**Union Capital Limited**

**Consolidated and Separate Financial Statements (Un-audited)**

**As at and for the third quarter ended 30 September 2017**

AMAR STOCK

**Union Capital Limited**

**Consolidated Balance Sheet (Un-audited) as at 30 September 2017**

Figures in BDT

| Particulars | Notes | 30-Sep-17 | 31-Dec-16 |
|---|---|---|---|
| **PROPERTY AND ASSETS** | | | |
| **Cash** | | | |
| In hand (including foreign currencies) | | 94,989 | 99,000 |
| Balance with Bangladesh Bank and its agent bank (including foreign currencies) | | 161,975,252 | 184,577,238 |
| | 4.a | 162,070,241 | 184,676,238 |
| **Balance with other banks and financial institutions** | | | |
| In Bangladesh | | 3,056,811,017 | 1,824,390,714 |
| Outside Bangladesh | | - | - |
| | 5.a | **3,056,811,017** | **1,824,390,714** |
| **Money at call and short notice** | | - | - |
| **Investments** | | | |
| Government | | - | - |
| Others | | 1,610,923,852 | 1,609,360,083 |
| | 6.a | **1,610,923,852** | **1,609,360,083** |
| **Loans, advances and leases** | | | |
| Loans, advances and leases | | 18,031,349,170 | 17,103,764,583 |
| Bills purchased and discounted | | - | - |
| | 7.a | **18,031,349,170** | **17,103,764,583** |
| **Fixed assets including land, building, furniture and fixtures** | 8.a | 49,929,571 | 35,777,302 |
| **Other assets** | 9.a | 2,179,474,794 | 2,079,487,689 |
| **Non-banking assets** | 10 | 220,427,544 | 215,129,173 |
| **TOTAL ASSETS** | | **25,310,986,189** | **23,052,585,783** |
| **LIABILITIES AND CAPITAL** | | | |
| **Liabilities** | | | |
| Borrowings from other banks, financial institutions and agents | 11.a | 5,073,927,508 | 3,419,360,890 |
| **Deposits and other accounts** | | | |
| Term deposits | 12.a | 12,509,778,622 | 12,314,836,921 |
| Other deposits | 13.a | 876,393,412 | 816,384,622 |
| | | **13,386,172,034** | **13,131,221,543** |
| Other liabilities | 14.a | 4,759,794,946 | 3,969,176,023 |
| **Total liabilities** | | **23,219,894,488** | **20,519,758,456** |
| **Shareholders' equity** | | | |
| Paid up capital | 15 | 1,565,295,637 | 1,422,996,034 |
| Preference share capital | 16 | 300,000,000 | 400,000,000 |
| Statutory reserve | 17 | 414,474,598 | 414,474,598 |
| Revaluation reserve | | 102,024,360 | 102,024,360 |
| Retained earnings | 18.a | (290,703,145) | 193,332,146 |
| **Total equity attributable to equity holders of the Company** | | **2,091,091,449** | **2,532,827,137** |
| Non-controlling interest | | 251 | 190 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **25,310,986,189** | **23,052,585,783** |
| **OFF-BALANCE SHEET ITEMS** | | | |
| **Contingent liabilities** | | | |
| Letters of guarantee | | - | - |
| Irrevocable letters of credit | | - | - |
| Other contingent liabilities | | - | - |
| **Other commitments** | | | |
| Undisbursed contracted loans, advances and leases | | 734,500,000 | 684,100,000 |
| **TOTAL OFF BALANCE SHEET ITEMS** | | **734,500,000** | **684,100,000** |
| **Net Assets Value (NAV) per share (2016: Restated)** | | **13.36** | **16.18** |

sd/-
Chairman

sd/-
Director

sd/-
Managing Director & CEO

sd/-
Company Secretary

sd/-
Chief Financial Officer

**Union Capital Limited**
**Consolidated Profit and Loss Account (Un-Audited)**
**For the third quarter ended 30 September 2017**

Figures in BDT

| Particulars | Notes | 1 Jan to 30 Sep 2017 | 1 Jan to 30 Sep 2016 | 1 July to 30 Sep 2017 | 1 July to 30 Sep 2016 |
|---|---|---|---|---|---|
| Interest income | 20.a | 1,263,681,588 | 1,447,822,804 | 436,923,384 | 506,129,987 |
| Interest paid on deposits and borrowings etc. | 21.a | (1,116,230,107) | (982,904,192) | (471,985,646) | (322,532,607) |
| **Net interest income** | | **147,451,481** | **464,918,612** | **(35,062,262)** | **183,597,380** |
| Investment income | 22.a | 45,033,388 | 28,845,753 | (34,279,650) | 10,500,590 |
| Fees, commissions, exchange and brokerage | 23.a | 332,342,597 | 153,046,584 | 111,644,249 | 54,598,951 |
| Other operating income | 24.a | 34,071,121 | 38,403,986 | 21,361,090 | 3,083,454 |
| **Total operating income** | | **558,898,587** | **685,214,935** | **63,663,427** | **251,780,376** |
| Salaries and other employee benefits | 25.a | 138,410,424 | 94,903,986 | 58,647,628 | 35,387,944 |
| Rent, taxes, insurance, electricity etc. | 26.a | 32,534,116 | 25,255,466 | 12,126,652 | 9,257,568 |
| Legal expenses | 27.a | 1,560,243 | 598,405 | 310,438 | 811,483 |
| Postage, stamp, telecommunication etc. | 28.a | 3,845,116 | 3,292,619 | 1,454,663 | 1,155,996 |
| Stationery, printing, advertisements etc. | 29.a | 5,448,992 | 3,683,231 | 1,438,042 | 1,156,653 |
| Managing Director's salary and fees | 30 | 6,428,710 | 4,928,710 | 3,133,710 | 2,090,000 |
| Directors' fees | 31.a | 1,424,250 | 1,358,610 | 567,150 | 384,000 |
| Auditors' fees | 32.a | 233,500 | - | 3,500 | - |
| Depreciation and repair of assets | 33.a | 15,614,227 | 11,129,843 | 6,251,642 | 3,928,161 |
| Other expenses | 34.a | 66,986,695 | 36,171,195 | 21,379,801 | 9,157,898 |
| **Total operating expenses** | | **272,486,271** | **181,322,064** | **105,313,227** | **63,329,701** |
| **Profit before provision** | | **286,412,316** | **503,892,870** | **(41,649,799)** | **188,450,674** |
| **Provision for loans, advances, leases and investments** | | | | | |
| General provision | | 317,406,595 | 95,574,187 | 56,441,086 | 67,024,315 |
| Specific provision | | 204,043,872 | 151,502,302 | 119,403,522 | 26,326,590 |
| Provision for diminution in value of investments | | (10,793,826) | 66,877,005 | (79,498,809) | 22,755,522 |
| **Total provision** | | **510,656,641** | **313,953,493** | **96,345,799** | **116,106,427** |
| **Total profit before tax** | | **(224,244,325)** | **189,939,377** | **(137,995,598)** | **72,344,247** |
| Provision for taxation | | | | | |
| Current tax | | 86,736,334 | 80,074,423 | (14,684,685) | 26,836,030 |
| Deferred tax | | (128,597) | - | - | - |
| | | **86,607,737** | **80,074,423** | **(14,684,685)** | **26,836,030** |
| **Net profit after tax** | | **(310,852,062)** | **109,864,954** | **(123,310,914)** | **45,508,217** |
| Dividend on preference shares | | 30,883,565 | 40,280,819 | 9,349,316 | 12,465,753 |
| **Retained surplus** | | **(341,735,627)** | **69,584,135** | **(132,660,230)** | **33,042,464** |
| | | | | | |
| **Attributable to** | | | | | |
| Shareholders of the Company | | (341,735,688) | 69,584,131 | (132,660,232) | 33,042,463 |
| Non-controlling interest | | 61 | 4 | 3 | - |
| **Weighted average no. of outstanding share** | | **156,529,563** | **156,529,563** | **156,529,563** | **156,529,563** |
| | | | | | |
| **Earnings per share (2016: Restated)** | 37.a | **(2.18)** | **0.44** | **(0.85)** | **0.21** |

