>77,904,821,490</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	12	5,272,960,000	4,708,000,000
Statutory Reserve	13	876,837,431	527,663,554
Other Reserve	14	145,749,665	145,749,665
Retained Earnings	15	606,952,540	631,004,217
<b>Total Shareholders' Equity</b>		<b>6,902,499,636</b>	<b>6,012,417,436</b>
<b>Total Liabilities and Shareholders' equity</b>		<b>131,677,566,421</b>	<b>83,917,238,926</b>

**UNION BANK LIMITED**  
**BALANCE SHEET**  
As at 31 December 2017

Particulars	Notes	December 2017 Taka	December 2016 Taka
<b>OFF- BALANCE SHEET ITEMS</b>			
<b>Contingent Liabilities</b>			
Acceptances and Endorsements		3,079,016,917	2,755,510,113
Letters of Guarantee	16	315,956,779	365,851,995
Irrecoverable Letters of Credit	17	2,465,280,671	2,909,424,278
Bills for Collection	18	1,532,780,000	434,599,000
Other Contingent Liabilities		-	-
<b>Total</b>		<b>7,393,034,367</b>	<b>6,465,385,386</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		-	-
Other-Commitments		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off -Balance Sheet Items Including Contingent Liabilities</b>		<b>7,393,034,367</b>	<b>6,465,385,386</b>

BALANCE SHEET

The annexed notes form an integral part of these financial statements.

  
Managing Director


  
Director

  
Director

  
Chairman

See annexed auditor's report of even date

Dhaka  
30 April 2018

  
Syful Shamsul Alam & Co.  
Chartered Accountants

**UNION BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2017**


Particulars	Notes	December 2017 Taka	December 2016 Taka
Investments Income	19	10,587,605,824	8,027,089,936
Profit Paid on Deposits	20	(6,905,419,048)	(5,088,956,590)
<b>Net Investment Income</b>		<b>3,682,186,776</b>	<b>2,938,133,346</b>
Income from Investment in Shares and Securities	21	61,680,973	31,906,497
Commission, Exchange and Brokerage	22	233,620,013	189,705,866
Other Operating Income	23	33,587,630	19,703,651
		<b>328,888,616</b>	<b>241,316,014</b>
<b>Total Operating Income</b>		<b>4,011,075,392</b>	<b>3,179,449,360</b>
<b>Operating Expenses</b>			
Salary and Allowances	24	849,834,207	643,466,245
Rent, Taxes, Insurances, Electricity etc.	25	303,826,381	213,330,618
Legal Expenses	26	1,010,223	600,600
Postage, Stamps, Telecommunication etc.	27	18,699,907	17,637,289
Stationery, Printings, Advertisements etc.	28	42,946,375	58,627,774
Chief Executives Salary and Fees	29	8,013,979	9,408,548
Auditors' Fees		345,000	330,000
Directors' Fees & Expenses	30	2,037,500	3,410,900
Shariah Supervisory Committee's Fees & Expenses	31	188,398	312,800
Depreciation and Repair of Bank's Assets	32	179,296,411	151,783,618
Zakat Expenses		20,000,000	15,000,000
Other Expenses	33	312,107,628	289,931,389
<b>Total Operating Expenses</b>		<b>1,738,306,009</b>	<b>1,403,839,782</b>
<b>Profit/(Loss) before Provision and tax</b>		<b>2,272,769,383</b>	<b>1,775,609,578</b>
Provisions for Classified Investments	11.2.1	157,000,000	42,000,000
Provisions for Unclassified Investments	11.2.2	360,900,000	233,000,000
Provisions for Off Balance Sheet items	11.2.3	5,000,000	23,500,000
Other Provisions	11.2.4	1,500,000	5,000,000
Provisions for diminution in value of investment in share	11.5	2,500,000	-
<b>Total Provisions</b>		<b>526,900,000</b>	<b>303,500,000</b>
<b>Total Profit/(Loss) before Tax</b>		<b>1,745,869,383</b>	<b>1,472,109,578</b>
<b>Provision for Income Tax</b>			
Current Tax	2.9.1.1	860,812,162	634,474,533
Deferred Tax Income	2.9.1.2	(5,024,979)	(11,974,533)
		<b>855,787,183</b>	<b>622,500,000</b>
<b>Net Profit/(Loss) after Tax</b>		<b>890,082,200</b>	<b>849,609,578</b>
Retained Earnings from Previous Year		66,044,217	75,816,555
Add: Net Profit/(Loss) after Tax		890,082,200	849,609,578
<b>Profit available for Appropriation</b>		<b>956,126,417</b>	<b>925,426,133</b>
<b>Appropriations:</b>			
Statutory Reserve		349,173,877	294,421,916
General Reserve		-	-
Dividend		-	-
Retained earnings		606,952,540	631,004,217
		<b>956,126,417</b>	<b>925,426,133</b>
<b>Earnings Per Share (EPS)</b>	<b>34</b>	<b>1.69</b>	<b>1.61</b>

PROFIT AND LOSS ACCOUNT

The annexed notes form an integral part of these financial statements.



Managing Director



Director

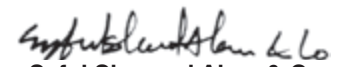


Director



Chairman

See annexed auditor's report of even date

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

Dhaka  
30 April 2018

**UNION BANK LIMITED**  
**CASH FLOW STATEMENT**  
For the year ended 31 December 2017


Particulars	Notes	31.12.2017 Taka	31.12.2016 Taka
<b>A. Cash Flow from Operating Activities</b>			
Investments income receipts		10,639,984,913	8,122,778,937
Profit paid on deposit		(6,336,096,383)	(4,874,668,238)
Fee and Commission receipts		233,620,013	189,705,866
Dividend receipts		275,644	273,701
Payments to employees		(821,735,711)	(620,907,045)
Payments to suppliers		(42,946,375)	(58,627,774)
Income tax paid		(859,144,306)	(367,109,006)
Receipts from other operating activities	35	33,587,630	19,703,651
Payments for other operating activities	36	(702,737,048)	(578,701,474)
<b>Operating Profit before changes in Operating Assets &amp; Liabilities</b>		<b>2,144,808,377</b>	<b>1,832,448,618</b>
<b>Changes in Operating Assets &amp; Liabilities</b>			
(Increase)/ Decrease Investments to Customers		(33,603,356,380)	(21,557,321,487)
(Increase)/ Decrease of Other Assets	37	(854,516,530)	(51,294,764)
Increase/ (Decrease) Deposits from Customers		39,799,330,535	18,695,122,332
Increase/ (Decrease) of Other Liabilities	38	87,121,758	23,960,149
<b>Cash Flow from Operating Assets and Liabilities</b>		<b>5,428,579,383</b>	<b>(2,889,533,770)</b>
<b>Net Cash Flow from Operating Activities</b>		<b>7,573,387,760</b>	<b>(1,057,085,152)</b>
<b>B. Cash Flow from Investing Activities</b>			
Payments to Investment in Shares and Securities		(1,116,045,810)	(762,291,816)
Purchases of Property, Plant and Equipment		(155,352,102)	(263,859,767)
<b>Net Cash Used in Investing Activities</b>		<b>(1,271,397,912)</b>	<b>(1,026,151,583)</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		5,000,670,679	127,729,200
<b>Net Cash Flow from Financing Activities</b>		<b>5,000,670,679</b>	<b>127,729,200</b>
<b>Net Increase/(Decrease) of Cash &amp; Cash Equivalents (A+B+C)</b>		<b>11,302,660,527</b>	<b>(1,955,507,535)</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>9,462,814,435</b>	<b>11,418,321,970</b>
<b>G. Ending Cash &amp; Cash Equivalents (D+E+F)</b>		<b>20,765,474,962</b>	<b>9,462,814,435</b>
<b>The above closing Cash and Cash Equivalents include:</b>			
In hand (Including foreign currency)	3.1	801,321,303	583,472,797
Balance with Bangladesh Bank and its agent bank(s)	3.2	10,455,684,175	5,537,084,434
Balance with other Banks and Financial Institutions	4.1	244,582,063	263,739,285
Placement with banks & Other Financial Institutions	4.2	9,263,887,421	3,078,517,919
		<b>20,765,474,962</b>	<b>9,462,814,435</b>

CASH FLOW STATEMENT

The annexed notes form an integral part of these financial statements.



Managing Director



Director



Director



Chairman

See annexed auditor's report of even date

Dhaka  
30 April 2018

## STATEMENT OF CHANGES IN EQUITY

**UNION BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2017**

Particulars	Paid-up Capital		Statutory Reserve		Other Reserve		Retained Earnings		Total	
	Taka		Taka		Taka		Taka		Taka	
<b>Balance as on 01 January 2017</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>	
Changes in Accounting Policy	-		-		-		-		-	
<b>Restated Balance</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>	
Surplus/Deficit on account of revaluation of properties	-		-		-		-		-	
Surplus/Deficit on account of revaluation of investments	-		-		-		-		-	
Currency Translation Differences	-		-		-		-		-	
Net Gains and Losses not Recognized in the Income Statement	-		-		-		-		-	
Net Profit for the year	-		-		-		890,082,200		890,082,200	
Dividends	-		-		-		(564,960,000)		-	
Stock	564,960,000		-		-		-		-	
Cash	-		-		-		-		-	
Transfer to Statutory Reserve	-		349,173,877		-		(349,173,877)		-	
Transfer to Retained Earnings	-		-		-		-		-	
Issue of Share Capital during the year	-		-		-		-		-	
<b>Balance as on 31 December 2017</b>	<b>5,272,960,000</b>		<b>876,837,431</b>		<b>145,749,665</b>		<b>606,952,540</b>		<b>6,902,499,636</b>	
<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>	

The annexed notes form an integral part of these financial statements.

