



COVER STORY

Shaping a Sustainable Future Annual Report 2016

Sustainable growth or development is the key organizing rule for meeting human development goals while sustaining existing systems to provide the natural resources and ecosystem services upon which the economy and society of Bangladesh depends. At United Commercial Bank Limited, we see sustainable growth as a gateway into a more prosperous future, not just for us, but for our country as a whole.

To this end, we at UCB have stood and will continue to stand committed towards the economic and social development of Bangladesh, in the continuous development of trade, commerce and industry by investing in network expansion and new technology adoption to have a competitive advantage.

Besides many large corporate houses, our endeavors include promotion and financing of several hundreds small and medium enterprises, the strengthening of Bangladesh's export sector, all of which contributes to the sustainable development of the country.

However, even with all these initiatives towards a sustainable future, our work never stops; for we stand and always will stand with the fact that United we Achieve.



LETTER OF TRANSMITTAL

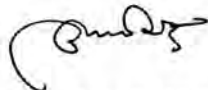
To
All Shareholders
Bangladesh Bank
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Subject : Annual Report for the year ended December 31, 2016

Dear Sir (s),

We are pleased to enclose a copy of the Annual Report of United Commercial Bank Limited together with the Audited Financial Statements as at December 31, 2016 for kind information & record.

Sincerely Yours,



ATM Tahmiduzzaman, FCS
Company Secretary



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GENERAL INFORMATION

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Our Brand
Strategic Priorities /Objectives
Awards & Recognition
Corporate Profile
UCB's Milestones
Five Years' Financial Summary
Graphical Review
Group Corporate Structure
Organogram
Code of Conduct & Ethics



FORWARD LOOKING STATEMENT

This announcement constitutes forward-looking statements about the bank, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations or forecasts.

These statements include statements regarding our intent, belief or current expectations regarding our customer base, estimates regarding future growth in our different business lines and our overall business, market share, financial results and other aspects of our activity and situation relating to the bank. The forward-looking statements in this document can be identified, in some instances, by the use of words such as "expects", "anticipates", "intends", "believes", and similar language or the negative thereof or by the forward-looking nature of discussions of strategy, plans or intentions.

Such forward-looking statements, by their nature, are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors.

Neither this presentation nor any of the information contained herein constitutes an offer of purchase, sale or exchange, nor a request for an offer of purchase, sale or exchange of securities, or any advice or recommendation with respect to UCB. Moreover, be informed that this document may contain summarized information or information that has not been audited. In this sense, this information is subject to, and must be read in conjunction with, all other publicly available information, including if it is necessary, any disclosure documents published by the bank.

Finally, we caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our future oriented statement, to make any decision with respect to the bank, investors and other should carefully consider the foregoing factors and other uncertainties and potential events. We do not undertake to update any future oriented statement, whether written or oral that may be made from time to time by us on our behalf.

VISION, MISSION AND CORE VALUES



VISION

To be the Bank of first choice through maximizing value for our clients, shareholders & employees and contributing to the national economy with social commitments

MISSION

To offer financial solutions that create, manage and increase our clients' wealth while improving the quality of life in the communities we serve

CORE VALUES

- ◆ We put our customers first
- ◆ We emphasize on professional ethics
- ◆ We maintain quality at all levels
- ◆ We believe in being a responsible corporate citizen
- ◆ We say what we believe in
- ◆ We foster participative management



OUR BRAND



The **UCB** Makeover

Change, regardless of its importance, is feared by some, yet welcomed by others and how even the slightest bit of it can impact us. With this in mind, we at United Commercial Bank Limited decided to change how the nation, perceives us. In order to show them that we can retain and further sharpen our competitive edge in an ever evolving market; that we can meet the needs of a growing base of loyal customers.

Thus, we changed, to understand the importance of our customers', to build and maintain profitable relationships, to deliver superior value and satisfaction. We changed, because we know it will help us serve our existing customers better, while attracting new ones because we, as a company, remain the same with our core values, our beliefs, visions and our philosophies.

Our logo has been inspired by the caring attitude that promotes unity, care and progression. This symbol is the coming together of two hands. The curved and homely features of the symbol reflect our dynamic principles of a caring friendliness that ushers progression in an inspiring way. With our financial expertise, there is no limit to what we can achieve. The power for this comes from one hand being held and supported by another, creating new paths for growth, progress and success; for only United we Achieve.

STRATEGIC PRIORITIES/OBJECTIVES



**Enjoyable
experience**

To make all the stakeholders happy and to make the entire banking process an enjoyable experience for everyone



Compliant

To be compliant with all the rules and regulations applicable in Bangladesh



**Innovation and
diversity**

To foster creativity, innovation and diversity with the view to sustainable business growth



**Needs of future
generation**

Continuous development without compromising needs of future generation



**World class
IT infrastructure**

To ensure satisfaction of all the UCB's customers through delivering services with the implementation of world class IT infrastructure



Good Governance

To establish good governance



Risk Management

Ensuring effective risk management system within entire phases of activities



**Corporate Social
Responsibilities**

Focusing on Corporate Social Responsibilities (CSR) in a responsible manner



image

To build & enhance brand image

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AWARDS

& RECOGNITION

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AWARDS & RECOGNITION



ICAB Best Presented Annual Report Award 2015 received by the DMD & CFO of UCBL



International Trophy for Quality award by The Global Trade Leaders' Club



Annual Report 2015

- 01 SAFA Best Presented Annual Report Award (First Runner Up)
- 02 ICAB Best Presented Annual Report Award (Second Position)

Annual Report 2014

- 03 ICAB Best Presented Annual Report Award (First Position)
- 04 ICSB National Award for Corporate Governance Excellence (Silver Award)
- 05 SAFA Best Presented Annual Report Award (Certificate of Merit)

Annual Report 2013

- 06 ICSB National Award for Corporate Governance Excellence (Bronze Award)
- 07 ICAB Best Presented Annual Report (Certificate of Merit)



AWARDS & RECOGNITION



SAFA Best Presented Annual Report Award 2015 received by Honorable Managing Director of UCBL



International Trophy for Quality award by The Global Trade Leaders' Club



CEO of the Year by Global Brand Excellence Award



Effective Use of Marketing Communication Award Ucash by Global Brand Excellence Award





United Commercial Bank Limited (UCB) started its humble journey in mid 1983 with a firm commitment of the economic and social development of Bangladesh and has been able to establish itself as one of the largest private commercial banks in Bangladesh today.