sd/-
Chairman

sd/-
Director

sd/-
Managing Director & CEO

sd/-
Company Secretary

sd/-
Chief Financial Officer

**Union Capital Limited**

**Consolidated Cash Flow Statement (Un-audited) for the third quarter ended 30 September 2017**

Figures in BDT

| Particulars | 30-Sep-17 | 30-Sep-16 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest receipts | 1,369,673,901 | 1,427,943,889 |
| Interest payments | (1,164,234,489) | (998,080,297) |
| Fee and commission receipts | 332,342,597 | 153,046,584 |
| Dividend receipts | 26,486,314 | 29,190,016 |
| Cash payments to employees | (143,578,759) | (103,832,696) |
| Cash payments to suppliers and management expenses | (48,753,059) | (39,858,637) |
| Income taxes paid | (254,487,821) | (288,622,285) |
| Receipts from other operating activities | 34,124,423 | 38,403,986 |
| Payments for other operating activities | (66,986,695) | (38,128,210) |
| **Cash generated before changes in operating assets and liabilities** | 84,586,413 | 180,062,351 |
| Increase/decrease in operating assets and liabilities | | |
| Statutory deposits | - | - |
| Purchase of trading securities (treasury bills) | - | - |
| Loans, advances and leases to banks and financial institutions | - | - |
| Loans, advances and leases to customers | (927,584,587) | (1,777,488,401) |
| Other assets | 149,330,942 | (58,092,558) |
| Deposits from banks and other financial institutions | 830,000,000 | 170,342,931 |
| Deposits from customers | (575,049,509) | 419,067,958 |
| Other liabilities account of customers | - | - |
| Trading liabilities | - | - |
| Other liabilities | 97,224,153 | 818,918,937 |
| **Cash generated from operating assets and liabilities** | **(426,079,001)** | **(427,251,132)** |
| **Net cash generated from/(used in) operating activities** | **(341,492,588)** | **(247,188,781)** |
| **Cash flows from investing activities** | | |
| Proceeds from sale of securities | 2,963,664,642 | 779,919,107 |
| Payments for purchases of securities | (2,940,983,985) | (866,304,266) |
| Purchase of property, plant and equipment | (26,068,661) | (11,696,982) |
| Proceeds from sale of property, plant and equipment | 128,281 | - |
| **Net cash generated from/(used in) investing activities** | **(3,259,724)** | **(98,082,141)** |
| **Cash flows from financing activities** | | |
| Dividend paid | - | (119,919,917) |
| Redemption of preference share | (100,000,000) | (100,000,000) |
| Receipts of long term loan | 1,842,192,348 | 1,085,949,250 |
| Repayment of long term loan | (1,081,175,446) | (951,339,639) |
| Net draw down/(payment) of short term loan | 893,549,716 | 740,654,656 |
| **Net cash generated from/(used in) financing activities** | **1,554,566,618** | **655,344,350** |
| **Net (decrease)/increase in cash and cash equivalents** | **1,209,814,307** | **310,073,429** |
| Effects of exchange rate changes on cash and cash equivalents | - | - |
| Cash and cash equivalents at beginning of the third quarter | 2,009,066,952 | 1,206,976,958 |
| **Cash and cash equivalents at end of the third quarter** | **3,218,881,258** | **1,517,050,387** |
| **Cash and cash equivalents at end of the third quarter represents** | | |
| Cash in hand | 94,989 | 102,093 |
| Balance with Bangladesh Bank and its agent bank | 161,975,252 | 239,318,434 |
| Balance with other banks and financial institutions | 3,056,811,017 | 1,277,629,860 |
| | **3,218,881,258** | **1,517,050,387** |
| Supplemental schedule for non-cash financing activities | | |
| Bonus share issued | 142,299,603 | 93,093,198 |

| | | |
|---|---|---|
| sd/- | sd/- | sd/- |
| Chairman | Director | Managing Director & CEO |

| | |
|---|---|
| sd/- | sd/- |
| Company Secretary | Chief Financial Officer |

**Union Capital Limited**
**Consolidated statement of changes in shareholders' equity (Un-audited)**
**For the third quarter ended 30 September 2017**

Figures in BDT

| Particulars | Paid-up capital | Preference share capital | Statutory reserve | Revaluation reserves | Retained earnings | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2017 | 1,422,996,034 | 400,000,000 | 414,474,598 | 102,024,360 | 193,332,146 | 190 | 2,532,827,328 |
| Net profit/(loss) for the third quarter 2017 | - | - | - | - | (310,852,123) | 61 | (310,852,062) |
| Redemption of preference share | - | (100,000,000) | - | - | - | - | (100,000,000) |
| Dividend on preference shares | - | - | - | - | (30,883,565) | - | (30,883,565) |
| Transfer to statutory reserve | - | - | - | - | - | - | - |
| Issuance of bonus share (year 2016) | 142,299,603 | - | - | - | (142,299,603) | - | - |
| **Balance as at 30 September 2017** | **1,565,295,637** | **300,000,000** | **414,474,598** | **102,024,360** | **(290,703,145)** | **251** | **2,091,091,701** |
| | | | | | | | |
| Balance as at 1 January 2016 | 1,329,902,836 | 500,000,000 | 364,815,071 | 102,024,360 | 197,184,426 | 180 | 2,493,926,873 |
| Net profit for the third quarter 2016 | - | - | - | - | 109,864,943 | 11 | 109,864,954 |
| Redemption of preference share | - | (100,000,000) | - | - | - | - | (100,000,000) |
| Dividend on preference shares | - | - | - | - | (40,280,819) | - | (40,280,819) |
| Payment of cash dividend (year 2015) | | | | | (66,495,142) | | (66,495,142) |
| Issuance of bonus share (year 2015) | 93,093,198 | - | - | - | (93,093,198) | - | - |
| **Balance as at 30 September 2016** | **1,422,996,034** | **400,000,000** | **364,815,071** | **102,024,360** | **107,180,210** | **191** | **2,397,015,867** |

sd/-
Chairman

sd/-
Director

sd/-
Managing Director & CEO

sd/-
Company Secretary

sd/-
Chief Financial Officer

**Union Capital Limited**
**Balance Sheet (Un-Audited) as at 30 September 2017**

Figures in BDT

| Particulars | Notes | 30-Sep-17 | 31-Dec-16 |
|---|---|---|---|
| **PROPERTY AND ASSETS** | | | |
| **Cash** | | | |
| In hand (including foreign currencies) | | 64,000 | 64,000 |
| Balance with Bangladesh Bank and its agent bank (including foreign currencies) | | 161,975,252 | 184,577,238 |
| | 4 | **162,039,252** | **184,641,238** |
| **Balance with other banks and financial institutions** | | | |
| In Bangladesh | | 2,478,407,178 | 1,569,558,538 |
| Outside Bangladesh | | - | - |
| | 5 | **2,478,407,178** | **1,569,558,538** |
| **Money at call and short notice** | | - | - |
| **Investments** | | | |
| Government | | - | - |
| Others | | 458,465,617 | 457,124,080 |
| | 6 | **458,465,617** | **457,124,080** |
| **Loans, advances and leases** | | | |
| Loans, advances and leases | | 17,080,665,075 | 16,399,172,568 |
| Bills purchased and discounted | | - | - |
| | 7 | **17,080,665,075** | **16,399,172,568** |
| **Fixed assets including land, building, furniture and fixtures** | 8 | 15,546,176 | 13,970,191 |
| **Other assets** | 9 | 2,182,972,122 | 2,113,265,431 |
| **Non-banking assets** | 10 | 220,427,544 | 215,129,173 |
| **TOTAL ASSETS** | | **22,598,522,964** | **20,952,861,219** |
| **LIABILITIES AND CAPITAL** | | | |
| **Liabilities** | | | |
| Borrowings from other banks, financial institutions and agents | 11 | 4,209,732,989 | 2,817,095,514 |
| **Deposits and other accounts** | | | |
| Term deposits | 12 | 12,509,778,622 | 12,314,836,921 |
| Other deposits | 13 | 876,393,412 | 816,384,622 |
| | | **13,386,172,034** | **13,131,221,543** |
| Other liabilities | 14 | 3,164,429,891 | 2,616,128,647 |
| **Total liabilities** | | **20,760,334,914** | **18,564,445,704** |
| **Shareholders' equity** | | | |
| Paid up capital | 15 | 1,565,295,637 | 1,422,996,034 |
| Preference share capital | 16 | 300,000,000 | 400,000,000 |
| Statutory reserve | 17 | 414,474,598 | 414,474,598 |
| Retained earnings | 18 | (441,582,185) | 150,944,883 |
| **Total shareholders' equity** | | **1,838,188,050** | **2,388,415,515** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **22,598,522,964** | **20,952,861,219** |
| **OFF-BALANCE SHEET ITEMS** | | | |
| **Contingent liabilities** | | | |
| Letters of guarantee | | - | - |
| Irrevocable letters of credit | | - | - |
| Other contingent liabilities | | - | - |
| **Other commitments** | | | |
| Undisbursed contracted loans, advances and leases | | 734,500,000 | 684,100,000 |
| **TOTAL OFF BALANCE SHEET ITEMS** | | **734,500,000** | **684,100,000** |
| **Net assets value per share (2016: Restated)** | | **11.74** | **15.26** |