  
**O. Hanyou**  
**Managing Director**

  
**Shaban Abdou**  
**Director**

  
**Shouk**  
**Director**

  
**Chairman**

See annexed auditor's report of even date


**Dhaka**  
**30 April 2018**

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

As at 31 December 2017

Particulars	Up to 01	01-03	03-12	01-05	More than	Total
	Month	Months	Months	Years	05 years	Total
	Taka	Taka	Taka	Taka	Taka	Taka
<b>Assets</b>						
Cash	5,470,165,498	-	-	-	5,786,839,980	11,257,005,478
Balance with banks & Other Financial Institutions	244,582,063	-	-	-	-	244,582,063
Placement with banks & Other Financial Institutions	-	3,273,887,421	5,900,000,000	90,000,000	-	9,263,887,421
Investments in Shares and Securities	450,000,000	1,650,000,000	2,584,525,024	300,000,000	-	4,984,525,024
Investments	12,073,500,000	28,879,600,000	53,456,500,000	3,417,147,130	2,926,800,000	100,753,547,130
Fixed Assets including Premises, Furniture & Fixtures	-	-	-	408,464,484	441,535,324	849,999,808
Other Assets	197,700,000	908,900,000	1,434,800,000	1,782,619,497	-	4,324,019,497
Non-banking Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>18,435,947,561</b>	<b>34,712,387,421</b>	<b>63,375,825,024</b>	<b>5,998,231,111</b>	<b>9,155,175,304</b>	<b>131,677,566,421</b>
<b>Liabilities</b>						
Placement from Banks & Other Financial Institutions	5,000,000,000	141,390,322	-	-	-	5,141,390,322
Deposits and Other Accounts	7,113,289,571	39,944,000,000	42,732,400,000	19,341,500,000	4,918,700,000	114,049,889,571
Other Liabilities	110,000,000	186,007,022	3,329,492,687	1,958,287,183	-	5,583,786,892
<b>Total Liabilities</b>	<b>12,223,289,571</b>	<b>40,271,397,344</b>	<b>46,061,892,687</b>	<b>21,299,787,183</b>	<b>4,918,700,000</b>	<b>124,775,066,785</b>
<b>Net Liquidity Gap</b>	<b>6,212,657,990</b>	<b>(5,559,009,923)</b>	<b>17,313,932,337</b>	<b>(15,301,556,072)</b>	<b>4,236,475,304</b>	<b>6,902,499,636</b>

The annexed notes form an integral part of these financial statements.

  
**O. Farooque**  
 Managing Director

  
**Shaukat Ali**  
 Director

  
**Farhad**  
 Director

  
**Chairman**

**Dhaka**  
**30 April 2018**

See annexed auditor's report of even date

LIQUIDITY STATEMENT

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 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. The Bank is one of the interest-free Shariah based banks in the country and its modus- operandi are substantially different from other conventional Banks. 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 sixty eight (68) branches operating as per Islamic Shariah prevailing in the country. The Bank has no overseas branches as at 31 December 2017.

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 Sharia'h, the provisions of the Bank Company Act 1991 and Bangladesh Bank's directives.

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

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

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



## 2 Significant accounting policies and basis for preparation of Financial Statements

### 2.1 Statements of Compliance

The financial statements of the Bank are made up to 31 December 2017 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.

#### 2.1.1 Departures from BFRS

In case the requirements of guidelines and circulars issued by Bangladesh Bank differ with those of other regulatory authorities and Bangladesh 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 AAOIFI 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 30 April 2018.

**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 2017 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.

Gain on sale of shares transferred to other income on realization basis.

Profit on investment in Bangladesh Govt. Islamic Investment Bond is recognized on accrual basis.

### 2.5.3 Commission Income

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

### 2.5.4 Profit/Rent/Compensation Suspense Account

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

Compensation on unclassified overdue Bai-Murabaha investments is charged as per Islamic Sharia'h such compensation is not shown as income of the Bank. This fund is transferred to Union Bank Foundation as per the policy 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

Profit paid and other expenses incurred by the Bank 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 2017 has not been recognized as a liability in the balance sheet in accordance with the BAS # 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 2017 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 2017 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2017 were as:

CURRENCY NAME	EXCHANGE RATE (TK)
US \$	82.70
Euro	99.3910
Yen	0.74
ACU	82.70
GBP	111.30
CHF	90.18

SGD	63.38
AUD	64.70
CAD	66.30

#### 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

a) Investments are stated in the balance Sheet at the net amount excluding unearned income and profit receivable.

b) Provision for Investments Impairment:

As per instructions contained in Bangladesh Bank BCD circular no 34, dated November 16 1989, BCD circular no 20, dated 27 December 1994, BCD circular no 12, dated September 4, 1995, BRPD circular no 16, dated December 6, 1998, BRPD circular no 09, dated May 2001, BRPD circular no 5, dated June 5, 2006, BRPD circular no 14, dated September 23, 2012, BRPD circular no 19, dated December 27, 2012, BRPD circular no. 05, dated May 29, 2013, BRPD circular no. 16, dated November 18, 2014, BRPD circular no. 08, dated August 02, 2015, BRPD circular no. 12, dated August 20, 2017 and BRPD circular no. 15, dated September 20, 2017 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, 08, 12 and 15 dated December 6, 1998, May 14, 2001, October 2005, June 5, 2006, September 23, 2012, December 27, 2012, May 29, 2013, November 18, 2014, August 02, 2015, August 20, 2017 and September 27, 2017 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.,) 1.00%
- Unclassified Consumer Financing (Other than Housing Finance and Investment for Professionals to set up business) 5.00%
- Unclassified Investment to Housing Finance and Investment for Professionals to set up business under Consumer Financing Scheme 2.00%
- Unclassified Investment to Brokerage House, Merchant Banks, Stock dealers, etc. 2.00%
- Off-Balance sheet Exposure

**Provision for Short-term Agricultural and Micro-Credits:**

- All unclassified investments (irregular & regular) 1.00%
- Classified as “Sub-Standard” & “Doubtful” 5.00%
- Classified as “Bad/Loss” 100.00%

c) 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.

d) 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 (BGIIIB) 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 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 and motor vehicles on which straight line method is applied.

NATURE OF ASSETS	RATE	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 Bangladesh Accounting Standard (BAS) # 16.

**2.8 Statutory Reserve**

As per section 24 of Bank Company Act 1991 (amended upto 2013), at least 20% of the profit before tax is transferred to the statutory reserve each year until the balance 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 no # 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”. The Fund is recognized by the National Board of Revenue (NBR) vide their letter no # 08.01.0000.035.02.0043.2016/28 dated 02/04/2017.

#### 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**

Deposits 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 has 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 have been shown on the face of profit and loss account. These have 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 are 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 investment limits to its customers and obtains adequate collaterals. Investments risk monitored, reviewed and analyzed by the All Risk Committee (ARC) management issues are of the bank in its monthly meetings.

**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 2017, 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 2017, no incident of fraud have been detected by the Bank.

#### 2.12 Risk Based Capital Adequacy

Basel Accord is a set of agreements set by the Basel Committee on Bank Supervision (BCBS), which provides recommendations on banking regulations in regards to capital risk, market risk and operational risk. The purpose of the accord is to ensure that financial institutions have enough capital on account to meet obligations and absorb unexpected losses. As such, Basel-III has been introduced for improving 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 and improving risk management and governance as well as strengthening banks transparency and disclosures. The ultimate objectives of Basel-III are to strengthen the capital framework, enhance risk coverage, supplement the risk-based capital requirement with a leverage ratio, reduce pro-cyclicality and promote counter cyclical buffers, address systemic risk through introducing a global liquidity standard. For implementation of Basel-III in Bangladesh, a roadmap has been

released by Bangladesh Bank vide BRPD Circular # 18, dated 21 December 2014. Under the Basel-III framework, banks have to maintain additional capital conservation buffer at 0.625 % per year from 2016 to 2019 where aggregated capital conservation buffer will be 2.50% at the end of 2019 and at that stage total capital to risk weighted asset ratio (CRAR) will be at 12.50%. Apart, as a part of liquidity coverage, banks need to implement Liquidity Coverage Ratio (LCR) at  $\geq 100\%$ , Net Stable Funding Ratio (NSFR)  $> 100\%$  and Leverage Ratio at minimum 3% simultaneously.

### 2.13 Stress Testing

Stress testing is one of the sophisticated risk management techniques that has 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 2017 is from 01 January 2017 to 31 December 2017.