CORPORATE PROFILE

UCB has played a pivotal role in creating, nourishing and establishing leading entrepreneurs of the country and without these very special people (entrepreneurs) we wouldn't have the economically strong Bangladesh we have today. UCB is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and the bank has been included in DS30 Index, formulated by world renowned S&P, considering the bank as one of the top 30 listed companies in Bangladesh.

UCB offers a wide range of banking products and financial services to corporate, SME and retail customers through a variety of delivery channels and through its subsidiary companies. With a vast network of 168 branches along with Off-shore banking unit, mobile financial service (UCash), priority banking (UCB Imperial), remittance services, credit card business and with dedicated human capital of 4,152 the bank has already made a distinct mark in the realm of private sector banking through boutique service, innovative practices, dynamic problem solving approach and efficient management. The bank has very special focus on import-export, agriculture, SME sector and retail business with a view to lead in nationwide financial inclusion and green banking initiatives. The Bank has two wholly owned subsidiaries namely i.e. UCB Capital Management Limited (provides brokerage services in the capital market) and UCB Investment Limited (aims to carry out full-fledged merchant banking activities in Bangladesh).

UCB's Board members include eminent individuals with industry, financial and operational expertise. The board consists of 20 members including 3 independent directors and managing director. There are three committees under the board which are Executive Committee, Audit Committee and Risk Management Committee.

Our innovative banking services has been recognized and rewarded even in the global arena. Muhammed Ali, Managing Director of UCB has been awarded as best CEO of the year for Asia Pacific region by World Brand Congress. The bank has also been adjudged as Best Emerging Markets banks by renowned publication Global Finance.

UCB has gone through a massive transformation in the recent past. Our transformation is reshaping the client experience. The Board and the management of the bank clearly realize that multiple forces have reshaped the banking business in the country and UCB has to be ready to grab untapped potential of the country. Moving forward, the bank has clear strategy to rationalize our portfolio, managing risks while accelerating the delivery of consistently strong results with special focus on people, planet and profit to embrace sustainability.

CORPORATE PROFILE

Registered Name	United Commercial Bank Limited
Legal Status	Public Limited Company
Date of Incorporation	26 June 1983
Date of Commencement of Business	27 June 1983
Chairman	M. A. Sabur
Vice Chairman	Anisuzzaman Chowdhury
Chairman, Executive Committee	Showkat Aziz Russell
Chairman, Audit Committee	Akhter Matin Chaudhury
Chairman, Risk Management Committee	Md. Jahangir Alam Khan
Managing Director	Muhammed Ali
Company Secretary	ATM Tahmiduzzaman FCS
Chief Financial Officer	Mohammad Habibur Rahman Chowdhury FCA
Date of Listing with DSE	30 November 1986
Date of Listing with CSE	15 November 1995
Authorized Capital	BDT 15,000 million
Paid up Capital	BDT 10,541.31 million
Total Manpower	4,152
Number of Branches	168
Number of AD Branches	28
Number of Agri. Branches	02
Number of ATM Booths	164
Auditors	Syful Shamsul Alam & Co. Chartered Accountants Paramount Heights (level-6) 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-1000, Bangladesh
Tax Consultants	Md. Mosharrof Hossain, Advocate Room No-20, 28A, Kakrail (3rd Floor) Dhaka
Rating Agency	Emerging Credit Rating Ltd. Shams Rangs, Level A1, A2 & A5 House 104, Park Road, Baridhara, Dhaka 1212
Registered office	Plot- CWS(A) -1 , Road - 34, Gulshan Avenue Dhaka-1212 , Bangladesh
Telephone	0088 09611 999999/008802 55668070
E-mail	info@ucb.com.bd
Website	www.ucb.com.bd
SWIFT	UCBL BDDH
Trading Symbol	UCB

UCB'S MILESTONES

2015	17 September 2015 UCB new Logo Launching
2015	29 July 2015 Issued Subordinated Bond of BDT 5,000 million
2013	23 November 2013 Launched UCash Mobile Financial Service
2013	16 May 2013 Issued Subordinated Bond of BDT 2,000 million
2011	03 August 2011 Incorporation of UCB Investment Limited
2011	21 June 2011 Exempted from Early Warning Signal
2011	24 January 2011 Obtained Permission for Issuance of Rights Share
2010	10 December 2010 Change of Face Value & Market Lot of Shares
2010	01 November 2010 Opening of Off shore Banking Unit at Gulshan, Dhaka
2010	24 May 2010 100th Branch Opening (Kanchan branch)
2010	01 February 2010 Shifting Corporate office from Motijheel to Gulshan
2010	28 January 2010 Incorporation of UCB Capital Management Limited
2009	20 July 2009 Opening of 1st ATM
2005	29 May 2005 Trading of Shares started in Demat Form in Stock Exchanges
2003	19 October 2003 Registered as Depository participant of CDBL
1995	15 November 1995 Listed with Chittagong Stock Exchange Limited
1988	27 December 1988 50th Branch Opening (Mohammadpur Branch)
1986	30 November 1986 Listed with Dhaka Stock Exchange Limited
1983	28 June 1983 - License issued by Bangladesh Bank - License issued for opening of first Branch (Principal Branch)
1983	27 June 1983 Commencement of Business
1983	26 June 1983 Incorporation of the Company



FIVE YEARS' FINANCIAL SUMMARY

(Figures in million Taka except ratio and per share data)