sd/-
Chairman

sd/-
Director

sd/-
Managing Director & CEO

sd/-
Company Secretary

sd/-
Chief Financial Officer

**Union Capital Limited**
**Profit and Loss Account (Un-audited) for the third quarter ended 30 September 2017**

| Particulars | Notes | 1 Jan to 30 Sep 2017 | 1 Jan to 30 Sep 2016 | 1 July to 30 Sep 2017 | 1 July to 30 Sep 2016 |
|---|---|---|---|---|---|
| Interest income | 20 | 1,230,636,780 | 1,400,191,411 | 361,282,333 | 490,045,372 |
| Interest paid on deposits and borrowings etc. | 21 | (1,036,488,219) | (925,285,120) | (370,486,667) | (300,055,324) |
| **Net interest income** | | **194,148,561** | **474,906,291** | **(9,204,334)** | **189,990,047** |
| Investment income | 22 | (30,096,359) | (7,475,057) | (52,070,398) | (6,481,990) |
| Fees, commissions, exchange and brokerage | 23 | 7,680,170 | 8,910,945 | 2,637,125 | 2,654,402 |
| Other operating income | 24 | 30,505,024 | 34,713,627 | 20,016,775 | 1,818,758 |
| **Total operating income** | | **202,237,396** | **511,055,806** | **(38,620,832)** | **187,981,218** |
| Salaries and other employee benefits | 25 | 81,574,823 | 56,778,790 | 37,763,953 | 22,402,757 |
| Rent, taxes, insurance, electricity etc. | 26 | 13,379,177 | 11,691,587 | 4,512,536 | 4,450,023 |
| Legal expenses | 27 | 1,530,643 | 589,780 | 280,838 | 811,483 |
| Postage, stamp, telecommunication etc. | 28 | 1,500,182 | 1,410,493 | 591,035 | 496,211 |
| Stationery, printing, advertisements etc. | 29 | 4,323,140 | 3,145,960 | 1,108,458 | 1,023,491 |
| Managing Director's salary and fees | 30 | 6,428,710 | 4,928,710 | 3,133,710 | 2,090,000 |
| Directors' fees | 31 | 928,000 | 1,064,000 | 456,000 | 384,000 |
| Auditors' fees | 32 | 115,000 | - | - | - |
| Depreciation and repair of assets | 33 | 7,320,330 | 5,389,802 | 2,876,940 | 1,972,927 |
| Other expenses | 34 | 19,388,811 | 13,389,254 | 6,616,402 | 2,410,911 |
| **Total operating expenses** | | **136,488,816** | **98,388,375** | **57,339,872** | **36,041,804** |
| **Profit before provision** | | **65,748,580** | **412,667,431** | **(95,960,704)** | **151,939,414** |
| **Provision for loans, advances, leases and investments** | | | | | |
| General provision | | 274,430,697 | 73,497,271 | 46,441,086 | 55,024,315 |
| Specific provision | | 204,043,872 | 151,502,302 | 119,403,522 | 26,326,590 |
| Provision for diminution in value of investments | | (20,279,983) | 43,447,609 | (56,542,272) | 15,267,072 |
| **Total provision** | | **458,194,586** | **268,447,181** | **109,302,336** | **96,617,977** |
| **Total profit before tax** | | **(392,446,006)** | **144,220,249** | **(205,263,040)** | **55,321,437** |
| Provision for taxation | | | | | |
| Current tax | | 27,026,491 | 44,578,916 | (33,880,009) | 13,000,000 |
| Deferred tax | | (128,597) | - | - | - |
| | | **26,897,894** | **44,578,916** | **(33,880,009)** | **13,000,000** |
| **Net profit after tax** | | **(419,343,900)** | **99,641,333** | **(171,383,031)** | **42,321,437** |
| Dividend on preference shares | | 30,883,565 | 40,280,819 | 9,349,316 | 12,465,753 |
| **Retained surplus** | | **(450,227,465)** | **59,360,514** | **(180,732,347)** | **29,855,684** |
| **Earnings per share (2016: Restated)** | 37.0 | **(2.88)** | **0.38** | **(1.15)** | **0.19** |

sd/-
Chairman

sd/-
Director

sd/-
Managing Director & CEO

sd/-
Company Secretary

sd/-
Chief Financial Officer

**Union Capital Limited**
**Cash Flow Statement (Un-audited) for the third quarter year ended 30 September 2017**

Figures in BDT

| Particulars | 30-Sep-17 | 30-Sep-16 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Interest receipts | 1,164,838,570 | 1,433,885,252 |
| Interest payments | (1,033,297,060) | (940,461,224) |
| Fee and commission receipts | 7,680,170 | 8,910,945 |
| Recoveries of loans previously written off | 15,749,221 | - |
| Dividend receipts | 7,586,000 | 9,748,524 |
| Cash payments to employees | (86,462,457) | (65,707,500) |
| Cash payments to suppliers and management expenses | (28,145,722) | (19,849,475) |
| Income taxes paid | (199,852,265) | (264,826,730) |
| Receipts from other operating activities | 14,809,105 | 14,083,037 |
| Payments for other operating activities | (19,388,811) | (13,389,254) |
| Cash generated before changes in operating assets and liabilities | (156,483,249) | 162,393,575 |
| **Increase/decrease in operating assets and liabilities** | | |
| Statutory deposits | - | - |
| Purchase of trading securities (treasury bills) | - | - |
| Loans, advances and leases to banks and financial institutions | - | - |
| Loans, advances and leases to customers | (681,492,507) | (1,051,502,194) |
| Other assets | 197,123,738 | (9,574,483) |
| Deposits from banks and other financial institutions | 830,000,000 | 630,000,000 |
| Deposits from customers | (575,049,509) | (40,589,111) |
| Other liabilities account of customers | - | - |
| Trading liabilities | - | - |
| Other liabilities | 96,098,261 | 34,260,371 |
| **Cash generated from operating assets and liabilities** | **(133,320,017)** | **(437,405,416)** |
| **Net cash generated from/(used in) operating activities** | **(289,803,266)** | **(275,011,842)** |
| **Cash flows from investing activities** | | |
| Proceeds from sale of securities | 880,813,919 | 533,874,236 |
| Payments for purchases of securities | (917,114,350) | (528,762,436) |
| Purchase of property, plant and equipment | (5,415,404) | (3,705,259) |
| Proceeds from sale of property, plant and equipment | 128,281 | - |
| **Net cash used in investing activities** | **(116,587,555)** | **1,406,541** |
| **Cash flows from financing activities** | | |
| Dividend paid | - | (119,919,917) |
| Redemption of preference share | (100,000,000) | (100,000,000) |
| Receipts of long term loan | 1,494,456,348 | 765,949,250 |
| Repayment of long term loan | (887,513,548) | (839,707,445) |
| Net draw down/(payment) of short term loan | 785,694,675 | 740,654,656 |
| **Net cash generated from/(used in) financing activities** | **1,292,637,475** | **446,976,544** |
| **Net (decrease)/increase in cash and cash equivalents** | **886,246,654** | **173,371,244** |
| Effects of exchange rate changes on cash and cash equivalents | - | - |
| Cash and cash equivalents at beginning of the third quarter | 1,754,199,776 | 1,098,838,629 |
| **Cash and cash equivalents at end of the third quarter** | **2,640,446,430** | **1,272,209,873** |
| **Cash and cash equivalents at end of the quarter represents** | | |
| Cash in hand | 64,000 | 64,000 |
| Balance with Bangladesh Bank and its agent bank | 161,975,252 | 239,318,434 |
| Balance with other banks and financial institutions | 2,478,407,178 | 1,032,827,438 |
| | **2,640,446,430** | **1,272,209,873** |
| **Supplemental schedule for non-cash financing activities** | | |
| Bonus share issued | 142,299,603 | 93,093,198 |

sd/-
Chairman

sd/-
Director

sd/-
Managing Director & CEO

sd/-
Company Secretary

sd/-
Chief Financial Officer

**Union Capital Limited**
**Statement of Changes in shareholders' equity (Un-audited) for the third quarter ended 30 September 2017**