### 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 subject to departure described in note - 2.1, where we have followed Bangladesh Bank guidelines:**

SL. NO.	BFRS	BFRS TITLE	COMPLIANCE STATUS
1	1	First-time adoption of International Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicabl
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

	31.12.2017 Taka	31.12.2016 Taka
<b>3 CASH</b>		
<b>3.1 Cash in Hand</b>		
In Local Currency	798,366,575	583,355,334
In Foreign Currencies	2,954,728	117,463
	<b>801,321,303</b>	<b>583,472,797</b>
<b>3.2 Balance with Bangladesh Bank and its Agent Bank</b>		
In Local Currency	10,394,563,486	5,430,395,562
In Foreign Currencies	61,120,689	106,688,872
	<b>10,455,684,175</b>	<b>5,537,084,434</b>
	<b>11,257,005,478</b>	<b>6,120,557,231</b>
<b>3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)</b>		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act, 1991 and subsequent BCD Circular No.13 dated May 24,1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February, 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010, MPD circular # 04 & 05 dated 01 December 2010 and MPD circular # 01 dated 23 June 2014.		
<b>3.4 Cash Reserve Ratio (CRR): 6.50% of Average Demand and Time Liabilities</b>		
Required Reserve	5,786,839,980	4,075,252,920
Actual Reserve maintained	10,370,618,850	5,424,182,619
<b>Surplus/(Short)</b>	<b>4,583,778,870</b>	<b>1,348,929,699</b>
<b>3.5 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities:</b>		
Required Reserve	4,896,556,906	3,735,648,497
Actual Reserve held	10,059,770,031	4,898,827,581
<b>Surplus/(Short)</b>	<b>5,163,213,125</b>	<b>1,163,179,084</b>
<b>4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS AND PLACEMENT</b>		
<b>4.1 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</b>		
<b>A. Inside Bangladesh</b>		
<b>Al-Wadiah Current Accounts</b>		
Janata Bank Ltd.	20,085	733,886
<b>Others Accounts:</b>		
Mudaraba Short Notice Deposits		
First Security Islami Bank Ltd.	30,356,856	109,548,309
Prime Bank Ltd.	20,627	25,000
Trust Bank Ltd.	605,811	2,147,363
Islami Bank Bangladesh Ltd.	7,071,377	4,422,317
	<b>38,054,671</b>	<b>116,142,989</b>
	<b>38,074,756</b>	<b>116,876,875</b>

**B. Outside Bangladesh**

Particular	Currency	Amount	Rate	31.12.2017 Taka	31.12.2016 Taka
Current Account					
Sonali Bank (UK) Limited, UK	EURO	-	-	-	5,482,504
Sonali Bank (UK) Limited, UK	GBP	1,422.96	111.30	158,375	9,386
Sonali Bank (UK) Limited, UK	USD	-	-	-	9,531,067
Sonali Bank (UK) Limited, UK	ACU	16,278.64	82.70	1,346,244	-
Habib Bank Limited, New York, USA	USD	-	-	-	122,251,225
Habib American Bank, New York, USA	USD	1,019,502.20	82.70	84,312,832	-
Kookmin Bank, Korea	USD	1,452,725.25	82.70	120,140,378	-
Habib Bank Limited, Karachi, Pakistan	ACU	-	-	-	363,966
AB Bank Ltd., Mumbai, India	ACU	5,796.43	82.70	479,365	6,071,915
United Bank of India, Kolkata, India	ACU	171.11	82.70	14,151	3,151,205
Mizuho Bank Ltd. Tokyo, Japan	JPY	74,310.00	0.74	55,212	448
National Bank of Pakistan, Tokyo, Japan	JPY	1,010.00	0.74	750	696
<b>Total (A+B)</b>				<b>206,507,307</b>	<b>146,862,410</b>
				<b>244,582,063</b>	<b>263,739,285</b>

NOTES TO THE FINANCIAL STATEMENTS

		31.12.2017 Taka	31.12.2016 Taka
<b>4.1.1</b>	<b>Maturity-wise Grouping ( Inside and Outside Bangladesh)</b>		
	Payable on Demand	244,582,063	263,739,285
	Up to Three Months	-	-
	Three Months to One Year	-	-
	One Year to Five Years	-	-
	Above Five Years	-	-
		<b>244,582,063</b>	<b>263,739,285</b>
<b>4.2</b>	<b>Placement with banks &amp; Other Financial Institutions</b>		
	Reliance Finance Limited	3,273,887,421	2,988,517,919
	Phoenix Finance and Investments Ltd.	90,000,000	90,000,000
	Union Capital Ltd.	1,100,000,000	-
	Industrial and Infrastructure Development Finance Company Ltd.	1,100,000,000	-
	International Leasing and Financial Services Ltd.	1,100,000,000	-
	Islamic Finance and Investment Ltd.	1,100,000,000	-
	First Finance Ltd.	1,000,000,000	-
	FAS Finance and Investment Ltd.	500,000,000	-
		<b>9,263,887,421</b>	<b>3,078,517,919</b>
<b>4.2.1</b>	<b>Maturity-wise Grouping (Placement with banks &amp; other FI)</b>		
	Payable on Demand	-	-
	Up to Three Months	3,273,887,421	2,988,517,919
	Three Months to One Year	5,900,000,000	-
	One Year to Five Years	90,000,000	90,000,000
	Above Five Years	-	-
		<b>9,263,887,421</b>	<b>3,078,517,919</b>
<b>5</b>	<b>INVESTMENTS IN SHARES AND SECURITIES</b>		
	Government Securities		
	Bangladesh Govt. Islamic Investment Bonds	4,650,000,000	3,550,000,000
	Others		
	Subordinated Bond	300,000,000	300,000,000
	Quoted Shares (Note - 5.1)	34,525,024	18,479,214
		<b>334,525,024</b>	<b>318,479,214</b>
		<b>4,984,525,024</b>	<b>3,868,479,214</b>
<b>5.1</b>	<b>Quoted Shares</b>		
	<b>Name of Companies</b>	<b>Acquisition cost</b>	<b>Acquisition cost</b>
	CVO Petrochemical Refinery Limited	229,493	-
	Advance Chemical Industries Ltd.	-	29,388
	Doreen Power Generations and Systems Limited	1,932,780	-
	RAK Ceramics (Bangladesh) Ltd.	-	1,551,180
	Nahee Aluminum Composite Panel Ltd.	973,091	-
	Lafarge Surma Cement Ltd.	3,478,860	13,077,439
	Bangladesh Thai Aluminium	5,883,741	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 Polymer	5,169,075	-
	Nurani Dyeing & Sweater Ltd.	8,212,720	-
	Ratanpur Steel Re-Rolling Mills Ltd.	4,812,955	-
	Shahjibazar Power Co. Ltd.	-	408,615
	National Tubes Ltd.	2,947,307	-
	Tallu Spinning Mills Ltd.	885,002	659,017
		<b>34,525,024</b>	<b>18,479,214</b>
<b>5.2</b>	<b>Market Value of Quoted Shares</b>	<b>32,224,500</b>	<b>21,311,275</b>

	31.12.2017 Taka	31.12.2016 Taka
<b>5.3 Maturity Grouping of Investments in Shares and Securities</b>		
On Demand	-	-
One Month to three Months	2,100,000,000	1,518,479,214
Three Months to One Year	2,584,525,024	2,050,000,000
One Year to Five Years	300,000,000	-
More than Five Years	-	300,000,000
	<b>4,984,525,024</b>	<b>3,868,479,214</b>
<b>6 INVESTMENTS (All Inside Bangladesh)</b>		
General Investments (Bai-Murabah, Bai-Muajjal, HPSM etc.) (Note-6.A)	84,268,614,957	52,351,997,718
Bills Purchased and Discounted (Note - 6.B)	16,484,932,173	14,798,193,032
	<b>100,753,547,130</b>	<b>67,150,190,750</b>
<b>6.A General Investment ( Bai-Murabaha, Bai-Muajjal, HPSM etc.)</b>		
Inside Bangladesh		
Bai Murabaha (Hypo)	1,458,439,749	1,090,816,521
Bai Murabaha against MTDR	32,217,421,289	10,145,675,843
Bai Murabaha TR	36,255,863,099	22,655,521,491
Bai Murabaha (Post Import) TR	2,708,144,656	1,737,641,723
Bai Murabaha (TR) SME	2,656,133,996	2,062,559,025
Bai Murabaha Agriculture	582,532,633	522,893,792
Bai Murabaha (TR) Agriculture	156,191,993	35,358,084
Bai Murabaha (TR) Women Entrepreneur	15,119,812	9,344,871
Bai Murabaha General	3,089,266,914	11,030,666,479
Bai Muazzal	-	44,457,411
Bai Muazzal Real Estate (Short Term)	638,721,944	-
Bai Muazzal (Guarantee)	516,234	-
HPSM (Real Estate)	971,235,717	489,075,882
HPSM (Transport)	53,025,005	21,801,972
HPSM (SME)	-	991,390
HPSM House Building Staff	225,531,375	140,676,930
HPSM Rural Housing	2,284,755	422,524
HPSM House Building General	169,770,763	67,418,758
HPSM Industrial Term	661,759,892	744,821,774
HPSM Machinery	2,100,820,939	1,168,388,032
HPSM Machinery Women Entrepreneur	1,419,306	1,445,656
Quard against MTDR	-	116,122,150
Car Leasing Scheme Staff	67,018,506	56,671,356
Murabaha EDF Investment	125,050,562	138,506,773
Bai Istisna	69,690,718	43,081,305
HPSM Consumer Durables (Scheme)	42,655,100	27,637,976
	<b>84,268,614,957</b>	<b>52,351,997,718</b>
<b>Outside Bangladesh</b>	-	-
	<b>84,268,614,957</b>	<b>52,351,997,718</b>
<b>6.B Bills Purchased and Discounted</b>		
Payable in Bangladesh	16,484,932,173	14,798,193,032
Payable outside Bangladesh	-	-
	<b>16,484,932,173</b>	<b>14,798,193,032</b>
	<b>100,753,547,130</b>	<b>67,150,190,750</b>
<b>6.1 Maturity Grouping of Investments</b>		
Payable on Demand	12,073,500,000	2,716,200,000
Up to Three Months	28,879,600,000	9,571,900,000
Three Months to One Year	53,456,500,000	51,769,000,000
One Year to Five Years	3,417,147,130	3,093,090,750
Above Five Years	2,926,800,000	-
	<b>100,753,547,130</b>	<b>67,150,190,750</b>

**6.2 Analysis to disclose the following Significant Concentration including Bills Purchased & Discounted**

Investments to Directors of other Banks  
Investments to Chief Executive and Other high Officials  
Investments to Customers Group  
Investments to Industry  
Investment to staff

	31.12.2017 Taka	31.12.2016 Taka
	7,741,531,571	6,117,046,423
	-	-
	73,569,907,712	51,513,038,314
	19,117,228,605	9,302,959,578
	324,879,242	217,146,435
	<b>100,753,547,130</b>	<b>67,150,190,750</b>