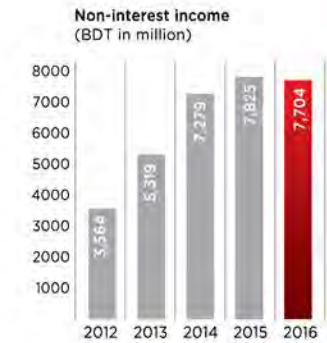
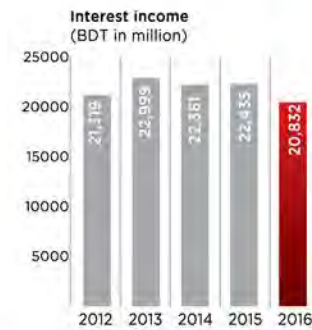
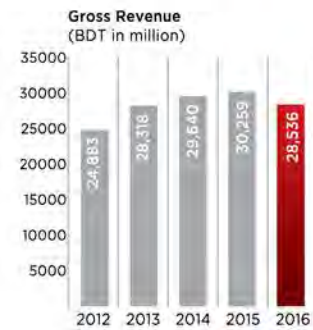
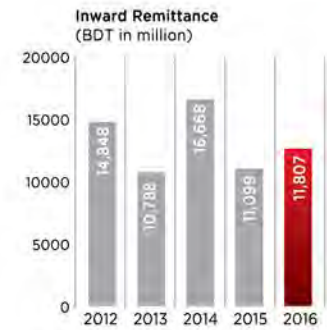
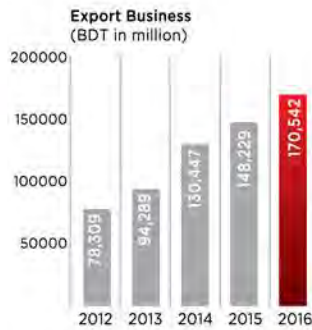
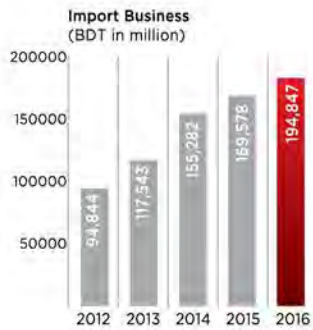
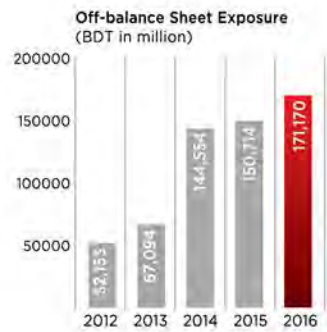
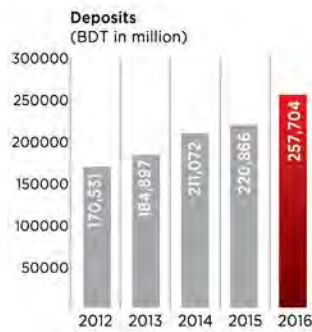
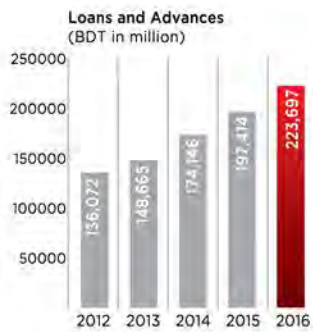
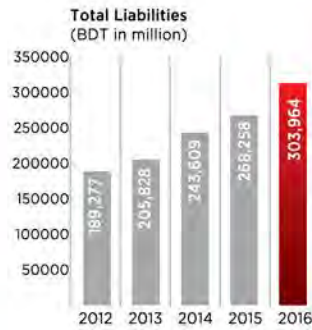
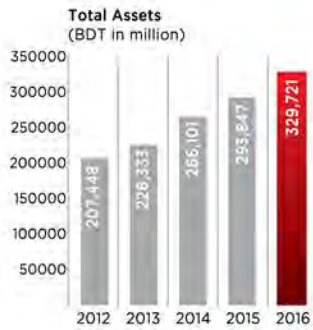
Results of Operation	2016	2015	2014	2013	2012
Interest income	20,832.15	22,434.57	22,360.83	22,999.36	21,318.92
Interest expense	12,194.04	14,711.18	14,430.24	15,919.86	14,705.21
Net interest income	8,638.11	7,723.38	7,930.59	7,079.50	6,613.71
Non-interest income	7,703.97	7,824.62	7,278.80	5,319.08	3,563.95
Non-interest expenses	8,754.70	7,145.66	6,489.93	5,272.21	4,415.44
Gross Revenue	28,536.12	30,259.19	29,639.63	28,318.44	24,882.87
Gross Profit	16,342.08	15,548.00	15,209.39	12,398.58	10,177.66
Operating profit	7,587.38	8,402.34	8,719.46	7,126.37	5,762.22
Earning before interest, depreciation and tax*	6,474.45	8,254.73	7,571.27	6,413.71	4,008.94
Profit before tax	5,189.88	7,252.34	6,835.67	5,887.32	3,739.06
Net profit after tax	2,628.63	3,977.34	3,668.73	3,065.41	1,586.13
Balance Sheet					
Authorized capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up capital	10,541.31	10,039.34	8,366.12	8,366.12	8,366.12
Shareholders' equity	25,756.32	25,588.82	22,491.54	20,504.97	18,171.02
Borrowing	25,565.10	10,705.57	6,024.88	6,993.51	4,713.33
Deposits	257,704.30	220,866.48	211,072.06	184,896.85	170,530.54
Loans and advances	223,697.18	197,413.64	174,146.10	148,664.86	136,071.65
Investments	55,475.64	44,345.73	44,288.60	35,587.25	26,090.32
Fixed assets	8,380.18	8,586.73	8,510.00	7,957.31	5,222.78
Off-balance sheet exposure	171,169.75	150,713.79	144,554.47	67,094.06	52,153.26
Total assets	329,720.78	293,847.23	266,100.74	226,333.13	207,448.38
Total liabilities	303,964.46	268,258.41	243,609.20	205,828.17	189,277.37
Share Information					
Market price per share	21.30	21.30	29.30	25.10	23.60
No. of shares outstanding (No. in million)	1,054.13	1,003.93	836.61	836.61	836.61
Earnings per share (basic)	2.49	3.96	4.39	3.66	1.90
Earnings per share (restated)	2.49	3.96	3.65	3.05	1.58
Total Dividend (percent)	15.00	25.00	30.00	20.00	10.00
Cash Dividend (percent)	15.00	20.00	10.00	20.00	10.00
Stock Dividend (percent)	-	5.00	20.00	-	-
Net asset value per share	24.43	25.49	26.88	24.51	21.72
Price earning ratio (times)	8.54	5.38	6.68	6.85	12.42
Dividend cover ratio (times)	1.66	1.58	1.46	1.83	1.90
Dividend Yield (percent)	7.04	11.74	10.24	7.97	4.24
Market capitalization (BDT in million)	22,452.99	21,383.79	24,512.72	20,998.95	19,744.03