Figures in BDT

| Particulars | Paid-up capital | Preference share capital | Statutory reserve | Retained earnings | Total |
|---|---|---|---|---|---|
| Balance as at 1 January 2017 | 1,422,996,034 | 400,000,000 | 414,474,598 | 150,944,883 | 2,388,415,515 |
| Net profit/(loss) for the third quarter 2017 | - | - | - | (419,343,900) | (419,343,900) |
| Redemption of preference share | - | (100,000,000) | - | - | (100,000,000) |
| Dividend on preference shares | - | - | - | (30,883,565) | (30,883,565) |
| Issuance of bonus share (year 2016) | 142,299,603 | - | - | (142,299,603) | - |
| **Balance as at 30 September 2017** | **1,565,295,637** | **300,000,000** | **414,474,598** | **(441,582,185)** | **1,838,188,050** |
| | | | | | |
| Balance as at 1 January 2016 | 1,329,902,836 | 500,000,000 | 364,815,071 | 164,915,661 | 2,359,633,568 |
| Net profit for the third quarter 2016 | - | - | - | 99,641,333 | 99,641,333 |
| Redemption of preference share | - | (100,000,000) | - | - | (100,000,000) |
| Dividend on preference shares | - | - | - | (40,280,819) | (40,280,819) |
| Payment of cash dividend (year 2015) | | | | (66,495,142) | (66,495,142) |
| Issuance of bonus share (year 2015) | 93,093,198 | - | - | (93,093,198) | - |
| **Balance as at 30 September 2016** | **1,422,996,034** | **400,000,000** | **364,815,071** | **64,687,834** | **2,252,498,940** |

sd/-
Chairman

sd/-
Director

sd/-
Managing Director & CEO

sd/-
Company Secretary

sd/-
Chief Financial Officer

**Union capital Limited**

**Selected explanatory notes to the Consolidated Financial Statements (Un-audited) as at and for the third quarter ended 30 September 2017**

**1.0 Domicile, legal form and country of incorporation**

Union Capital Limited (The Company) is registered as a public limited company under the Companies Act, 1994 with the Registrar of Joint Stock Companies and Firms (RJSC) of Bangladesh on 09 August 1998. On 12 August 1998, the Company obtained permission from Bangladesh Bank to operate as a non-banking financial institution under the Financial Institutions Act, 1993. The Company went for Initial Public Offer in May 2007 and listed its shares in both Dhaka Stock Exchange and Chittagong Stock Exchange in July 2007.

The registered office of the Company is located at Noor Tower (5th floor), 73 Sonargaon Road, Dhaka 1205. The operations of the Company is being carried out through its 8 (eight) offices located in Dhaka, Gazipur, Narshingdi, Chittagong, Sylhet and Bogra.

**2.0 Reporting**

These half yearly financial statements have been prepared based on Bangladesh Accounting Standard (BAS) 34: *Interim Financial Reporting* .

These interim financial statements should be read in conjunction with the published financial statements for the year ended 31 December 2016 as they provide an update to previously reported information.

**3.0 Accounting policies and method of computations**

Accounting policies and method of computations followed in preparing these financial statements are consistent with those used in the annual financial statements prepared and published for the year ended 31 December 2016

**3.1 Consolidation of operations of subsidiaries**

The consolidation of the financial statements have been made after eliminating all material intra group transactions. The total profit of the Company and its subsidiaries are shown in the consolidated profit and loss account with the proportion of profit after taxation pertaining to minority shareholders being deducted as 'non-controlling interest'.

**3.2 Earnings per share (EPS)**

Earnings per share has been calculated based on number of shares outstanding for the period ended 30 September 2017 and profit for the same period. The number of shares outstanding for the period was 156.53 million. Earnings per share for the preceding third quarter of 2016 has also been calculated based on 156.53 million shares.

During the period ended 30 September 2017, we have maintained provision for loans and leases and diminution in value of investments was BDT 458,194,586 which is 171% higher than the comparative figure of 2016 resulting in a significant decrease in the EPS for the period ended 30 September 2017.

**3.3 Net assets value per share (NAV)**

During the period ended 30 September 2017, NAV arrived at BDT 13.36 per share which in BDT 2.82 less than that of 2016. NAV decreased due to decrease of total shareholder equity as a result of incurring loss of BDT 310.85 million during the period.

**3.4 Subsequent events**

No material events occurred after the reporting date, non-disclosure of which could affect the ability of the users of these financial statements to make proper evaluation and decision.

**3.5 Reclassification**

To facilitate comparison, certain relevant figures pertaining to previous period/year have been rearranged/ restated/reclassified, whenever considered necessary, to conform to current period's presentation.

| sd/- | sd/- | sd/- |
|---|---|---|
| Chairman | Director | Managing Director & CEO |

| sd/- | sd/- |
|---|---|
| Company Secretary | Chief Financial Officer |

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|
| **4.0 CASH** | | |
| **In hand** | | |
| Local currency | 64,000 | 64,000 |
| Foreign currencies | - | - |
| | 64,000 | 64,000 |
| **Balance with Bangladesh Bank** | | |
| Local currency | 161,975,252 | 184,577,238 |
| Foreign currencies | - | - |
| | 161,975,252 | 184,577,238 |
| **Balance as at 30 September** | **162,039,252** | **184,641,238** |
| **4.a CASH (Consolidated)** | | |
| **In hand** | | |
| Union Capital Ltd. | 64,000 | 64,000 |
| UniCap Securities Ltd. | 25,000 | 25,000 |
| UniCap Investments Ltd. | 5,989 | 10,000 |
| | **94,989** | **99,000** |
| **Balance with Bangladesh Bank** | | |
| Union Capital Ltd. | 161,975,252 | 184,577,238 |
| UniCap Securities Ltd. | - | - |
| UniCap Investments Ltd. | **-** | **-** |
| **Balance as at 30 September** | **161,975,252** | **184,577,238** |
| **5.0 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS** | | |
| **This represents balance with various banks and financial institutions in Bangladesh.** | | |
| **Fixed deposit account** | | |
| People's Leasing and Financial Services Ltd. | - | 50,000,000 |
| International Leasing and Financial Services Ltd. | 500,000,000 | 100,000,000 |
| Bangladesh Industrial Finance Company Limited | 100,000,000 | 140,000,000 |
| Modhumoti Bank Limited, Dhanmondi Branch | 50,000,000 | 55,000,000 |
| The Farmers Bank Ltd., Motijheel Branch | 200,000,000 | 300,000,000 |
| Social Islami Bank Limited, Bashundhara Branch | 700,000,000 | 700,000,000 |
| | **1,550,000,000** | **1,345,000,000** |
| **Current account** | | |
| Bank Alfalah Limited, Gulshan Branch | 14,286 | 23,116 |
| BASIC Bank Limited, Shantinagar Branch | 1 | 1 |
| BASIC Bank Limited, Bangshal Branch | 13,853 | 1 |
| BASIC Bank Limited, Mirpur Branch | 5,652 | - |
| BRAC Bank Limited, Gulshan Branch | 70,539 | 70,539 |
| Bank Asia Limited, Moghbazar Branch | 3,805 | 82 |
| Bank Asia Limited, Bashundhara Branch | 9,881 | 399 |
| Dhaka Bank Limited,Kakrail Branch | 1,889,940 | 1,891,205 |
| Eastern Bank Limited,Head office | 10,000 | - |
| Mutual Trust Bank Limited, Dilkusha Branch | 392,938 | 393,513 |
| Modhumoti Bank Limited, Dhanmondi Branch | 7,900 | 3,785 |
| Modhumoti Bank Limited, Dhanmondi Branch | 287,810 | - |
| Midland Bank Ltd, Gulshan Branch | 26,522 | 2,965 |
| National Credit and Commerce Bank Ltd.,Mirpur-10 Branch | - | 258 |
| National Credit and Commerce Bank Ltd.Bonani Branch | 1,425 | - |
| NRB Bank Limited,Corporate Branch | 933,814 | 933,814 |
| Shahjalal Islami Bank Limited, Dhaka Main Branch | 453 | 453 |

UNIQUE STOCK

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|
| Shahjalal Islami Bank Limited, Elephant Road Branch | 1,941 | 4,536,682 |
| Southeast Bank Limited, Islamic Banking Branch | 710,180 | 710,755 |
| Southeast Bank Limited, Mirpur Branch | 3,683 | 4,404 |
| Southeast Bank Limited, Satmosjid Road Branch | 3,850 | 4,425 |
| Social Islami Bank Limited, Eskaton Branch | 10,000 | - |
| State Bank of India, Dhaka Office | 78,498 | 79,223 |
| The Premier Bank Limited, Karwan Bazar Branch | 32,072 | 32,647 |
| United Commercial Bank Limited, New Eskaton Branch | - | 5,448,516 |
| Uttara Bank Limited, Local Office | 17,983 | 18,558 |
| | **4,527,026** | **14,155,341** |
| **Short term deposit** | | |
| AB Bank Limited, Karwan Bazar Branch | 12,507 | 13,622 |
| Dutch Bangla Bank Limited, Karwan Bazar Branch | 10,000 | - |
| HSBC, Dhaka Main Office | 86,280 | 86,280 |
| HSBC, Dhaka Main Office | 516,102 | 516,102 |
| Southeast Bank Limited, Islamic Banking Branch | 2,558,914 | 2,529,758 |
| Southeast Bank Limited, | 10,000 | - |
| Bank Asia Limited, Corporate Branch | 28,836,500 | 173,103,013 |
| Bank Asia Limited, Corporate Branch | 9,655 | - |
| Dhaka Bank Limited, Local Office | 3,262,794 | 2,091,480 |
| Dutch Bangla Bank Limited, Karwan Bazar Branch | 17,313,568 | 25,810,582 |
| Mutual Trust Bank Limited, Principal Branch | 105,989 | 3,904,381 |
| Jamuna Bank Limited, Sonargaon Road Branch | 1,157,843 | 2,347,979 |
| FAS Finance & Investment Ltd. | 70,000,000 | - |
| International leasing and financial services ltd. | 210,000,000 | - |
| Premier Leasing & Finance Ltd. | 200,000,000 | - |
| First Finance Limited | 120,000,000 | - |
| Reliance Finance Ltd. | 270,000,000 | - |
| | **923,880,152** | **210,403,197** |
| **Balance as at 30 September** | **2,478,407,178** | **1,569,558,538** |

Fixed deposits are maintained with commercial banks and non-bank financial institutions for maintaining statutory liquidity reserve as required by Bangladesh Bank. Bangladesh Bank regulations require to maintain statutory liquidity reserve (SLR) @ 5% including the CRR of 2.5% on total liabilities, excluding deposits and borrowings from banks and financial institutions. Union Capital Limited maintains this reserve mostly in the form of fixed deposits and short term deposits.