**6.3 Investments to Customers amounting to 10% or more of UBL's Total Regulatory Capital**

Number of Clients  
Amount of Outstanding Investments:  
Funded  
Non-funded

	24	25
	8,117,500,000	6,163,400,000
	1,666,600,000	3,113,700,000
	<b>9,784,100,000</b>	<b>9,277,100,000</b>

**6.4 Sector wise Investments**

Agriculture  
Ready Made Garments (RMG)  
Textile  
Ship Building  
Ship Breaking  
Other Manufacturing industry  
SME Loans  
Construction  
Power, Gas  
Transport, Storage and Communication  
Trade Service  
Commercial real estate financing  
Residential real estate financing  
Consumer credit  
Capital market  
Non Banking Financial Institutions (NBFI)  
Others

	743,666,265	558,829,811
	1,236,095,987	541,034,734
	5,178,305,666	2,802,654,134
	125,795,109	94,390,499
	-	-
	1,536,282,512	2,091,147,875
	2,667,731,475	2,073,763,006
	2,656,358	-
	1,300,439,453	-
	9,456,410	9,723,344
	75,663,051,075	54,478,813,553
	3,257,764,461	2,941,101,258
	190,761,012	72,967,583
	676,985,513	359,064,815
	1,401,854,179	88,125,191
	-	-
	6,762,701,655	1,038,574,947
	<b>100,753,547,130</b>	<b>67,150,190,750</b>

**6.5 Geographical Location-wise Investments**

**Urban**

Dhaka  
Chattogram  
Barishal  
Rajshahi  
Khulna  
Rangpur  
Sylhet  
Mymensingh

	51,377,837,064	37,341,797,778
	36,164,969,204	24,750,914,950
	37,901,572	2,955,997
	191,204,261	66,234,588
	72,847,158	28,344,746
	1,006,310	-
	72,692,241	30,169,532
	38,111,770	-
	<b>87,956,569,580</b>	<b>62,220,417,591</b>

**Rural**

Dhaka  
Chattogram  
Khulna  
Barishal  
Rangpur  
Sylhet  
Rajshahi

	539,039,086	143,151,205
	12,065,877,439	4,661,145,043
	-	-
	-	-
	121,072,041	86,963,058
	58,653,206	19,544,228
	12,335,778	18,969,625
	<b>12,796,977,550</b>	<b>4,929,773,159</b>
	<b>100,753,547,130</b>	<b>67,150,190,750</b>

**6.6 Classification of Investments as per Bangladesh Bank (BRPD) Circular Unclassified**

Standard  
Special Mention Account

**Classified:**

Sub-standard  
Doubtful  
Bad & Loss

	31.12.2017 Taka	31.12.2016 Taka
	97,877,876,402	66,748,440,264
	2,303,598,390	354,099,412
	<b>100,181,474,792</b>	<b>67,102,539,676</b>
	55,983,114	23,564,907
	83,408,010	18,745,530
	432,681,214	5,340,637
	<b>572,072,338</b>	<b>47,651,074</b>
	<b>100,753,547,130</b>	<b>67,150,190,750</b>

**6.7 Particulars of Required Provision for Investments and Off Balance Items**

**Classification status**

**Unclassified (a)**

Standard  
Special Mention Account

**Classified (b)**

Sub - Standard  
Doubtful  
Bad and Loss

**Off Balance Items (c)**

Required Provision for Investments (a+b+c)

Total Provision Maintained

**Provision Excess/ (Shortfall)**

\* Details of provision as shown in note 2.7.2

**6.8 Particulars of Investments**

i) Investments considered good in respect of which the Bank Company is fully secured

ii) Investments considered good for which the bank holds no Security other than the debtors personal security

iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors

iv) Investments considered bad or doubtful not provided for  
**Total**

v) Investments due by directors or executives of the banking company or any of them taken either severally or jointly with any other person.

vi) Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.

vii) Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.

	997,845,210	666,908,182
	21,984,496	6,515,231
	<b>1,019,829,706</b>	<b>673,423,413</b>
	9,210,617	1,545,371
	16,056,810	5,915,198
	158,327,705	1,179,934
	<b>183,595,132</b>	<b>8,640,503</b>
	<b>73,930,344</b>	<b>64,653,854</b>
	<b>1,277,355,182</b>	<b>746,717,770</b>
	1,277,355,182	746,717,770
	1,350,900,000	828,000,000
	<b>73,544,818</b>	<b>81,282,230</b>
	52,336,109,102	42,985,700,000
	48,417,438,028	12,607,073,642
	-	11,557,417,108
	-	-
	<b>100,753,547,130</b>	<b>67,150,190,750</b>
	-	-
	-	-
	-	-

	31.12.2017 Taka	31.12.2016 Taka
<b>viii)</b> 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.	-	-
<b>ix)</b> Investment due from other banking companies	-	-
<b>x)</b> Total amount of classified Investments on which profit is not credited to income	524,421,264	46,763,937
a. Movement of classified Investments		
Opening balance	47,651,074	887,137
Increase/ (Decrease) during the year	524,421,264	46,763,937
	<b>572,072,338</b>	<b>47,651,074</b>
b. Amount of provision kept against investment classified as 'bad/loss' on the reporting date of Balance Sheet	<b>151,658,353</b>	<b>1,179,934</b>
c. Profit credited to the profit/Rent/Compensation Suspense Account	<b>65,129,264</b>	<b>6,588,660</b>
<b>xi)</b> Amount of written off Investment:		
a. Cumulative amount	-	-
b. Amount written off during the period	-	-
c. <b>Total amount of written off (a+b)</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	52,336,109,102	32,723,902,008
Local banks & financial institutions guarantee	-	-
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	14,741,720,881	12,607,073,642
Fixed deposits receipts:	-	-
Own MTDR	32,217,421,334	10,261,797,992
MTDR of other Banks	-	-
Government Bonds	-	-
Personal guarantee	-	11,557,417,108
Other security	1,458,295,813	-
Unsecured	-	-
	<b>100,753,547,130</b>	<b>67,150,190,750</b>
<b>6.10 Maturity Grouping of Bills Purchased and Discount</b>		
Payable within one month	1,992,432,173	739,909,652
Over one month but less than three months	3,633,000,000	3,255,602,467
Over three months but less than six months	10,859,500,000	10,802,680,913
Six Months and Above	-	-
	<b>16,484,932,173</b>	<b>14,798,193,032</b>
<b>7 FIXED ASSETS INCLUDING PREMISES, FURNITURE &amp; FIXTURES AT COST LESS ACCUMULATED DEPRECIATION (ANNEXURE-A)</b>		
Furniture & Fixtures	692,595,059	601,760,096
Office Equipment	457,965,043	403,579,867
Vehicles	101,456,719	91,486,719
Books	211,603	49,640
	<b>1,252,228,424</b>	<b>1,096,876,322</b>
Less: Accumulated Depreciation	402,228,616	267,454,216
	<b>849,999,808</b>	<b>829,422,106</b>



	31.12.2017 Taka	31.12.2016 Taka
<b>8 OTHER ASSETS</b>		
Inter - branch Transaction Account (Note - 8.a)	129,964,639	65,615,684
Accrued Income on MTDR	81,920,617	77,894,377
Advances, Deposits and Prepayment (Note - 8.1)	2,365,237,554	1,566,671,797
Advance Income Tax	1,611,008,543	751,864,237
Stock of Stationery	9,373,993	7,253,808
Suspense Account (Note - 8.2)	125,330,086	136,254,573
Stamps on Hand	1,184,065	777,945
	<b>4,324,019,497</b>	<b>2,606,332,421</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 31.12.2017 have been reconciled on 27.03.2018.	
<b>8.1 Advance, Deposits and Prepayment</b>		
Advance against Rent - Office	312,365,990	271,818,395
Prepayment	2,052,871,564	1,294,853,402
	<b>2,365,237,554</b>	<b>1,566,671,797</b>
<b>8.2 Suspense Account</b>		
Sundry Debtors	104,440,085	112,788,969
Advance against TA/DA	50,300	50,300
Advance against New Branch	20,839,701	23,415,304
	<b>125,330,086</b>	<b>136,254,573</b>
<b>9 PLACEMENT FROM BANK AND OTHER FINANCIAL INSTITUTIONS</b>		
<b>Inside Bangladesh</b>		
Bangladesh Bank (Refinance Scheme)	16,665,586	3,052,985
Bangladesh Govt. Islamic Investment Bond Funds	5,000,000,000	-
Bangladesh Bank (Export Development Fund)	124,724,736	137,666,658
	<b>5,141,390,322</b>	<b>140,719,643</b>
<b>Outside Bangladesh</b>	-	-
	<b>5,141,390,322</b>	<b>140,719,643</b>
<b>A. Security- wise grouping</b>		
Secured Placement	-	-
Unsecured Placement	5,141,390,322	140,719,643
	<b>5,141,390,322</b>	<b>140,719,643</b>
<b>B. Repayment Nature wise Grouping</b>		
Repayable on demand	-	-
Others	5,141,390,322	140,719,643
	<b>5,141,390,322</b>	<b>140,719,643</b>
<b>C. Maturity Analysis</b>		
Repayable on Demand	-	-
Repayable within One Month	5,000,000,000	-
One Month to Six Months	141,390,322	140,719,643
Six Month to One Year	-	-
One Year to Five Years	-	-
Five Years to Ten Years	-	-
Unclaimed Deposits Ten Years and Over	-	-
	<b>5,141,390,322</b>	<b>140,719,643</b>
<b>10 DEPOSITS AND OTHER ACCOUNTS</b>		
Mudaraba Savings Deposits (Note-10.1)	2,876,904,725	1,688,892,795
Mudaraba Term Deposits (Note-10.2)	80,432,924,516	54,741,355,944
Other Mudaraba Term Deposits (Note-10.3)	16,035,274,892	11,861,935,948
Al-Wadia Current Accounts and Other Accounts (Note-10.4)	14,185,117,907	5,569,007,885
Bills Payable (Note-10.5)	519,667,531	389,366,464
	<b>114,049,889,571</b>	<b>74,250,559,036</b>