FIVE YEARS' FINANCIAL SUMMARY

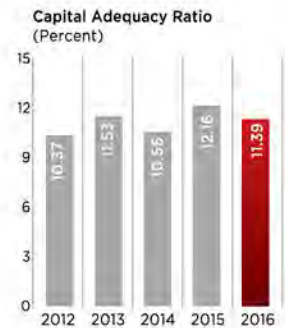
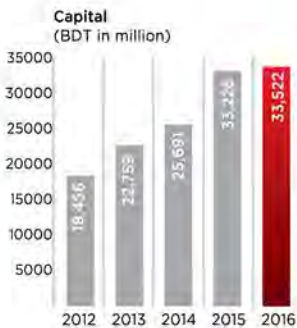
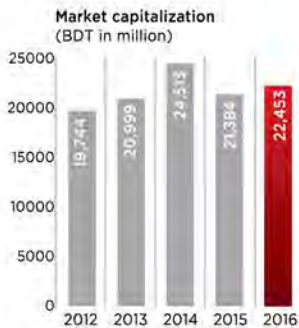
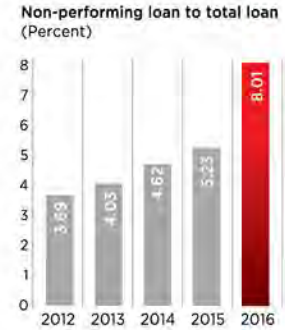
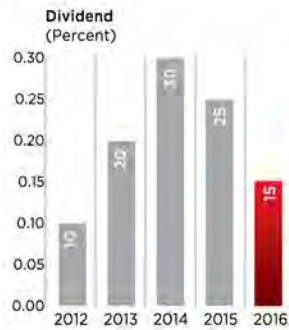
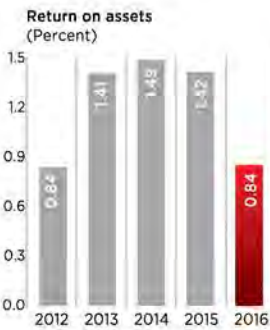
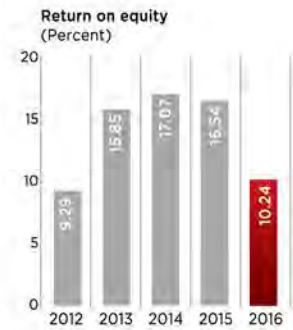
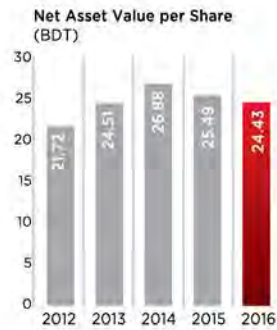
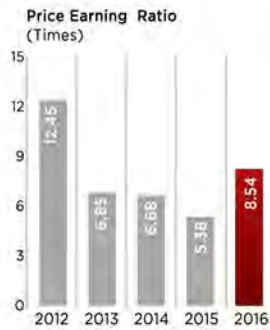
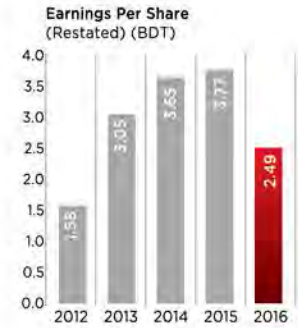
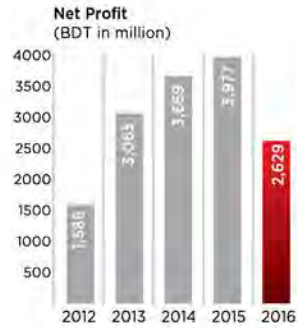
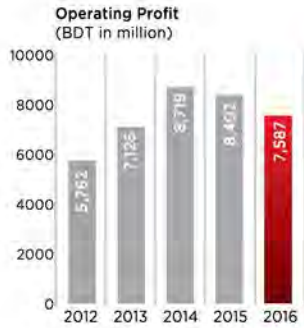
Foreign Exchange Business	2016	2015	2014	2013	2012
Import	194,846.90	169,577.70	155,282.40	117,542.90	94,843.80
Export	170,541.50	148,229.30	130,447.20	94,288.50	78,309.10
Remittance	11,807.10	11,098.50	16,667.90	10,788.07	14,848.30
No. of Foreign correspondents	548	537	532	363	357
Financial Ratios (%)					
Cost-income ratio	53.57	45.96	42.67	42.52	43.38
Credit-deposit ratio	80.54	84.57	78.92	79.81	79.79
Debt equity ratio (times)	11.00	9.36	9.85	9.19	9.45
Gross profit ratio	57.27	51.38	51.31	43.78	40.90
Current Ratio (times)	1.16	1.14	1.13	1.13	0.80
Return on Capital Employed	5.50	12.27	13.10	12.17	8.17
Net interest income as a % of working funds i.e. Operating Cost-Efficiency Ratio	30.99	40.46	45.35	44.47	(20.38)
Operating profit as % of working funds	27.22	44.02	49.86	44.77	(17.75)
Return on assets	0.84	1.42	1.49	1.41	0.84
Return on equity	10.24	16.54	17.07	15.85	9.29
Burden coverage ratio	88.00	109.50	112.16	100.89	80.72
CASA Deposit as % of Total Deposit	26.33	25.14	21.08	16.69	14.97
Cost of fund	7.60	9.18	10.16	11.66	12.46
Yield on advance	9.71	11.75	13.87	16.21	16.23
Spread	2.11	2.57	3.71	4.55	3.77
Capital Measures					
Total Risk Weighted Assets	294,391.54	273,327.11	243,250.40	197,380.55	177,900.41
Tire I Capital	23,026.98	22,406.21	19,265.48	17,269.97	15,041.18
Tire II Capital	10,494.92	10,820.24	6,425.70	5,488.79	3,414.56
Total Capital	33,521.90	33,226.45	25,691.18	22,758.76	18,455.74
Tire I Ratio (percent)	7.82	8.20	7.92	8.75	8.45
Tire II Ratio (percent)	3.56	3.96	2.64	2.78	1.92
Capital Adequacy Ratio (percent)	11.39	12.16	10.56	11.53	10.37
Required Capital	31,279.10	27,332.71	24,325.04	19,738.05	17,790.04
Capital Surplus/(Shortage)	2,242.80	5,893.74	1,366.14	3,020.71	665.70
Liquidity Measures					
Cash Reserve Requirement (percent)	6.87	6.82	7.40	6.35	6.29
Statutory Liquidity Ratio (percent)	22.11	19.68	23.57	21.85	17.84
Current Assets	197,342.86	156,194.81	152,644.65	142,570.40	133,804.72
Current liabilities	169,472.24	137,106.88	135,156.26	126,652.28	166,262.80
Net Current Assets	27,870.62	19,087.93	17,488.39	15,918.12	(32,458.08)
Long term liabilities	134,492.22	131,151.53	108,452.94	79,175.89	21,814.54
Long term liabilities/Current liabilities (percent)	79.36	95.66	80.24	62.51	13.12
Asset Quality					
Non Performing Loans	17,920.57	10,324.69	8,050.04	5,985.17	5,015.58
% of NPL to Total Loans ad advances	8.01	5.23	4.62	4.03	3.69
Total provision for Classified loans and advances	4,160.12	2,730.27	1,929.58	2,122.87	1,850.54
Total provision for Unclassified loans and advances	1,741.87	1,672.98	1,751.24	1,200.34	1,328.09
Total provision for Investment	292.84	292.84	292.84	292.84	351.89
Total provision for Other assets	89.82	97.44	58.34	31.41	24.91
Total provision for Off BS Items	1,581.68	1,252.10	1,055.51	670.95	521.55
Other information					
No. of branches	168	158	148	139	130
No. of ATM	164	151	115	101	81
No. of employees	4,152	3,837	3,679	3,445	3,374
Operating Profit per employee (BDT in million)	1.83	2.19	2.37	2.07	1.71