## 5.a BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS (consolidated)

| | | |
|---|---|---|
| Union Capital Ltd. | 2,478,407,178 | 1,569,558,538 |
| UniCap Securities Ltd. | 350,935,486 | 199,026,208 |
| UniCap Investments Ltd. | 227,468,353 | 55,805,967 |
| | 3,056,811,017 | 1,824,390,714 |
| Less: Inter-company transactions | - | - |
| **Balance as at 30 September** | **3,056,811,017** | **1,824,390,714** |

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|

## 6.0 INVESTMENTS

The investment is made up as under:

| | | |
|---|---|---|
| Government securities | - | - |
| Other investments | 458,465,617 | 457,124,080 |
| **Balance as at 30 September** | **458,465,617** | **457,124,080** |

This represents investment made by the Company in listed securities.

## 6.1 Other investments

| Ordinary share | No. of Company | Market Value | Cost | |
|---|---|---|---|---|
| | | | 30-Jun-17 | 2016 |
| Listed securities | 11 | 475,204,089 | 458,465,617 | 457,124,080 |
| **Total** | **11** | **475,204,089** | **458,465,617** | **457,124,080** |

**Sector wise investment in listed securities at cost**

| | | |
|---|---|---|
| Banking companies | 94,587,438 | 16,518,488 |
| Non Banking Financial Institutions | 77,156,412 | - |
| Insurance companies | - | 14,381,778 |
| Fuel & power | 76,841,746 | 9,646,268 |
| Manufacturing companies and others | 209,880,021 | 416,577,546 |
| | **458,465,617** | **457,124,080** |

## 6.a INVESTMENTS (consolidated)

| | | |
|---|---|---|
| Union Capital Ltd. | 458,465,617 | 457,124,080 |
| UniCap Securities Ltd. | 730,982,068 | 748,105,089 |
| UniCap Investments Ltd. | 421,476,167 | 404,130,914 |
| **Balance as at 30 September** | **1,610,923,852** | **1,609,360,083** |

## 7.0 LOANS, ADVANCES AND LEASES

This represents loans, advances and leases financed fully in Bangladesh.

| | | |
|---|---|---|
| Lease finance | 1,957,521,434 | 1,948,222,279 |
| Advance against lease finance | 118,867,902 | 14,500,000 |
| Term finance | 8,817,286,415 | 8,405,475,684 |
| Home loan | 2,111,712 | 2,492,285 |
| Loan to subsidiaries | 6,148,635,478 | 5,976,628,723 |
| Loan against deposits | 5,340,992 | 18,745,690 |
| Staff loan | 30,901,142 | 33,107,907 |
| **Balance as at 30 September** | **17,080,665,075** | **16,399,172,568** |

## 7.a LOANS, ADVANCES AND LEASES (consolidated)

| | | |
|---|---|---|
| Union Capital Ltd. | 17,080,665,075 | 16,399,172,568 |
| UniCap Securities Ltd. | 1,376,767,848 | 992,490,310 |
| UniCap Investments Ltd. | 5,722,551,726 | 5,688,730,428 |
| | **24,179,984,648** | **23,080,393,306** |
| Less: Inter-company transactions | 6,148,635,478 | 5,976,628,723 |
| **Balance as at 30 September** | **18,031,349,170** | **17,103,764,583** |

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|

**7.a 1** This includes the margin loan transferred from Union Capital Limited to UniCap Investments Limited, one of its subsidiaries on 1 January 2014 as a result of separation of its merchant banking operations.

## 8.0 FIXED ASSETS INCLUDING LAND, BUILDING, FURNITURE AND FIXTURES

| | | |
|---|---|---|
| Furniture and fixtures | 6,974,972 | 7,076,288 |
| Office decoration | 18,152,392 | 15,766,847 |
| Electric equipment | 27,714,850 | 27,021,510 |
| Owned vehicles | 12,535,992 | 12,535,992 |
| Leased vehicles | 3,760,000 | 3,760,000 |
| Intangible assets (software) | 1,541,381 | 1,122,881 |
| Mobile phones | 452,600 | 367,085 |
| Staff appliances | - | 41,329 |
| **Total cost** | **71,132,187** | **67,691,932** |
| Less: Accumulated depreciation and amortization | 55,586,011 | 53,721,741 |
| **Written down value at the end of the third quarter** | **15,546,176** | **13,970,191** |

Details are shown in **Annexure - A**

## 8.a FIXED ASSETS INCLUDING LAND, BUILDING, FURNITURE AND FIXTURES (consolidated)

| | | |
|---|---|---|
| Union Capital Ltd. | 15,546,176 | 13,970,191 |
| UniCap Securities Ltd. | 28,916,748 | 17,905,944 |
| UniCap Investments Ltd. | 5,466,647 | 3,901,167 |
| **Balance as at 30 September** | **49,929,571** | **35,777,302** |

## 9.0 OTHER ASSETS

| | | |
|---|---|---|
| Investment in subsidiary | 422,498,771 | 347,498,771 |
| Accrued interest | 67,283,764 | 114,667,905 |
| Others | 12,399,922 | 13,274,318 |
| **Income generating other assets** | 502,182,457 | 475,440,994 |
| Advance office rent | 4,008,695 | 3,821,660 |
| Advance to employees | 1,068,818 | 785,805 |
| Deposits with T & T, water etc. | 87,500 | 37,500 |
| Advance corporate tax | 1,385,102,705 | 1,185,250,440 |
| Receivable against sale of shares | 7,692,901 | 87,269,018 |
| Transfer price receivable | 1,287,376 | 1,287,376 |
| Deferred tax assets | 10,609,399 | 10,480,802 |
| Others | 270,932,271 | 348,891,836 |
| **Non income generating other assets** | 1,680,789,665 | 1,637,824,437 |
| **Balance as at 30 September** | **2,182,972,122** | **2,113,265,431** |

Management considers all the other assets as good.

## 9.a OTHER ASSETS (consolidated)

| | | |
|---|---|---|
| Union Capital Ltd. | 2,182,972,122 | 2,113,265,431 |
| UniCap Securities Ltd. | 341,764,309 | 449,229,464 |
| UniCap Investments Ltd. | 260,237,677 | 239,685,055 |
| | 2,784,974,108 | 2,802,179,950 |
| Less: Inter-company transactions | 605,499,315 | 722,692,260 |
| **Balance as at 30 September** | **2,179,474,794** | **2,079,487,689** |

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|

## 10.0 Non-banking assets

| | | |
|---|---|---|
| Non-banking assets | 220,427,544 | 215,129,173 |
| **Balance as at 30 September** | **220,427,544** | **215,129,173** |

This represents assets owned under the 'Certificate of Ownership' given by the competent court under section 33(7) of Artha Rin Adalat Ain 2003.

## 11.0 BORROWINGS FROM OTHER BANKS, FINANCIAL INSTITUTIONS AND AGENTS

**Borrowings from other banks**

| | | |
|---|---|---|
| **In Bangladesh** | | |
| Secured long term loans | | |
| Bank loan | 2,857,087,433 | 2,162,338,268 |
| Un secured | | |
| Bangladesh Bank (Small Enterprise refinancing scheme-JICA) | 416,929,915 | 497,704,419 |
| Bangladesh Bank (Women entrepreneur refinance scheme | 83,579,762 | 87,384,524 |
| Bangladesh Bank (Agriculture refinance scheme) | 32,625,000 | 31,562,500 |
| Short term borrowing and call loan | 785,992,644 | 297,969 |
| | 1,319,127,321 | 616,949,412 |
| | **4,176,214,754** | **2,779,287,680** |
| **Outside Bangladesh** | - | - |
| **Borrowings from banks** | **4,176,214,754** | **2,779,287,680** |

| | | |
|---|---|---|
| **Borrowings from financial institutions** | | |
| The UAE-Bangladesh Investment Company Limited | 33,518,235 | 37,807,834 |
| **Balance as at 30 September** | **4,209,732,989** | **2,817,095,514** |

Loans are secured by way of first charge on all fixed and floating assets of the Company, ranking pari passu among all the lenders. The period of such loans ranges from three to five years.