	31.12.2017 Taka	31.12.2016 Taka
<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	258,921,425	152,000,352
91% of total Mudaraba Savings Deposits	2,617,983,300	1,536,892,443
	<b>2,876,904,725</b>	<b>1,688,892,795</b>
<b>10.2 Mudaraba Term Deposits- Maturity wise Grouping</b>		
Payable on Demand	86,470,973	214,272,253
Up to Three Months	41,019,529,008	23,680,333,987
From Three Months to Six Months	16,880,015,347	16,950,336,692
Above Six Months to One Year	20,925,671,324	13,878,456,162
Above One Year to Two Years	1,513,104,650	8,016,850
Above Two Years	8,133,214	9,940,000
	<b>80,432,924,516</b>	<b>54,741,355,944</b>
<b>10.3 Other Mudaraba term Deposits</b>		
Mudaraba Monthly Savings Scheme	1,767,279,339	776,489,176
Mudaraba Double Benefit Deposits Scheme	6,801,759,131	5,683,183,650
Mudaraba Monthly Profit Scheme	6,523,239,495	4,924,587,928
Mudaraba Millionaire Savings Scheme	609,982,619	341,189,684
Mudaraba Kotipoti Deposit Scheme	53,522,610	34,987,584
Mudaraba Marriage Scheme	13,790,902	6,043,329
Mudaraba Pension Deposit Scheme	393,377	310,991
Mudaraba Hajj Deposit Scheme	9,839,836	2,150,117
Mudaraba Union Pension Prokolpa	67,237,530	39,780,939
Mudaraba Muhor Savings Scheme	2,816,850	387,181
Mudaraba Corepoty Sanchaya Scheme	173,088,703	52,825,369
Mudaraba Barakah Deposit Scheme	12,324,500	-
	<b>16,035,274,892</b>	<b>11,861,935,948</b>
<b>10.4 AI-Wadiah Current Accounts &amp; Other Deposit Accounts</b>		
AI-wadiah Current Deposits	2,799,631,705	2,189,112,488
Mudaraba Short Notice Deposits	10,780,621,583	3,014,678,858
Sundry Deposits (Note-10.4.1)	604,864,619	365,216,539
	<b>14,185,117,907</b>	<b>5,569,007,885</b>
<b>10.4.1 Sundry Deposits</b>		
Security Deposit	322,627,442	149,088,025
Sundry Creditors	71,553,103	19,152,971
Income Tax Deduction at Source -Profit on Deposit	79,153,791	32,332,853
Income Tax on Local L/C	56,025	31,939
Income Tax on Export bill (Foreign)	1,064,380	394,321
Income Tax on Export bill (Local)	2,684,830	29,280,728
Income Tax on Local/Buying Agents Commission	64,469	18,258
Excise Duty on Deposit & Investment	76,652,607	51,320,037
Tax on Honorarium	13,400	16,700
VAT on Online Charge	4,364	8,302
VAT on Commission TT/DD/PO/LG	29,648	16,385
VAT on Service Charge and Others	1,809,852	1,288,887
VAT Deduction Bills Paid	4,020,595	368,481
VAT Deduction from advertisement Bill	15,150	330,554
VAT on Rent and Others	2,069,410	814,167
VAT on Directors Fee	27,600	33,600
VAT on L/C	907,262	781,970
VAT on Postage	16,828	44,142
VAT on Security Service	60,356	52,001
VAT on Swift Charge	63,446	43,676
VAT on L/C Advising Charge	17,961	14,125
VAT on EXP Issue Charge	510	105
VAT on Acceptance Commission	3,099,347	113,286
VAT on Bank Guarantee Commission	57,461	69,748
VAT on Professional Fee	2,640	-

	31.12.2017 Taka	31.12.2016 Taka
VAT on FDD collection charge	4,740	1,080
VAT on commission on export bill	291,794	98,976
VAT on income from ATM	91,939	259,947
VAT in Misc. Earnings	23,204	17,331
Income Tax Deduction at Source - Office rent	696,832	279,612
Income Tax Deduction at Source - Bills	1,999,961	602,280
Income Tax Deduction at Source - Advertising Bill	4,040	88,148
Income Tax Deduction at Source-Employee's	1,812,875	1,661,503
Income Tax on Directors' Fee	18,400	-
Income Tax on Foreign Buyer	-	154,705
Income Tax on Professional Fee	6,245	-
Marginal Deposit Export	3,586,621	518,594
F.C. Held against B.B L/C	14,636,738	44,211,915
Sundry Deposit - Swift charge	4,839,383	2,564,408
Sundry Deposit LAC (Export)	1,503,238	17,478,604
S/D/A/C ATM Charge collection Account	212,933	177,297
D&B Credit report collection fee	2,298	534
ATM Charge (NPSB)	120,542	113,552
S/D/A/C VAT on Polli Bidyut Samity	3,146,971	614,399
Central Fund (RMG Sector)	43,130	795
NR. Taka A/C Small World Finance	1,931,451	-
Security Deposit A/C Small World Finance	813,000	-
NR. Taka A/C Wall street Finance	685,038	1,273,363
Security Deposit A/C Wall Street	744,000	1,946,250
S/D Cash incentive against export	35,340	40,470
NR. Tk. A/C Transfast Remittance	805,679	5,547,515
SD. A/C Transfast Remittance, LLC	735,750	1,950,000
	<b>604,864,619</b>	<b>365,216,539</b>
<b>10.5 Bills Payable</b>		
Pay Order Issued	519,667,531	389,362,858
Demand Draft Issued	-	3,606
	<b>519,667,531</b>	<b>389,366,464</b>
<b>10.6 Maturity wise Grouping of Deposits and Other Accounts</b>		
Repayable within One Month	7,113,289,571	3,309,968,096
One Month to Three Months	39,944,000,000	23,680,333,988
Three Months to One Year	42,732,400,000	30,828,792,854
One Year to Five Years	19,341,500,000	16,431,464,098
Repayable over Five Years	4,918,700,000	-
	<b>114,049,889,571</b>	<b>74,250,559,036</b>
<b>10. A Deposits received from Banks (Note A-1 )</b>	<b>17,596,274,103</b>	<b>1,009,706,498</b>
<b>10.B Deposits received from other than Bank</b>		
Payable on Demand (Note B-1)	4,183,085,280	3,095,695,843
Other Deposits (Note B-2 )	92,270,530,188	70,145,156,695
	<b>96,453,615,468</b>	<b>73,240,852,538</b>
	<b>114,049,889,571</b>	<b>74,250,559,036</b>
<b>10. A.1 Deposits Received from Banks</b>		
AB Bank Limited	5,229	6,303
Janata Bank Ltd.	1,300,000,000	-
Islami Bank Bangladesh Ltd.	11,658,466,529	1,007,375,805
Al-Arafah Islami Bank Ltd.	1,000,000,000	-
National Bank Ltd.	1,280,000,000	-
Agrani Bank Ltd.	600,000,000	-
Sonali Bank Ltd.	500,000,000	-
Rupali Bank Ltd.	1,250,000,000	-
Trust Bank Ltd.	5,317,931	675,915
South Bangla Agriculture and Commerce Bank Ltd.	78,225	1,545,283
First Security Islami Bank Ltd.	9,053	-
NRB Global Bank Ltd.	2,397,136	103,192
	<b>17,596,274,103</b>	<b>1,009,706,498</b>

	31.12.2017 Taka	31.12.2016 Taka
<b>Maturity wise Grouping of Deposits Received from Banks</b>		
Repayable on Demand	-	-
Repayable within One Month	8,166,274,103	1,009,706,498
Repayable over One Month but within Six Months	9,430,000,000	-
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>17,596,274,103</b>	<b>1,009,706,498</b>
<b>B-1 Payable on Demand</b>		
Al-wadiah Current Deposits	2,799,631,705	2,189,112,488
Mudaraba Saving Deposits (9%) (Note-10.1)	258,921,425	152,000,352
Bills Payable (Note-10.5)	519,667,531	389,366,464
Sundry Deposits (Note-10.4.1)	604,864,619	365,216,539
	<b>4,183,085,280</b>	<b>3,095,695,843</b>
<b>B- 2 Other Deposits</b>		
Mudaraba Saving Deposits (91%) (Note-10.1)	2,617,983,300	1,536,892,443
Mudaraba Term Deposits	71,002,924,516	54,741,355,944
Mudaraba Short Notice Deposits	2,614,347,480	2,004,972,360
Other Mudaraba Term Deposits (Note-10.3)	16,035,274,892	11,861,935,948
	<b>92,270,530,188</b>	<b>70,145,156,695</b>
<b>11 OTHER LIABILITIES</b>		
Inter - branch Transaction Account	-	-
Provision for Taxation (Note-11.1)	1,986,486,207	1,125,674,045
Accumulated Provision against Investments (Note-11.2)	1,350,900,000	828,000,000
Accrued Profit and Expenses Payable (Note-11.3)	1,978,592,687	1,409,270,022
Provision for Gratuity (Note-11.4)	23,567,446	17,867,446
Provisions for diminution in value of Investments in share (Note-11.5)	2,500,000	-
Provision for Zakat	20,000,000	15,025,000
Other provisions (Note-11.2.4)	6,500,000	5,000,000
Provident Fund	761,472	648,997
Benevolent Fund	819,421	572,491
Provision for Incentive Bonus	110,000,000	79,700,000
Provision for Audit fee	345,000	300,000
Clearing adjustment account	2,952,186	20,874,915
Compensation Realized	14,822,267	12,573,147
ATM Adjustment (NPSB)	3,976,460	783,936
Settlement account Foreign Remittance	237,838	3,158,328
Profit Rent Suspense	65,129,264	6,642,839
Compensation Receivable	31,217,917	6,487,983
Others	13,177,751	4,137,707
	<b>5,611,985,916</b>	<b>3,536,716,856</b>
<b>11.1 Provision for Taxation</b>		
Opening balance	1,125,674,045	491,199,512
Add : Provision made during the year	860,812,162	634,474,533
Less: Adjustment/settlement during the year	-	-
Closing balance	<b>1,986,486,207</b>	<b>1,125,674,045</b>
Assessment for the year 2013, 2014, 2015 and 2016 return have been submitted u/s 82BB of Income Tax Ordinance 1984 but not yet completed and assessment for the year 2017 not yet due.		
<b>11.2 Accumulated Provision against Investments</b>		
Specific Provision for Classified Investments (Note -11.2.1)	200,000,000	43,000,000
General Provision for Unclassified Investment (Note -11.2.2)	1,075,900,000	715,000,000
General Provision for off- balance sheet exposure (Note -11.2.3)	75,000,000	70,000,000
	<b>1,350,900,000</b>	<b>828,000,000</b>