* Earning before interest on long term debt, depreciation and tax

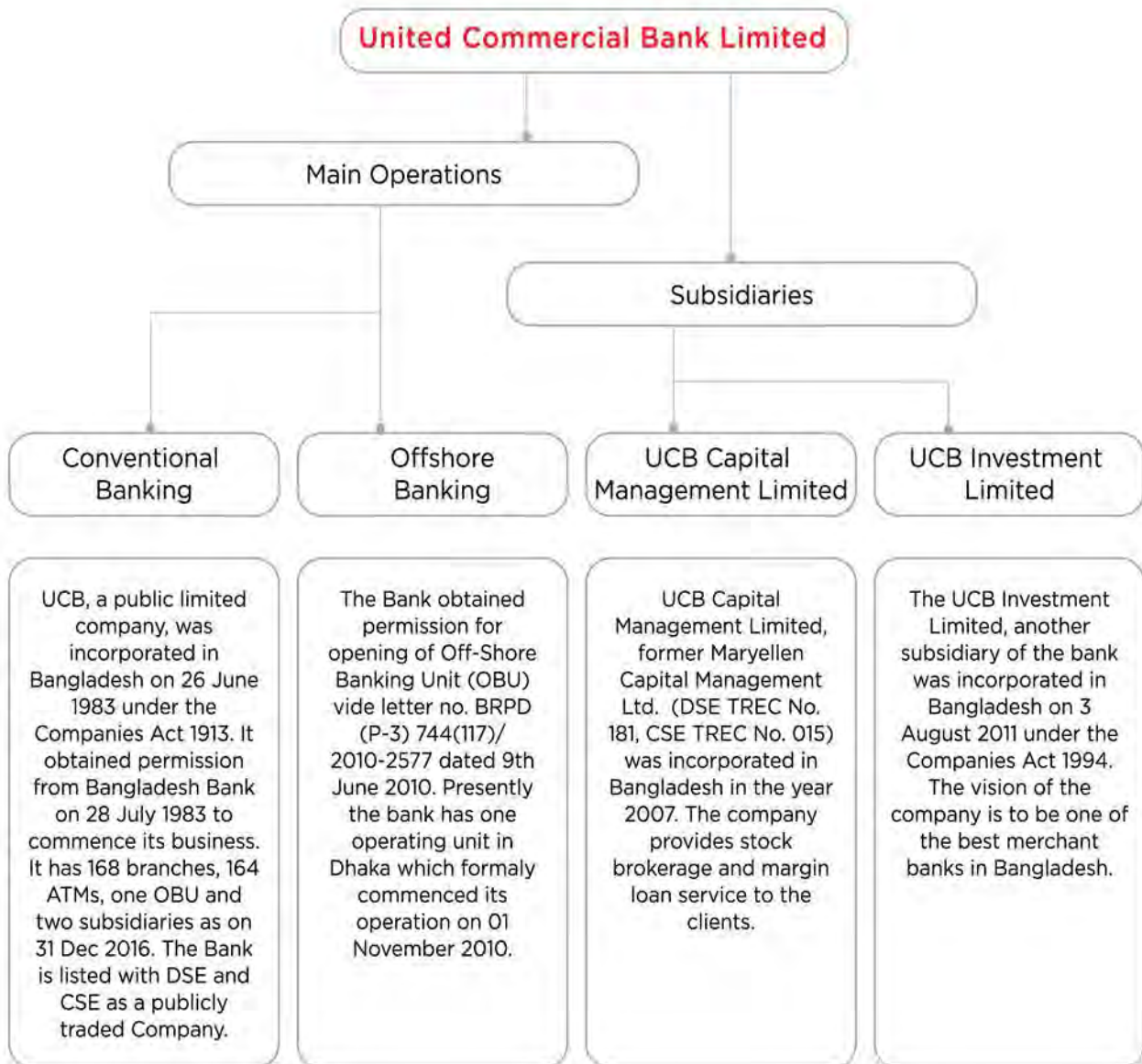
GRAPHICAL REVIEW



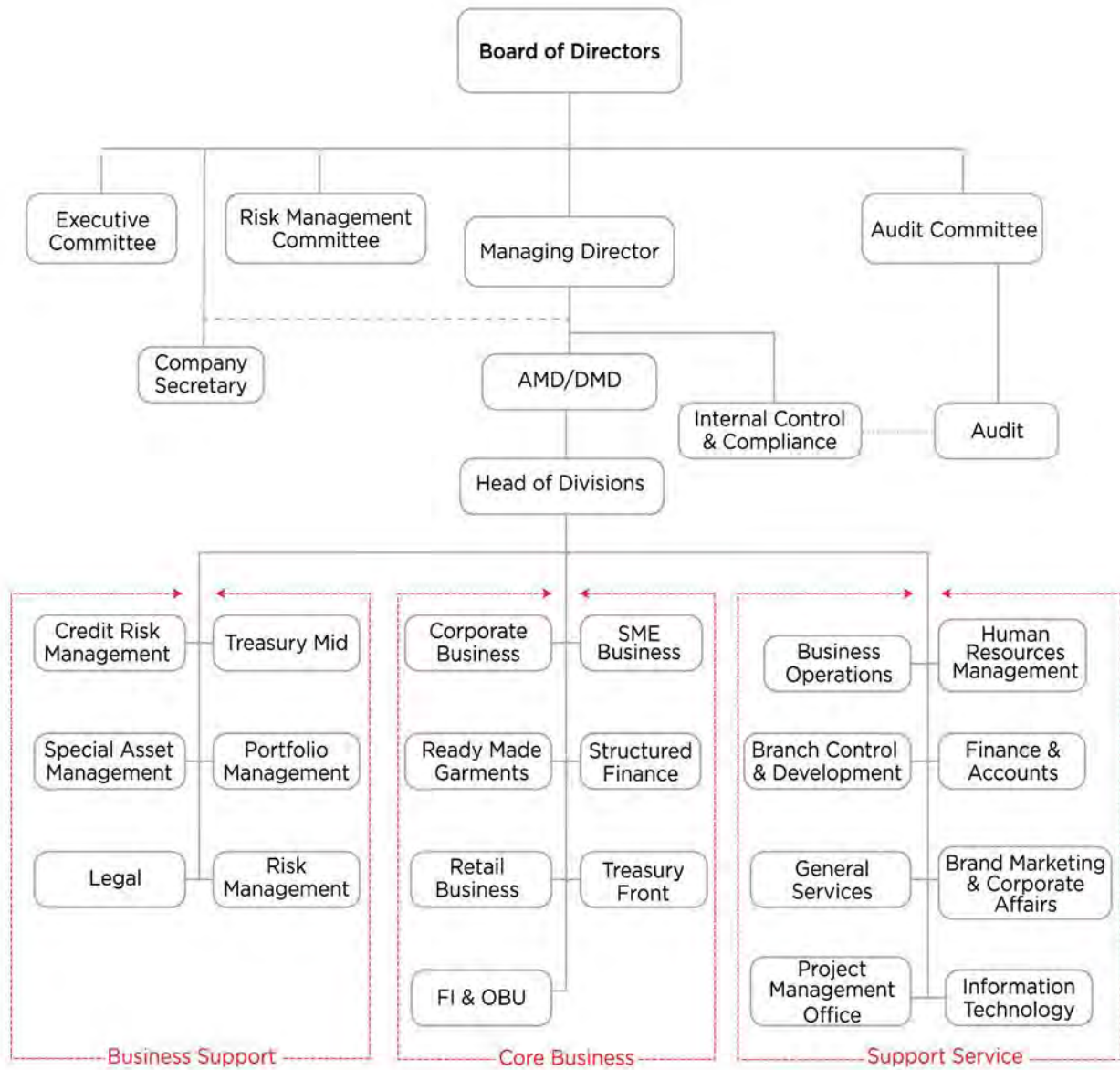
GRAPHICAL REVIEW



GROUP CORPORATE STRUCTURE



ORGANOGRAM



CODE OF CONDUCT AND ETHICS

UCB emphasized the importance of an effective Code of Conduct and Ethics Policy to the promotion of fair and ethical practices by all individuals involved within the banking institution as the policy is a fundamental basis to support the bank's mission and its business operations.

Our employee Code of Conduct and Ethics Policy applies to everyone who works at UCB including employees (both permanent and on probation). As we grow our business and expand our network, it is essential that our employee understand and act upon our Code of Conduct and Ethics Policy. All employees of UCB are required to comply with our Code of Conduct and Ethics Policy and any breach of conduct could lead to termination of employment in serious cases and employees declaration is obtained at the time of joining in UCB. Furthermore, to help our employees in understanding and applying the principles of our Code of Conduct and Ethics Policy, a course is included in FTC.

The followings are the salient features of UCB Code of Conduct and Ethics Policy:

Confidentiality

Confidential information about United Commercial Bank Ltd's business or business plans, products and services, marketing methods, technology or systems must never be disclosed to a third party except pursuant to a statute or regulations, or a valid court order. The Bank owes a strict duty of confidentiality to their customers.

Conflicts of Interest

All employees of United Commercial Bank Ltd. should be scrupulous in avoiding any action or interest that conflicts or gives the appearance of a conflict with the Bank's interests.

Outside Pressure

Employee must refrain from bringing in outside pressure or influence to attain personal gains within the organization; any such attempt will be subject to disciplinary action.

Gifts and Entertainment

Employees are not permitted to accept gifts, entertainment, or other favors from existing or prospective customers of the bank. This is essential to keep the employees of the Bank from being prejudiced or influenced or showing lenient attitude keeping aside bank's interest.

Accuracy of Records and Reporting

Bank's books, records, accounts and reports must accurately reflect its transactions, and must be subject to an adequate system of internal controls and disclosure controls to promote the highest degree of integrity.

Fraud, Theft or Illegal Activities