## 11.a Borrowings from other banks, financial institutions and agents (consolidated)

| | | |
|---|---|---|
| Union Capital Limited | 4,209,732,989 | 2,817,095,514 |
| UniCap Securities Limited | 1,409,243,881 | 1,175,169,784 |
| UniCap Investments Limited | 3,757,404,689 | 3,767,404,689 |
| | 9,376,381,559 | 7,759,669,986 |
| Less: Inter-company transactions | 4,302,454,051 | 4,340,309,097 |
| **Balance as at 30 September** | **5,073,927,508** | **3,419,360,889** |

## 12.0 Term Deposits

This comprises interest bearing deposits from individuals and organizations for period ranging from 3 months to

| | | |
|---|---|---|
| Banks and financial institutions | 7,250,000,000 | 6,420,000,000 |
| Other institutions | 4,932,261,756 | 4,932,261,756 |
| **Total institutional deposits** | **12,182,261,756** | **11,352,261,756** |
| Term deposit | 166,129,266 | 800,176,665 |
| Income deposit | 156,230,000 | 156,230,000 |
| Monthly savings scheme | 5,157,600 | 6,168,500 |
| **Total individual deposits** | **327,516,866** | **962,575,165** |
| **Balance as at 30 September** | **12,509,778,622** | **12,314,836,921** |

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|
| **12.a Term deposits (consolidated)** | | |
| Union Capital Limited | 12,509,778,622 | 12,314,836,921 |
| UniCap Securities Limited | - | - |
| UniCap Investments Limited | - | - |
| | 12,509,778,622 | 12,314,836,921 |
| Less: Inter-company transactions | - | - |
| **Balance as at 30 September** | **12,509,778,622** | **12,314,836,921** |

**13.0 Other deposits**

The amount received from clients as advance against finance and cash security deposit on the stipulation that the amount will be either adjusted with the outstanding rentals/installments or repaid at the end of term. This is made up as under:

| | | |
|---|---|---|
| Lease advance | 44,248,386 | 49,707,340 |
| Term finance advance | 351,612,388 | 168,743,596 |
| Cash security | 480,532,638 | 597,933,686 |
| **Balance as at 30 September** | **876,393,412** | **816,384,622** |

Advance and security deposit reduce the exposure with the clients and thereby reduce the risks. No interest is payable on advances while cash security deposits are interest bearing.

| | | |
|---|---|---|
| **13.a Other deposits (consolidated)** | | |
| Union Capital Limited | 876,393,412 | 816,384,622 |
| UniCap Securities Limited | - | - |
| UniCap Investments Limited | - | - |
| | 876,393,412 | 816,384,622 |
| Less: Inter-company transactions | - | - |
| **Balance as at 30 September** | **876,393,412** | **816,384,622** |

| | | |
|---|---|---|
| **14.0 OTHER LIABILITIES** | | |
| Provision for loans, advances and leases | 926,147,658 | 480,627,756 |
| Provision for diminution in value of investments | 380,411 | 20,660,394 |
| Provision for other assets | 5,376,000 | 4,311,000 |
| Interest suspense | 296,745,214 | 196,068,900 |
| Provision for tax | 1,402,639,721 | 1,375,613,230 |
| Financial expenses payable | 477,285,352 | 474,094,193 |
| Deferred liability-employee gratuity | 14,081,576 | 12,528,500 |
| Dividend on preference shares | 18,801,371 | 37,917,806 |
| Excise duty | 6,451,699 | 6,952,711 |
| Withholding tax payable | 11,275,426 | 898,085 |
| VAT payable | 538,570 | 620,752 |
| Accrued expenses and other payable | 4,706,893 | 5,835,320 |
| **Balance as at 30 September** | **3,164,429,891** | **2,616,128,647** |

| | | |
|---|---|---|
| **14.a OTHER LIABILITIES (consolidated)** | | |
| Union Capital Limited | 3,164,429,891 | 2,616,128,647 |
| UniCap Securities Limited | 1,022,728,988 | 932,295,119 |
| UniCap Investments Limited | 2,601,818,037 | 2,357,265,372 |
| | 6,788,976,917 | 5,905,689,138 |
| Less: Inter-company transactions | 2,029,181,971 | 1,936,513,115 |
| **Balance as at 30 September** | **4,759,794,946** | **3,969,176,023** |

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|

## 15.0 Share capital

As at 30 September 2017, a total number of 156,529,564 (2016: 142,299,603) ordinary shares of Tk.10 each were issued, subscribed and fully paid up. Details are as follows:

**Authorized capital**

| | | |
|---|---|---|
| 200,000,000 ordinary shares of Tk. 10 each | 2,000,000,000 | 2,000,000,000 |
| **Issued, subscribed and paid up capital:** | | |
| 142,999,603 ordinary shares of Tk.10 each | 1,422,996,034 | 1,329,902,836 |
| Bonus shares | 142,299,603 | 93,093,198 |
| **Total 156,529,564** | **1,565,295,637** | **1,422,996,034** |

## 16.0 Preference share capital

| | | |
|---|---|---|
| 30 cumulative non-convertible preference share of Tk. 10,000,000 each ( | 300,000,000 | 400,000,000 |

## 16.1 Details of preference share capital

The Company issued 50 cumulative non-convertible redeemable preference share of Tk. 10,000,000 each to the tune of Tk. 500,000,000 in March 2015. Rate of dividend payable on the preference shares is 12.50 percent per annum. Particulars of the subscribers are as follows:

| Name of subscriber | No. of shares | Amount subscribed | Outstanding | Outstanding |
|---|---|---|---|---|
| Bangladesh Fund | 10 | 100,000,000 | 60,000,000 | 80,000,000 |
| National Housing Finance Co. Ltd. | 10 | 100,000,000 | 60,000,000 | 80,000,000 |
| NRB Global Bank Ltd. | 5 | 50,000,000 | 30,000,000 | 40,000,000 |
| DBH Corporation Ltd. | 5 | 50,000,000 | 30,000,000 | 40,000,000 |
| Uttara Finance & Investment Co. Ltd. | 5 | 50,000,000 | 30,000,000 | 40,000,000 |
| Brac Bank Ltd. | 5 | 50,000,000 | 30,000,000 | 40,000,000 |
| Midland Bank Ltd. | 5 | 50,000,000 | 30,000,000 | 40,000,000 |
| NRB Bank Ltd. | 5 | 50,000,000 | 30,000,000 | 40,000,000 |
| **Total** | **50** | **500,000,000** | **300,000,000** | **400,000,000** |

As per the Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions issued by Bangladesh Bank in 2011, preference shares except non-cumulative irredeemable preference shares are considered as part of Tier-II capital of the capital base for financial institutions. As per DFIM Circular 1 dated 29 January 2017 pertaining call borrowing on the basis of equity, preference share has been considered as part of equity. Considering the merit of the above regulation and directive of Bangladesh Bank, the preference share floated by Union Capital Limited has been classified as equity in the "Shareholders' equity" section in both the consolidated and separate balance sheet & statement of changes in equity of the company.

## 17.0 STATUTORY RESERVE

| | | |
|---|---|---|
| Balance as on 1 January | 414,474,598 | 364,815,071 |
| Add: Transferred from profit during the quarter | - | 49,659,527 |
| **Balance as at 30 September** | **414,474,598** | **414,474,598** |

| As at | 30-Sep-17 | 31-Dec-16 |
|---|---|---|
| **18.0 Retained earnings** | | |
| Balance as on 1 January | 150,944,883 | 164,915,661 |
| Less: Issuance of bonus shares (2016) | (142,299,603) | (93,093,198) |
| Less: Cash dividend (2015) | - | (66,495,142) |
| Add: Profit after tax for the year | (419,343,900) | 248,297,634 |
| Less: Dividend on preference shares | (30,883,565) | (53,020,545) |
| Less: Transferred to statutory reserve | - | (49,659,527) |
| **Balance as at 30 September** | **(441,582,185)** | **150,944,883** |
| **18.a RETAINED EARNINGS (consolidated)** | | |
| Balance as on 1 January | 193,332,146 | 197,184,426 |
| Less: Issuance of bonus shares (2016) | (142,299,603) | (93,093,198) |
| Less: Cash dividend paid (2015) | - | (66,495,142) |
| Add: Profit after tax for the year | (310,852,123) | 258,416,131 |
| Less: Dividend on preference shares | (30,883,565) | (53,020,545) |
| Less: Transferred to statutory reserve | - | (49,659,527) |
| **Balance as at 30 September** | **(290,703,145)** | **193,332,146** |