	31.12.2017 Taka	31.12.2016 Taka
<b>11.2.1 Movement in Specific Provision for Classified Investments</b>		
Provision held at the beginning of the year	43,000,000	1,000,000
Fully Provided Debts written off	-	-
Recoveries of amounts previously written off	-	-
Specific Provision for the year (Note-11.2.a)	157,000,000	42,000,000
Recoveries and Provisions no longer required	-	-
Net Charge to Profit and Loss Account	-	-
<b>Provision held at the end of the year</b>	<b>200,000,000</b>	<b>43,000,000</b>
<b>11.2.2 General Provision for Unclassified Investment</b>		
Provision held at the beginning of the year	715,000,000	482,000,000
Addition/transfer during the year (Note-11.2.a)	360,900,000	233,000,000
<b>Provision held at the end of the year</b>	<b>1,075,900,000</b>	<b>715,000,000</b>
<b>11.2.3 General Provision for off-balance sheet exposure</b>		
Provision held at the beginning of the year	70,000,000	46,500,000
Addition/transfer during the year (Note-11.2.a)	5,000,000	23,500,000
<b>Provision held at the end of the year</b>	<b>75,000,000</b>	<b>70,000,000</b>
<b>11.2.4 Other Provisions</b>		
Provision held at the beginning of the year	5,000,000	-
Addition/transfer during the year	1,500,000	5,000,000
<b>Provision held at the end of the year</b>	<b>6,500,000</b>	<b>5,000,000</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 maintained 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	157,000,000	42,000,000
General Provision for Unclassified Investment	360,900,000	233,000,000
General Provision for off- balance sheet exposure	5,000,000	23,500,000
	<b>522,900,000</b>	<b>298,500,000</b>
<b>11.3 Accrued Profit and Expenses Payable</b>		
Mudaraba Term Deposit Receipt	1,415,171,183	977,492,939
Mudaraba Monthly Benefit Savings Scheme	75,437,818	32,820,904
Mudaraba Double Benefit Savings Scheme	413,652,360	351,235,109
Mudaraba Monthly Profit Scheme	30,253,164	25,279,794
Mudaraba Pension Prokolpa	3,266,176	1,776,217
Mudaraba Marriage Deposit Scheme	498,537	196,461
Mudaraba Hajj Deposit Scheme	357,872	77,732
Mudaraba Millionaire Savings Scheme	30,195,339	16,997,015
Mudaraba Kotipoti Deposit Scheme	2,563,444	1,638,612
Mudaraba Pension deposit Scheme	36,984	27,743
Mudaraba Mohor Saving Scheme	84,155	10,158
Mudaraba Corepoty Sanchaya Prokalpa	6,792,866	1,717,338
Mudaraba Barakah Deposit Scheme	282,789	-
	<b>1,978,592,687</b>	<b>1,409,270,022</b>
<b>11.4 Provision for Gratuity</b>		
Opening Balance	17,867,446	16,060,000
Add: Provision made during the year	23,500,000	17,000,000
	<b>41,367,446</b>	<b>33,060,000</b>
Less: Adjustment	17,800,000	15,192,554
<b>Closing Balance</b>	<b>23,567,446</b>	<b>17,867,446</b>

	31.12.2017 Taka	31.12.2016 Taka
<b>11.5 Provisions for diminution in value of Investments in share</b>		
Opening Balance	-	50,850,000
Add: Provision made during the year	2,500,000	-
	<b>2,500,000</b>	<b>50,850,000</b>
Less: Adjustment	-	50,850,000
<b>Closing Balance</b>	<b>2,500,000</b>	<b>-</b>
<b>11.a Deferred Tax Liabilities/(Assets)</b>		
Opening Balance	(23,174,045)	(11,199,512)
Add: Addition during the year	(5,024,979)	(11,974,533)
	<b>(28,199,024)</b>	<b>(23,174,045)</b>
Less: Adjustment	-	-
<b>Closing Balance</b>	<b>(28,199,024)</b>	<b>(23,174,045)</b>
<b>12 CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
1,000,000,000 Ordinary Shares of Taka 10 each.	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>12.1 Issued, Subscribed and Paid-Up Capital</b>		
527,296,000 Ordinary Shares of Taka 10 each issued	<b>5,272,960,000</b>	<b>4,708,000,000</b>
<b>12.2 Category of shareholding as at 31 December 2017</b>		
<b>Name of Category</b>	<b>Percentage (%)</b>	<b>Percentage (%)</b>
Sponsors/Directors	100.00	100.00
Financial Institutes	-	-
Non-Resident Bangladeshi	-	-
General Public	-	-
	<b>100.00</b>	<b>100.00</b>
<b>12.3 Classification of Shareholders by holding position as at 31 December 2017</b>		
<b>Shareholding Range</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
Less than 500 Shares	-	-
501 to 5000 Shares	-	-
5001 to 10,000 Shares	-	-
10,001 to 20,000 Shares	-	-
20,001 to 30,000 Shares	-	-
30,001 to 40,000 Shares	-	-
40,001 to 50,000 Shares	-	-
50,001 to 100,000 Shares	-	-
100,001 to 1,000,000 Shares	-	-
Over 1,000,001 Shares	527,296,000	100.00
	<b>527,296,000</b>	<b>100.00</b>
<b>12.4 Regulatory Capital Requirement in line with Basel-III</b>		
I. Tier - 1 Capital		
a. Common Equity Tier-1 Capital (CET-1)		
Paid up Capital	5,272,960,000	4,708,000,000
Statutory Reserve	876,837,431	527,663,554
Other Reserve	145,749,665	145,749,665
Retained Earnings	606,952,540	631,004,217
	<b>6,902,499,636</b>	<b>6,012,417,436</b>
b. Additional Tier –1 Capital (AT-1)	-	-
	-	-
Total Tier 1 Capital (a + b)	<b>6,902,499,636</b>	<b>6,012,417,436</b>
II. Tier –2 Capital		
General Provision	1,150,900,000	785,000,000
	<b>1,150,900,000</b>	<b>785,000,000</b>
<b>A. Total Regulatory Capital (I+II)</b>	<b>8,053,399,636</b>	<b>6,797,417,436</b>

	31.12.2017 Taka	31.12.2016 Taka
<b>B. Total Risk Weighted Assets</b>	68,696,648,753	58,315,036,798
<b>C. Minimum Capital Requirement</b>	<b>6,869,664,875</b>	<b>5,831,503,680</b>
<b>D. Capital Surplus/(Shortfall); (A - C)</b>	<b>1,183,734,761</b>	<b>965,913,756</b>
<b>Capital to Risk Weighted Assets Ratio (CRAR)</b>	<b>11.72%</b>	<b>11.66%</b>
<b>Capital to Risk Weighted Assets Ratio (CRAR):</b>	<b>Held</b>	<b>Held</b>
a. Common Equity Tier-1 Capital to Risk Weighted Assets	10.05%	10.31%
b. Tier - 1 Capital to Risk Weighted Assets	10.05%	10.31%
c. Tier - 2 Capital to Risk Weighted Assets	1.68%	1.35%
<b>Total (b+c)</b>	<b>11.72%</b>	<b>11.66%</b>
<b>13 STATUTORY RESERVE</b>		
Opening Balance	527,663,554	233,241,638
Transferred during the year from Profit & Loss A/C	349,173,877	294,421,916
<b>Closing Balance</b>	<b>876,837,431</b>	<b>527,663,554</b>
<b>14 OTHER RESERVE</b>	<b>145,749,665</b>	<b>145,749,665</b>
<b>15 RETAINED EARNINGS</b>		
Opening Balance	631,004,217	452,966,555
Add: Net Profit after tax for the year	890,082,200	849,609,578
Less: Transferred to Statutory Reserve	349,173,877	294,421,916
Less: Transferred to Paid up Capital	564,960,000	428,000,000
Add: Transferred from provision for Investment in Shares	-	50,850,000
<b>Closing Balance</b>	<b>606,952,540</b>	<b>631,004,217</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	315,956,779	365,851,995
Letter of Guarantee - Foreign	-	-
	<b>315,956,779</b>	<b>365,851,995</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	315,956,779	365,851,995
	<b>315,956,779</b>	<b>365,851,995</b>
<b>17 IRREVOCABLE LETTERS OF CREDIT</b>		
Letters of Credit - Cash	2,031,129,192	2,645,263,052
Letter of Credit - Cash Inland	-	-
Back to Back Letters of Credit - Local	291,252,479	187,750,226
Back to Back Letters of Credit - Foreign	142,899,000	76,411,000
	<b>2,465,280,671</b>	<b>2,909,424,278</b>
<b>18 BILLS FOR COLLECTION ISSUED BY THE BANK</b>		
Foreign Documentary Bills	215,417,000	214,846,000
Outward Bills	-	-
Inland Documentary Bills	1,317,363,000	219,753,000
	<b>1,532,780,000</b>	<b>434,599,000</b>