Employees are to be alert and vigilant with respect to frauds, theft or significant illegal activity committed within the office. If any such activity comes into employee's attention, he/she must immediately report the same to his/her immediate superiors who will arrange for appropriate follow up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Opportunities

Employees are prohibited from taking for themselves personally opportunities that arise through the use of corporate property information or position. They are further prohibited from using corporate property, information or position for personal gain and/or competing with the bank.

Compliance with laws, rules and regulations

United Commercial Bank Ltd. policy is to maintain an open and co-operative relationship with our regulators and to comply with all applicable laws, rules and regulations. Bank also disseminates information regarding compliance with laws, rules and regulations that affect business.

Equal Employment Opportunity

United Commercial Bank Ltd. is an equal opportunity employer in hiring and promotion practices, benefits and wages. The Bank will not tolerate discrimination against any person on the basis of race, religion, color, gender, age, citizenship in recruiting, hiring, placement, promotion, or any other condition of employment.

Discrimination or Harassment

United Commercial Bank Ltd. is committed to prohibition of harassment and intimidation of employees in the workplace. Bank encourages a work environment where employees are valued and respected. Bank promotes equality of gender, race and religion and prohibits sexual or any other kind of discrimination, harassment or intimidation whether committed by or against a superior, coworker, customer, vendor or visitor.





BOARD OF DIRECTORS AND MANAGEMENT PROFILE

Board of Directors & its Committees

Directors' Profile

Management Profile

Key Executive of Divisions

List of Executives

BOARD OF DIRECTORS & IT'S COMMITTEES

Board of Directors as on 31-12-2016

Name of the Directors	Status in the Board
M.A. Sabur	Chairman
Anisuzzaman Chowdhury	Vice- Chairman
Showkat Aziz Russell	Chairman-Executive Committee
Akhter Matin Chaudhury	Chairman-Audit Committee (Independent Director)
Md. Jahangir Alam Khan	Chairman-Risk Management Committee
M. A. Hashem	Director
Hajee Yunus Ahmed	Director
Hajee M.A. Kalam	Director
Sultana Rezia Begum	Director
Nurul Islam Chowdhury	Director
Bazal Ahmed	Director
Sharif Zahir	Director
Shabbir Ahmed	Director
Md. Tanvir Khan	Director
Ahmed Arif Billah	Director
Asifuzzaman Chowdhury	Director
Rukhmila Zaman	Director
Syed Mohammed Nuruddin	Independent Director
Dr. Salim Mahmud	Independent Director
Muhammed Ali	Managing Director