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| For the third quarter ended 30 September | 2017 | 2016 |
|---|---|---|
| **19.0 INCOME STATEMENT** | | |
| **Income** | | |
| Interest, discount and similar income (note 20) | 1,230,636,780 | 1,400,191,411 |
| Dividend income (note 22) | 4,862,535 | 9,748,524 |
| Fees, commission, exchange and brokerage (note 23) | 7,680,170 | 8,910,945 |
| Gains less losses arising from investment in securities (note 22) | (34,958,894) | (17,223,581) |
| Other operating income (note 24) | 30,505,024 | 34,713,627 |
| **Total income** | **1,238,725,615** | **1,436,340,926** |
| **Expenses** | | |
| Interest paid on deposits, borrowings etc. (Note 21) | 1,036,488,219 | 925,285,120 |
| Administrative expenses (note 19.1) | 109,779,675 | 79,609,319 |
| Depreciation and impairment on company assets | 7,320,330 | 5,389,802 |
| Other operating expenses | 19,388,811 | 13,389,254 |
| Provision for leases, loans, advances and investments | 458,194,586 | 268,447,181 |
| **Total expenses** | **1,631,171,621** | **1,292,120,676** |
| **19.1 ADMINISTRATIVE EXPENSES** | | |
| Salary and allowances (note 25) | 81,574,823 | 56,778,790 |
| Rent, taxes, insurance, electricity, etc (note 26) | 13,379,177 | 11,691,587 |
| Legal expenses (note 27) | 1,530,643 | 589,780 |
| Postage, stamp, telecommunication, etc (note 28) | 1,500,182 | 1,410,493 |
| Stationery, printings, advertisements, etc (note 29) | 4,323,140 | 3,145,960 |
| Managing Director's salary and allowances (note 30) | 6,428,710 | 4,928,710 |
| Directors' fees (note 31) | 928,000 | 1,064,000 |
| Auditors' fees | 115,000 | - |
| | **109,779,675** | **79,609,319** |
| **20.0 INTEREST INCOME** | | |
| Income from lease finance | 119,002,267 | 182,231,824 |
| Income from term finance | 663,021,492 | 734,721,284 |
| Income from home finance | 174,923 | 297,745 |
| Interest on loan to subsidiaries | 289,099,169 | 422,535,048 |
| Interest on bank deposits | 157,887,891 | 59,187,165 |
| Income form other finance | 1,451,038 | 1,218,345 |
| **Total** | **1,230,636,780** | **1,400,191,411** |
| **20.a INTEREST INCOME (consolidated)** | | |
| Union Capital Limited | 1,230,636,780 | 1,400,191,411 |
| UniCap Securities Limited | 105,549,315 | 93,676,096 |
| UniCap Investments Limited | 216,594,662 | 376,490,346 |
| | 1,552,780,757 | 1,870,357,852 |
| Less: Inter-company transactions | 289,099,169 | 422,535,048 |
| | **1,263,681,588** | **1,447,822,804** |

| For the third quarter ended 30 September | 2017 | 2016 |
|---|---|---|

## 21.0 INTEREST PAID ON DEPOSITS, BORROWINGS, etc.

| | | |
|---|---|---|
| Interest on bank loan | 189,554,000 | 102,752,279 |
| Interest on JICA fund | 17,387,157 | 19,314,329 |
| Interest on Agriculture refinance fund | 1,373,722 | 645,226 |
| Interest on women entrepreneur fund | 3,601,817 | 2,521,897 |
| Interest on term deposits | 767,277,073 | 725,708,204 |
| Interest on money at call & short notice | 24,416,361 | 30,010,061 |
| Interest on cash security deposit | 31,334,302 | 43,558,650 |
| Bank charges | 1,543,787 | 774,475 |
| **Total** | **1,036,488,219** | **925,285,120** |

## 21.a INTEREST PAID ON DEPOSITS, BORROWINGS etc. (consolidated)

| | | |
|---|---|---|
| Union Capital Limited | 1,036,488,219 | 925,285,120 |
| UniCap Securities Limited | 121,925,963 | 112,544,887 |
| UniCap Investments Limited | 246,915,094 | 367,609,233 |
| | 1,405,329,276 | 1,405,439,240 |
| Less: Inter-company transactions | 289,099,169 | 422,535,048 |
| | **1,116,230,107** | **982,904,192** |

## 22.0 INVESTMENT INCOME

| | | |
|---|---|---|
| Capital gain/(loss) on sale of securities | (34,958,894) | (17,223,581) |
| Dividend income | 4,862,535 | 9,748,524 |
| **Total** | **(30,096,359)** | **(7,475,057)** |

## 22.a INVESTMENT INCOME (consolidated)

| | | |
|---|---|---|
| Union Capital Limited | (30,096,359) | (7,475,057) |
| UniCap Securities Limited | 36,486,108 | 38,410,921 |
| UniCap Investments Limited | 38,643,639 | (2,090,112) |
| | 45,033,388 | 28,845,753 |
| Less: Inter-company transactions | - | - |
| | **45,033,388** | **28,845,753** |

## 23.0 FEES, COMMISSIONS, EXCHANGE AND BROKERAGE

| | | |
|---|---|---|
| Processing and documentation fees | 7,680,170 | 8,910,945 |
| **Total** | **7,680,170** | **8,910,945** |

## 23.a FEES, COMMISSIONS, EXCHANGE AND BROKERAGE (consolidated)

| | | |
|---|---|---|
| Union Capital Limited | 7,680,170 | 8,910,945 |
| UniCap Securities Limited | 294,238,053 | 112,390,638 |
| UniCap Investments Limited | 30,424,374 | 31,745,001 |
| | **332,342,597** | **153,046,584** |

| For the third quarter ended 30 September | 2017 | 2016 |
|---|---|---|
| **24.0 OTHER OPERATING INCOME** | | |
| Delinquent charge | 5,170,816 | - |
| Renewals and proceeds | 9,638,289 | 14,083,037 |
| Gain/(loss) on sale of fixed assets | (53,302) | - |
| Recovery from written off accounts | 15,749,221 | 20,630,590 |
| **Total** | **30,505,024** | **34,713,627** |
| **24.a OTHER OPERATING INCOME (consolidated)** | | |
| Union Capital Limited | 30,505,024 | 34,713,627 |
| UniCap Securities Limited | 3,410,085 | 3,572,616 |
| UniCap Investments Limited | 156,012 | 117,743 |
| **Total** | **34,071,121** | **38,403,986** |
| **25.0 SALARIES AND OTHER EMPLOYEE BENEFITS** | | |
| Salaries & allowances | 81,574,823 | 56,778,790 |
| **Total** | **81,574,823** | **56,778,790** |
| **25.a SALARIES AND OTHER EMPLOYEE BENEFITS (consolidated)** | | |
| Union Capital Limited | 81,574,823 | 56,778,790 |
| UniCap Securities Limited | 48,394,314 | 31,718,085 |
| UniCap Investments Limited | 8,441,287 | 6,407,111 |
| **Total** | **138,410,424** | **94,903,986** |
| **26.0 RENT, TAXES, INSURANCE, ELECTRICITY etc.** | | |
| Office rent, rates and taxes | 10,909,664 | 10,016,982 |
| Insurance | 994,034 | 174,584 |
| Power and electricity | 1,475,479 | 1,500,021 |
| **Total** | **13,379,177** | **11,691,587** |
| **26.a RENT, TAXES, INSURANCE, ELECTRICITY etc. (consolidated)** | | |
| Union Capital Limited | 13,379,177 | 11,691,587 |
| UniCap Securities Limited | 15,573,119 | 10,390,355 |
| UniCap Investments Limited | 3,581,820 | 3,173,524 |
| **Total** | **32,534,116** | **25,255,466** |
| **27.0 LEGAL EXPENSES** | | |
| Court fees | 60,500 | (334,153) |
| Professional Fees | 1,470,143 | 923,933 |
| **Total** | **1,530,643** | **589,780** |
| **27.a LEGAL EXPENSES (consolidated)** | | |
| Union Capital Limited | 1,530,643 | 589,780 |
| UniCap Securities Limited | 29,600 | 8,625 |
| UniCap Investments Limited | - | - |
| **Total** | **1,560,243** | **598,405** |

| For the third quarter ended 30 September | 2017 | 2016 |
|---|---|---|
| **28.0 POSTAGE, STAMP, TELECOMMUNICATION etc.** | | |
| Postage | 166,023 | 157,685 |
| Telegram, telex, fax and e-mail | 378,322 | 360,959 |
| Telephone - office | 955,837 | 891,849 |
| **Total** | **1,500,182** | **1,410,493** |
| **28.a POSTAGE, STAMP, TELECOMMUNICATION etc. (consolidated)** | | |
| Union Capital Limited | 1,500,182 | 1,410,493 |
| UniCap Securities Limited | 2,042,561 | 1,758,078 |
| UniCap Investments Limited | 302,373 | 124,049 |
| **Total** | **3,845,116** | **3,292,619** |
| **29.0 STATIONERY, PRINTING, ADVERTISEMENTS etc.** | | |
| Printing and stationery | 2,108,004 | 936,191 |
| Advertisement and publicity | 2,215,136 | 2,209,769 |
| **Total** | **4,323,140** | **3,145,960** |
| **29.a STATIONERY, PRINTING, ADVERTISEMENTS etc.(consolidated)** | | |
| Union Capital Limited | 4,323,140 | 3,145,960 |
| UniCap Securities Limited | 799,394 | 421,919 |
| UniCap Investments Limited | 326,458 | 115,352 |
| **Total** | **5,448,992** | **3,683,231** |
| **30.0 MANAGING DIRECTOR'S SALARY AND FEES** | **6,428,710** | **4,928,710** |