**19 INVESTMENT INCOME****Profit Received from:**

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

	31.12.2017 Taka	31.12.2016 Taka
	340,895,252	462,450,612
	1,150,418,242	1,873,299,757
	80,686,440	187,895,073
	2,618,772,283	801,439,870
	3,559,152,642	2,743,705,398
	62,184,075	48,745,832
	1,662,436,948	1,294,974,547
	949,984	6,454,367
	70,761	-
	18,694,444	8,253
	259,252,746	177,403,977
	4,614,748	3,446,585
	91,391,059	105,768,482
	118,368,572	83,859,087
	9,999,052	5,996,448
	194,446,425	106,809,403
	4,861,753	5,283,680
	111,037	185,940
	3,732,385	5,460,805
	1,445,550	997,705
	1,107,314	409,744
	379,544,048	107,451,420
	1,712,980	154,047
	16,105,688	4,349,460
	6,651,396	539,444
	<b>10,587,605,824</b>	<b>8,027,089,936</b>
<b>20 PROFIT PAID ON DEPOSITS</b>		
<b>Profit Paid on:</b>		
Mudaraba Term Deposit	4,941,044,842	3,797,628,817
Mudaraba Double Benefit Deposits Scheme	750,916,762	602,102,338
Mudaraba Monthly Savings Scheme	125,848,939	51,903,101
Mudaraba Monthly Benefit Savings Scheme	606,971,307	452,706,257
Bangladesh Government Islamic Bond	71,157,315	29,822,486
Mudaraba Savings Deposits	75,755,867	53,123,710
Mudaraba Short Notice Deposits	257,746,449	66,614,881
Mudaraba no Frill Savings Deposits	92,478	17,690
Mudaraba Marriage Scheme	970,973	415,925
Mudaraba Union Pension Prokolpo	5,971,841	2,819,500
Mudaraba Pension Deposit Scheme	38,163	29,168
Mudaraba Millionaire Deposit Scheme	51,996,018	26,787,579
Mudaraba Hajj Deposit Scheme	531,878	93,522
Mudaraba Mohor Savings Scheme	116,252	18,159
Mudaraba Corepoty Savings Scheme	11,006,943	2,069,023
Mudaraba Kotipoti Deposit Scheme	4,970,215	2,804,434
Mudaraba Barakah Deposit Scheme	282,806	-
	<b>6,905,419,048</b>	<b>5,088,956,590</b>
<b>21 INCOME FROM INVESTMENT IN SHARES AND SECURITIES</b>		
Bangladesh Govt. Islamic Investment Bond	23,259,689	-
Other Bond	31,587,500	24,237,500
Profit/(Loss) on sale of shares	6,558,140	7,395,296
Dividend Income	275,644	273,701
	<b>61,680,973</b>	<b>31,906,497</b>



	31.12.2017 Taka	31.12.2016 Taka
<b>22 COMMISSION, EXCHANGE AND BROKERAGE</b>		
Commission	145,918,503	130,573,997
<b>Exchange Gain</b>	<b>87,701,510</b>	<b>59,131,869</b>
Exchange Earning	98,119,718	63,199,807
Less: Exchange Loss	10,418,208	4,067,938
	<b>233,620,013</b>	<b>189,705,866</b>
<b>23 OTHER OPERATING INCOME</b>		
Account maintenance charge	21,669,203	14,466,267
Clearing cheque processing fee	153,447	154,039
Investment processing fee	798,525	932,750
Miscellaneous Earnings	10,966,455	4,150,595
	<b>33,587,630</b>	<b>19,703,651</b>
<b>24 SALARY AND ALLOWANCES</b>		
Basic Salary	285,805,287	222,298,094
Bonus	152,445,788	107,438,634
Bank's Contribution to Staff Provident Fund	22,169,362	16,992,203
Gratuity	23,500,000	17,000,000
House Rent Allowance	138,028,106	105,475,256
Conveyance Allowance	17,320,701	13,196,099
Leave Fare Allowance	73,279,783	56,042,942
Entertainment Allowance	27,707,498	20,894,454
Medical Allowance	33,486,242	25,816,787
Utility Services	33,338,707	25,589,359
House Maintenance Allowance	34,535,603	26,338,906
Bengali New Year Allowance	4,057,134	3,264,162
Other Allowances	4,159,996	3,119,349
	<b>849,834,207</b>	<b>643,466,245</b>
<b>25 RENT, TAXES, INSURANCE, ELECTRICITY ETC.</b>		
Rent	224,605,477	155,124,091
Insurance	47,273,216	32,973,531
Rates and Taxes	2,798,235	2,431,850
Water Charges	536,033	358,261
Gas Charges	279,879	216,770
Electric Bills	28,333,541	22,226,115
	<b>303,826,381</b>	<b>213,330,618</b>
<b>26 LEGAL EXPENSES</b>		
Law Charges	48,100	8,625
Stamp	26,180	9,225
Other Professional Charges	935,943	582,750
	<b>1,010,223</b>	<b>600,600</b>
<b>27 POSTAGE, STAMP AND TELECOMMUNICATION</b>		
Telephone - Office	3,871,120	3,250,028
Telegram, Telex, Internet, Fax and Email charge	8,524,919	7,092,400
Stamp	22,590	91,445
Telephone - Residence	7,170	9,480
Swift charge	3,082,343	4,437,277
Postage	3,191,765	2,756,659
	<b>18,699,907</b>	<b>17,637,289</b>

	31.12.2017 Taka	31.12.2016 Taka
<b>28 STATIONERY, PRINTING AND ADVERTISEMENT</b>		
Publicity and Advertisement	22,617,353	34,526,229
Printing and Stationery	20,329,022	24,101,545
	<b>42,946,375</b>	<b>58,627,774</b>
<b>29 CHIEF EXECUTIVE'S SALARY &amp; FEES</b>		
Basic Pay	2,954,704	3,621,774
House Rent Allowances	1,136,425	1,357,258
Leave Fare Allowance	1,136,425	1,357,258
Bonus	1,650,000	1,650,000
Bengali New Year Allowance	-	65,000
House Maintenance Allowance	1,136,425	1,357,258
	<b>8,013,979</b>	<b>9,408,548</b>
<b>30 DIRECTORS' FEES &amp; EXPENSES</b>		
Fees	1,104,000	1,554,800
Travel	933,500	1,856,100
	<b>2,037,500</b>	<b>3,410,900</b>
<b>31 SHARIA'H SUPERVISORY COMMITTEE'S FEES AND EXPENSES</b>		
Fees	147,200	312,800
Travel	41,198	-
	<b>188,398</b>	<b>312,800</b>
<b>32 DEPRECIATION AND REPAIRS TO FIXED ASSETS</b>		
Depreciation on Fixed Assets (Annexure - A)	<b>134,774,400</b>	<b>113,635,741</b>
<b>Repairs:</b>	<b>44,522,011</b>	<b>38,147,877</b>
Office equipment	19,563,937	14,750,867
Renovation and Maintenance of Office Premises	20,741	57,841
Furniture and Fixtures	253,027	80,735
Repair & Maintenance of Vehicle	24,684,306	23,258,434
	<b>179,296,411</b>	<b>151,783,618</b>
<b>33 OTHER EXPENSES</b>		
Car Expense	39,841,396	29,027,307
Wages	101,417,491	75,486,113
Traveling	9,008,741	9,518,624
<b>Donation and Subscription:</b>		
Donation	84,534,050	113,278,710
Subscription	3,047,422	2,598,400
Newspaper and Periodicals	381,796	324,838
Entertainment	16,121,352	13,432,884
Conveyance	4,928,398	3,361,668
Bank charges	5,759,097	4,067,104
Holiday Banking allowances	894,082	1,107,974
Medical Expense	5,098,845	2,901,466
Training, Seminar and Workshop	4,087,914	3,257,115
Photocopy, Photograph & Toner	2,061,766	1,691,462
Generator Expenses	4,875,884	4,062,294
Washing and Cleaning	313,967	206,762
Online Expenses	2,734,260	2,426,430
Office Maintenance	8,221,199	6,102,547
Crockery Expense	396,927	185,485
Meeting Expenses	12,606,163	14,166,813
ATM Expenses	2,849,141	957,461
Miscellaneous Expenses	2,927,737	1,769,932
	<b>312,107,628</b>	<b>289,931,389</b>