Executive Committee as on 31-12-2016

Name of the Directors	Status in the Committee
Showkat Aziz Russell	Chairman
Anisuzzaman Chowdhury	Member
Md. Jahangir Alam Khan	Member
Hajee Yunus Ahmed	Member
Hajee M. A. Kalam	Member
Ahmed Arif Billah	Member
Sharif Zahir	Member

Audit Committee as on 31-12-2016

Name of the Directors	Status in the Committee
Akhter Matin Chaudhury	Chairman
Shabbir Ahmed	Member
Md. Tanvir Khan	Member
Asifuzzaman Chowdhury	Member
Syed Mohammed Nuruddin	Member

Risk Management Committee as on 31-12-2016

Name of the Directors	Status in the Committee
Md. Jahangir Alam Khan	Chairman
Hajee Yunus Ahmed	Member
Sharif Zahir	Member
Nurul Islam Chowdhury	Member
Bazal Ahmed	Member

ATM Tahmiduzzaman, FCS	Company Secretary
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**BOARD OF
DIRECTORS**



BOARD OF DIRECTORS



EXECUTIVE COMMITTEE



AUDIT COMMITTEE



RISK MANAGEMENT COMMITTEE



KEY MANAGEMENT



Hon'ble
Deputy
Managing
Directors not
present in
the group
photograph



DIRECTORS' PROFILE



M. A. Sabur
Chairman

M. A. Sabur, a leading industrial entrepreneur, is the Chairman of UCB. He is also the Chairman of Masco Group and Maxim Group, leading export houses in textile sector of the country.

An MBA, M. A. Sabur is the son of Late Alhaj Raham Ali. He belongs to a respectable Muslim family and hails from Kanchon of Narayanganj District. He is a member of IBA Alumni Association, Dhaka University Alumni Association & also a golfer, being lifetime member of Kurmitola Golf Club, Dhaka and Bhatiary Golf Club, Chittagong. M.A. Sabur is actively associated with various educational & socio-cultural organizations of Dhaka & Chittagong.

This illustrious personality is guiding the Bank in exploring new opportunities of business procurement in this competitive market.



Anisuzzaman Chowdhury
Vice-Chairman

Anisuzzaman Chowdhury, a young and dynamic industrialist of the country, is the Vice-Chairman of UCB.

He is also Director of Ronny Chemical Industries Ltd. and Bitucom Ltd. He holds Graduation in Business Administration from Palm Beach Atlantic College of USA. Anisuzzaman Chowdhury was born in a glorious & highly respectable Muslim family of Anwara under Chittagong District of the country.

With his brilliance and prudence, he has been contributing in UCB to reach its vision through providing best banking services in the country.



Showkat Aziz Russell
Director & Chairman,
Executive Committee

Showkat Aziz Russell son of M. A. Hashem-an iconic Businessman (founder of Partex Group), ventured into industrial sector, manufacturing textile yarn, fabric, RMG, wood & jute chip particle boards with variety of veneered lamination and furniture, eventually branched out with Amber nationwide fashion outlets including Hotel & Resorts. He, however strongly stepped into Information & Communication Technology business under Amber IT facilitating Internet Gateway, software solutions, IP telephony, e-commerce furthering business in Media under Amber Media operating two FM radio channels, IP TV widely viewable globally, studio production house & recording company.

In gradual progression all of his ventures culminated into Amber Group. Amber being the name of his beloved grandmother. The Group came into being in 1995 & steadily flourished with the gradual demand for its products in the market. Backed by highly advanced technology and sophisticated state of the art manufacturing facilities, Amber Group is being managed by qualified technical and management professionals. The excellence of its products and blooming genius of its personnel are the strength of the organization. Amber Group, with its various interests, is marching ahead with drive and determination to be reckoned with as one of the best in all areas it operates.

In UCB, Showkat Aziz Russell is the Chairman of Executive Committee who played the most instrumental role in establishing the Core Banking Software (CBS) for extending technology-based services for its vast clientele. Moreover, he patronized the introduction of U Cash, the Mobile Financial Services of UCB, to include the country's people having no bank accounts in the past under UCB's service coverage.

He is the Chairman of the Board of Trustees of IBAIS University. This eminent entrepreneur is also the Vice-President of Bangladesh Textile Mills Association and Director of Real Estate Housing Association of Bangladesh (REHAB).

Showkat Aziz Russell is actively involved in promoting games and sports of the country. Currently, he is the Director of Bangladesh Cricket Board (BCB).



Akhter Matin Chaudhury
Independent Director &
Chairman, Audit Committee

Akhter Matin Chaudhury, a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Chartered Accountants of Bangladesh and a Fellow of the Institute of Chartered Secretaries of Bangladesh, is one of the Independent Directors & Chairman of Audit Committee of UCB.

Mr. Chaudhury qualified as a Chartered Accountant in 1976 in the United Kingdom, where he lived and worked for various organizations for 15 years. He returned to Bangladesh in 1987 to join BOC Bangladesh Ltd., a multinational industrial gases company, where he served in various capacities, including General Manager (Finance) & Company Secretary, and ultimately on the Board as Director (Gases). He left BOC in 1998 to co-found Eshna Consulting Team Ltd., a management consulting company, of which he was the Managing Director.

In 2000, Akhter Chaudhury joined Organon (Bangladesh) Ltd., since renamed Nuvista Pharma Ltd., and has been its Managing Director since 2001, assuming the additional role of Chairman since 2006.

Mr. Chaudhury sits on the Executive Committee of the Bangladesh Association of Pharmaceutical Industries and is Vice President of Metropolitan Chamber of Commerce and Industry, Dhaka.

Akhter Chaudhury takes an active interest in Youth Development. Towards this he is the Chairman of Bangladesh Youth Leadership Centre.

Mr Chaudhury is keen on quality education and lectures MBA and EMBA students on Strategic Planning. He also serves on the Board of Advisers of BRAC Business School at BRAC University.

DIRECTORS' PROFILE



Md. Jahangir Alam Khan
Director & Chairman,
Risk Management Committee

Md. Jahangir Alam Khan, an eminent industrialist, is the current Chairman of Risk Management Committee of the Board of Directors of UCB. He is also the Managing Director of J.K. Group of Industries, a leading business house in Textile sector.