**31.0 DIRECTORS' FEES**

The Company pays fees to its Directors for attending the Board meetings and its Committee meetings as permitted by Bangladesh Bank. As per Bangladesh Bank's DFIM circular no. 03 dated 24 February 2010 and subsequent DFIM circular no. 13 dated 30 November 2015, a Director may be paid fees for attending Board or its Committee meetings which shall not exceed Tk. 8,000 for attending each meeting subject to certain limits.

| | | |
|---|---|---|
| Directors' fees | 928,000 | 1,064,000 |
| **31.a DIRECTORS' FEES (consolidated)** | | |
| Union Capital Limited | 928,000 | 1,064,000 |
| UniCap Securities Limited | 424,850 | 212,500 |
| UniCap Investments Limited | 71,400 | 82,110 |
| **Total** | **1,424,250** | **1,358,610** |
| **32.0 AUDITORS' FEE** | | |
| Auditors' fee | 100,000 | - |
| VAT on audit fee | 15,000 | - |
| **Total** | **115,000** | **-** |
| **32.a AUDITORS' FEE (consolidated)** | | |
| Union Capital Limited | 115,000 | - |
| UniCap Securities Limited | 69,000 | - |
| UniCap Investments Limited | 49,500 | - |
| **Total** | **233,500** | **-** |

| For the third quarter ended 30 September | 2017 | 2016 |
|---|---|---|
| **33.0 DEPRECIATION AND REPAIR OF ASSETS** | | |
| Depreciation of fixed assets-freehold | 3,827,422 | 3,440,434 |
| Depreciation of fixed assets-leasehold vehicle | - | 148,665 |
| Amortization of intangible assets | 170,701 | 121,038 |
| Repairs and maintenance of assets | 172,559 | 171,721 |
| Office maintenance | 3,149,648 | 1,507,944 |
| **Total** | **7,320,330** | **5,389,802** |
| **33.a DEPRECIATION AND REPAIR OF ASSETS (consolidated)** | | |
| Union Capital Limited | 7,320,330 | 5,389,802 |
| UniCap Securities Limited | 6,512,123 | 4,243,479 |
| UniCap Investments Limited | 1,781,774 | 1,496,562 |
| **Total** | **15,614,227** | **11,129,843** |
| **34.0 OTHER EXPENSES** | | |
| HR development | 371,399 | 207,287 |
| Travelling and conveyance | 5,205,885 | 3,623,286 |
| Motor vehicle expenses | 808,874 | 770,766 |
| Subscription and fees | 3,110,200 | 2,182,964 |
| Books, magazines, newspapers, etc | 26,016 | 21,614 |
| AGM expenses | 1,963,402 | 1,908,721 |
| Entertainment and public relation & others | 7,043,685 | 4,038,956 |
| Donation | 859,350 | 635,660 |
| **Total** | **19,388,811** | **13,389,254** |
| **34.a OTHER EXPENSES (consolidated)** | | |
| Union Capital Limited | 19,388,811 | 13,389,254 |
| UniCap Securities Limited | 46,595,407 | 22,224,812 |
| UniCap Investments Limited | 1,002,476 | 557,130 |
| | 66,986,695 | 36,171,195 |
| Less: Inter-company transactions | - | - |
| **Total** | **66,986,695** | **36,171,195** |
| **35.0 RECEIPTS FROM OTHER OPERATING ACTIVITIES** | | |
| Delinquent interest, IDCP etc. | 5,170,816 | - |
| Renewals and proceeds | 9,638,289 | 14,083,037 |
| **Total** | **14,809,105** | **14,083,037** |
| **36.0 PAYMENTS FOR OTHER OPERATING ACTIVITIES** | | |
| HR development | 371,399 | 207,287 |
| Travelling and conveyance | 5,205,885 | 3,623,286 |
| Motor vehicle expenses | 808,874 | 770,766 |
| Subscription and fees | 3,110,200 | 2,182,964 |
| Books, magazines, newspapers, etc | 26,016 | 21,614 |
| AGM expenses | 1,963,402 | 1,908,721 |
| Entertainment and public relation & others | 7,043,685 | 4,038,956 |
| Donation | 859,350 | 635,660 |
| **Total** | **19,388,811** | **13,389,254** |

| For the third quarter ended 30 September | 2017 | 2016 |
|---|---|---|

## 37.0 EARNINGS PER SHARE

Earnings Per Share (EPS) is calculated in accordance with Bangladesh Accounting Standard 33: *Earnings Per Share* which has been shown on the face of Profit and Loss account.

### 37.1 Basic earnings per share

The calculation of basic earnings per share at 30 September 2017 was based on the loss attributable to ordinary shareholders of Tk. (450,227,465) (30 September 2016: Tk. 59,360,514) and a weighted average number of ordinary shares outstanding for the year ended 30 September 2017 was 156,529,563 (30 June 2016: 142,299,603).

During the period ended 30 September 2017, provision for loans and leases and diminution in value of investments was BDT 458,194,586 which is 171% higher than the comparative figure of 2016 resulting in a significant decrease in the EPS for the period ended 30 September 2017

| | | |
|---|---|---|
| **Profits attributable to ordinary shareholders** | | |
| Net profit for the year | (450,227,465) | 59,360,514 |
| **Weighted average number of ordinary shares** | | |
| Ordinary shares at 1 January | 142,299,603 | 132,990,283 |
| Bonus shares issued | 14,229,960 | 9,309,320 |
| Weighted average number of ordinary shares at 30 September | 156,529,563 | 142,299,603 |
| Restated weighted average number of ordinary shares | 156,529,563 | 156,529,563 |
| **Earnings per share** | **(2.88)** | **0.42** |
| **Earnings per share (restated)** | **(2.88)** | **0.38** |

### 37.2 Diluted earnings per share

The dilutive effect relates to the average number of potential ordinary share held under option of convertibility. There was no such dilutive potential ordinary share during the halt year ended 30 September 2017 and hence no diluted earnings per share is required to be calculated.

## 37.a EARNINGS PER SHARE (consolidated)

| | | |
|---|---|---|
| **Profits attributable to ordinary shareholders** | | |
| Net profit for the year (consolidated) | (341,735,688) | 69,584,131 |
| **Weighted average number of ordinary shares** | | |
| Ordinary shares at 1 January | 142,299,603 | 132,990,283 |
| Bonus shares issued | 14,229,960 | 9,309,320 |
| Weighted average number of ordinary shares at 30 September | 156,529,563 | 142,299,603 |
| Restated weighted average number of ordinary shares | 156,529,563 | 156,529,563 |
| **Earnings per share- consolidated** | **(2.18)** | **0.49** |
| **Earnings per share- consolidated (restated)** | **(2.18)** | **0.44** |

## 38.0 (INCREASE)/DECREASE IN OTHER ASSETS

| | | |
|---|---|---|
| Accrued interest | 47,384,141 | (6,693,026) |
| Advance office rent | (187,035) | 52,063 |
| Advance to employees | (283,013) | (618,139) |
| Receivable from brokerage houses against sale of shares | 79,576,117 | 152,752,151 |
| Others | 70,633,528 | (39,593,915) |
| | **197,123,738** | **105,899,134** |

| For the third quarter ended 30 September | 2017 | 2016 |
|---|---|---|
| **39.0 INCREASE/(DECREASE) IN OTHER LIABILITIES** | | |
| Interest suspense | 100,676,314 | 65,751,811 |
| Financial expenses payable | 3,191,159 | (30,184,468) |
| Excise duty | (501,012) | (428,281) |
| Withholding tax payable | 10,377,341 | (11,606,155) |
| VAT payable | (82,182) | 571,137 |
| Accrued expenses and other payable | (17,563,359) | (5,725,596) |
| | **96,098,261** | **18,378,447** |

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