	31.12.2017 Taka	31.12.2016 Taka
<b>34 EARNINGS PER SHARE (EPS)</b>		
A. Net Profit after Tax	890,082,200	849,609,578
B. Weighted Average Number of Ordinary Shares	527,296,000	527,296,000
Earnings Per Share (A/B)*	<b>1.69</b>	<b>1.61</b>
*Prior period EPS have been restated to comply BAS-33; Earnings Per Share (EPS).		
<b>35 RECEIPTS FROM OTHER OPERATING ACTIVITIES</b>		
Account maintenance charge	21,669,203	14,466,267
Clearing cheque processing fee	153,447	154,039
Investment processing fee	798,525	932,750
Miscellaneous Earnings	10,966,455	4,150,595
	<b>33,587,630</b>	<b>19,703,651</b>
<b>36 PAYMENTS FOR OTHER OPERATING ACTIVITIES</b>		
Rent, Taxes, Insurances, Electricity etc.	303,826,381	213,330,618
Legal Expenses	1,010,223	600,600
Postage, Stamps, Telecommunications etc.	18,699,907	17,637,289
Directors' fees	2,037,500	3,410,900
Sharia'h Supervisory Committee's fees and expenses	188,398	312,800
Auditor's Fee	345,000	330,000
Repair of Fixed Assets	44,522,011	38,147,877
Zakat Expenses	20,000,000	15,000,000
Other Expenses	312,107,628	289,931,390
	<b>702,737,048</b>	<b>578,701,474</b>
<b>37 INCREASE / DECREASE OF OTHER ASSETS</b>		
Inter - branch Transaction Account	129,964,639	65,615,684
Advances, Deposits and Prepayment	2,365,237,554	1,566,671,797
Stock of Stationery	9,373,993	7,253,808
Suspense Account	125,330,086	136,254,573
Stamps on Hand	1,184,065	777,945
	<b>2,631,090,337</b>	<b>1,776,573,807</b>
(Increase)/Decrease during the year	<b>(854,516,530)</b>	<b>(51,294,764)</b>
<b>38 INCREASE / DECREASE OF OTHER LIABILITIES</b>		
Provision for Zakat	20,000,000	15,025,000
Benevolent Fund	819,421	572,491
Clearing Adjustment Account	2,952,186	20,874,915
Others	133,906,497	34,083,940
	<b>157,678,104</b>	<b>70,556,346</b>
Increase /(Decrease) during the year	<b>87,121,758</b>	<b>23,960,149</b>
<b>39 NUMBER OF EMPLOYEES</b>		
Executives and Officers	1,050	849
Members of Staff (Contractual)	258	202
	<b>1,308</b>	<b>1,051</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 have 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	3,273,887,421
Times Securities Ltd.	Investment in Share	Common Director	34,525,024
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	<b>Managing Director</b> Galco Steel (Bangladesh) Ltd. Prasad Paradise Resorts Ltd. S. Alam Vegetable Oil Ltd. Norinco Engineering Limited <b>Director</b> Reliance Brokerage Services Ltd. <b>Proprietor</b> M/s. Tazin Enterprise Sonali Traders
2	Ahsanul Alam	Vice Chairman	<b>Managing Director</b> Genesis Textiles Accessories & Apparels Ltd. Western Designers Ltd. <b>Chairman</b> Hasan Abasan (Pvt) Ltd. <b>Director</b> Norinco Engineering Ltd. <b>Proprietor</b> Genesis Enterprise <b>Chief Executive</b> 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	<b>Chairman</b> Podagonj Cold Storage Ltd.
4	Ms. Marzina Sharmin	Director	<b>Managing Director</b> Unique Investment & Securities Ltd. Times Securities Limited <b>Director</b> Infinite CR Strips Industries Ltd. Kingston Flour Mills Ltd. <b>Proprietor</b> M/s. Marzina Trading
5	Shahedul Huq	Director	<b>Managing Partner</b> Crystal Bridge (Pvt) Ltd. <b>Proprietor</b> S. Huq Properties Ltd.
6	Rashedul Alam	Director	<b>Managing Director</b> Global Trading Corporation Ltd. <b>Director</b> S. Alam Steels Ltd. Bangladesh Petro Chemical Ltd. S. Alam Hatchery Ltd. Ocean Resorts Ltd. S. Alam Properties Ltd. Fatehabad Farm Ltd. <b>Proprietor</b> Rafe Enterprise Khurshed Poribohon Sangstha
7	Showkat Hossain, FCA	Director	<b>Senior Partner</b> Hoda Vasi Chowdhury & Co. <b>Director</b> Chittagong WASA
8	Ms. Farzana Begum	Director	<b>Managing Director</b> Shah Amanat Prakritik Gas Co. Ltd. Lion Securities & Investment Ltd. <b>Director</b> Global Trading Corporation Ltd. Infinite CR Strips Industries Ltd. Kingston Flour Mills Ltd. <b>Proprietor</b> M/s. Farzana Trading Enterprise
9	Mohammad Fazlay Morshed	Director	<b>Managing Director</b> MRM Trading Ltd. Chittagong Logistics Ltd. Morshed Enterprise Ltd. Worth Avenue Steels Ltd. <b>Adviser</b> C & A Fabrics Ltd.
10	Mohammad Manzoor Alam Seth	Director	<b>Adviser</b> C & A Accessories Ltd. <b>Partner</b> Shobel Engineers & Construction

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.
11	Ziauddin Ahmed	Director	<b>Chairman:</b> First Communication (IGP) Ltd. <b>Advisor:</b> KN Harbor Consortium
12	Ms. Mehe Zebunnesa Rahman	Director	<b>Director, BBA Programme &amp; Asst. Prof.</b> Southeast University
13	Wahidul Alam Seth	Director	<b>Director</b> Reliance Brokerage Services Ltd. <b>Proprietor</b> INTRA DG Print
14	Mohammad Abdul Quddus	Independent Director	<b>EX- Chief Executive Officer (CEO)</b> First Security Islami Bank Foundation <b>EX- Managing Director</b> NRB Global Bank Ltd.
15	Md. Enayet Ullah, FCA	Independent Director	<b>Partner</b> Shafiq Basak & Co. Chartered Accountants <b>Ex-Adviser</b> Shafiq Basak & Co. Chartered Accountants <b>Ex-Partner</b> Khan Wahab Shafique Rahman & Co. Chartered Accountants

**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
Farzana Begum	Director	Member	BA
Mohammad Fazlay Morshed	Director	Member	B.Com

b) During the year under review, the Audit Committee of the Board conducted 04 (Four) meeting.

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

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

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

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

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

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

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

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

#### 43 EVENTS AFTER BALANCE SHEET DATE

a) The Board of Directors of the Bank in it's 48th Board meeting held on 30 April 2018 approved the financial statements of the Bank for the year ended 31 December 2017 and recommended 10% Stock Dividend for shareholders for the year 2017 to be approved in the next Annual General Meeting and authorized the same for issue.

b) The shareholders of the Bank approved 12% stock dividend for the year ended 2016 on the 4th Annual General Meeting held on 21 April 2018 which was held in compliance with the Bank Company Act 1991 and Companies Act 1994.

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



**Managing Director**



**Director**



**Director**



**Chairman**

**Dhaka**  
**30 April 2018**

Annexure A

**UNION BANK LIMITED**  
**SCHEDULE OF FIXED ASSETS**  
**As on 31 December 2017**

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 Dec'17
	Balance as on 01 Jan'17	Addition during the period	Sales/ Transfer during the period	Balance as on 31 Dec'17	Balance as on 01 Jan'17	Charged for the period	Adjustment on sale/ transfer during the period	Balance as on 31 Dec'17	
Furniture & Fixtures	601,760,096	90,834,963	-	692,595,059	85,068,366	55,607,538	-	140,675,904	551,919,155
Office Equipment	403,579,867	54,385,176	-	457,965,043	135,299,232	58,848,524	-	194,147,756	263,817,287
Vehicles	91,486,719	9,970,000	-	101,456,719	47,072,921	20,281,126	-	67,354,047	34,102,672
Books	49,640	161,963	-	211,603	13,697	37,212	-	50,909	160,694
<b>Total Dec' 2017</b>	<b>1,096,876,322</b>	<b>155,352,102</b>	<b>-</b>	<b>1,252,228,424</b>	<b>267,454,216</b>	<b>134,774,400</b>	<b>-</b>	<b>402,228,616</b>	<b>849,999,808</b>
<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>



Annexure B

**UNION BANK LIMITED**  
**FINANCIAL HIGHLIGHTS**  
**For the year ended 31 December 2017**

Amount in Taka

SL. No.	Particulars	2017	2016
1	Paid-up Capital	5,272,960,000	4,708,000,000
2	Total Regulatory Capital	8,053,399,636	6,797,417,436
3	Total Regulatory Capital Surplus/(deficit)	1,183,734,761	965,913,756
4	Total Assets	131,677,566,421	83,917,238,926
5	Total Deposits	114,049,889,571	74,250,559,036
6	Total Investments	100,753,547,130	67,150,190,750
7	Total Contingent Liabilities and Commitments	7,393,034,367	6,465,385,386
8	Investment Deposit Ratio (in %)	88.34%	90.44%
9	Percentage of Classified Investments against total Investments (in %)	0.57%	0.07%
10	Profit before Provision and Tax	2,272,769,383	1,775,609,578
11	Amount of Classified Investments during the year	572,072,338	47,651,074
12	Provision kept against Classified Investments	200,000,000	43,000,000
13	Investments Provision Surplus/(deficit)	73,544,818	81,282,230
14	Cost of Fund	9.35%	9.53%
15	Profit Earning Assets	115,246,541,638	74,360,927,168
16	Non-profit Earning Assets	16,431,024,783	9,556,311,758
17	Income from investments	10,587,605,824	8,027,089,936
18	Return on investments (ROI in %)	10.51%	11.95%
19	Income from Investment in Shares and Securities	61,680,973	31,906,497
20	Return on Investment in Shares & securities (ROI in %)	1.24%	0.82%
21	Return on Assets (ROA)(in %)	0.83%	1.16%
22	Earnings Per Share (Tk.)	1.69	1.61
23	Net Income Per Share (Tk.)	1.69	1.61
24	Price Earnings Ratio (Times)	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS





**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



**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 5<sup>th</sup> Annual General Meeting of the Members of Union Bank Limited will be held on Saturday, December 22, 2018 at 11:30 am at Union Bank Ltd. Head Office, Bahela Tower, 72, Gulshan Avenue, Gulshan-1, Dhaka-1212 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)

**Membership No.** : .....

**No. of Share Held:** .....

**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



**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 5<sup>th</sup> Annual General Meeting of the Members of Union Bank Limited will be held on Saturday, December 22, 2018 at 11:30 am at Union Bank Ltd. Head Office, Bahela Tower, 72, Gulshan Avenue, Gulshan-1, Dhaka-1212 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**

ATTENDANCE SLIP