Md. Jahangir Alam Khan, son of Late Md. Salamat Khan, was born in a highly respectable Muslim family of Gohira, Raojan in the district of Chittagong. He is the founder of J.K. Memorial Hospital (Charitable) at Gohira, p.s. Raozan established under J.K. Foundation. He is also the lifetime member of Bhatiary Golf Club, Chittagong and Bangladesh Red Crescent Society, Chittagong. He was also the president of Chittagong Samity, Dhaka for consecutive four terms. For accelerating positive social changes, he maintains a strong rapport with many other educational & socio-cultural organizations. Government of Bangladesh has honored him as CIP (Commercially Important Person) for his contribution to the national economy.

Md. Jahangir Alam Khan is mentoring the Bank to ensure accountability & protect all the Interest of the Bank to achieve desired standards.



M. A. Hashem
Director

M. A. Hashem, prominent business tycoon of the country & former Member of Parliament, is the Director and immediate past chairman of UCB. He is the founder & Chairman of Partex Group, one of the largest conglomerates in the private sector manufacturing and service based enterprises in Bangladesh.

M. A. Hashem, son of Late Al-Haj Abdul Aziz, was born in a respectable Muslim family of Wasaqpur, Begumganj in the district of Noakhali. In the development tale of Bangladesh, his prudential initiatives & entrepreneurship will be remembered for a long time.

A reputed industrialist and humanitarian. M. A. Hashem is actively associated with many educational and socio-cultural organizations of the country. He is also the founder and member of Trusty Board of North South University, member of Board of Trustees of the IBAIS University, he is also the founder of M. A. Hashem Diabetic Hospital, Chowmuhani, M. A. Hashem University College, Kazirhat, Begumganj and Al-haj Abdul Aziz Lillah Boarding & Orphanage at Chowmuhani, Noakhali. He patronizes a number of social, cultural, charitable & sporting organizations of the country as well.



Hajee Yunus Ahmed
Director

Hajee Yunus Ahmed, an eminent industrialist of the country, is one of the Sponsor Directors of UCB. At the same time he is the Chairman of Yunusco (BD) Limited & Nine 2 Nine Intimates Ltd. Managing Director of Yunusco T & A (BD) Limited & also Director of other companies of Yunusco Group.

Hajee Yunus Ahmed, son of Late Hajee Gura Miah Sowdagar, was born in a respectable Muslim family of Rasulabad, Satkania in the district of Chittagong. A reputed philanthropist, Hajee Yunus is actively associated with many educational and socio-cultural organizations of Chittagong and Dhaka.



Hajee M. A. Kalam
Director

Hajee M. A. Kalam is one of the Sponsor Directors of UCB. This distinguished businessman is the Chairman of M. A. Kalam Ltd., United Overseas (BD) Ltd. and Arab Plantation Ltd.

Hajee M. A. Kalam, son of Late Al-haj Mvi. Mohammad Hashem, was born in a highly regarded Muslim family of Chittagong. He is devotedly associated with many educational and socio-cultural organizations of Chittagong. He is the founder of Hajee M. A. Kalam Degree College at Naikhongchari, Banderban and is the President of Arakan Historical Society of Bangladesh.



Sultana Rezia Begum
Director

One of the leading Women Entrepreneurs of the country, Mrs. Sultana Rezia Begum is the Director of UCB. She is the Wife of former MP and State Minister Late Abul Khair Chowdhury who was one of the Sponsor Directors of UCB.

Mrs. Sultana Rezia Begum is also the Director of Somudra Jatra Shipping Lines Ltd. a pioneer enterprise in Shipping Industry of the country. This magnanimous donor unconditionally gives support to a number of charitable organizations.



Nurul Islam Chowdhury
Director

Nurul Islam Chowdhury is one of the Directors of UCB. He is the son of Late Alhaj Sirajul Islam Chowdhury, a sponsor of the Bank.

This distinguished businessman is also the Chairman of Islam Steel Mills Ltd., Eastern Engineers (CTG.) Ltd. and Director of Shoppers World Ltd and Managing Director of NAMS Trading Corporation. He also maintains a strong rapport with many social & educational organizations in the country.

He belongs to an aristocratic Family who are the pioneer in Jute & Steel Industries of the Country.

DIRECTORS' PROFILE



Bazal Ahmed
Director

Bazal Ahmed is the Director and also a member of Risk Management Committee of UCB.

He is the son of late Mr. M. A. Bari; a sponsor Director of the Bank. This spectacular entrepreneur is also the Managing Director of Taj Accessories (Pvt.) Ltd. and Saikat Textile Ind. Ltd. one of the leading enterprises in the garment/textile sector of the country. At the same time he is the proprietor of Taj Trading.

Mr. Ahmed was born in a respectable Muslim family of Sylhet. He is allied with lots of social & educational organizations to accelerate the benefit of the community.



Sharif Zahir
Director

Sharif Zahir, promising industrialist of the country, is one of the Directors of UCB.

Mr. Sharif Zahir is at the same time Chairman of Zero Gravity Ventures Ltd. and Vanguard Asset Management Ltd. and Managing Director of Ananta Apparels Ltd. Ananta Denim Technology Ltd. Ananta Casual Wear Ltd. Ananta Properties Ltd. Ananta Energy Resources, Ananta Knitwear Ltd., Ananta Huaxiang Ltd., Universal Menswear Ltd., DNV Clothing Ltd., Ananta Development Ltd. & Ananta Real Estate Ltd.

He attained his Graduation from University of Texas at Austin, USA in Finance & Economics. Government of Bangladesh has honored Mr. Sharif Zahir as CIP (Commercially Important Person) for his contribution to the national economy.

With his brilliance and originality, he is contributing in transforming UCB as a transparent & accountable organization.



Shabbir Ahmed
Director

Shabbir Ahmed is one of the Directors of UCB. He is the son of Late Farid Ahmed, a Sponsor Director of UCB. He was born on December 25, 1969 in Chandgaon, Chittagong.

This Promising Business personality is also the Chairman of Farid Label & Accessories, Sharafat & Brothers (Unit 1&2) & pro-packaging Ltd. and at the same time he is the Directors of Kashfi Knitting Ltd. and East End Automobiles Ltd. He also maintains strong relation with various educational & social organizations.



Md. Tanvir Khan
Director

Promising & young Director of UCB, Md. Tanvir Khan was born on September 14, 1983. He attained both his BBA & MBA from University of Toronto, Canada.

He is at the same time director of J.K. Fabrics Ltd. and J.K. Knit Composite Ltd. This budding industrialist is exploring new ideas to improve the business environment for the contemporaries.



Ahmed Arif Billah
Director

Ahmed Arif Billah, a leading young entrepreneur of Bangladesh, is the Director and immediate past Vice-Chairman of UCB.

He is the son of Mr. M. A. Sabur; sponsor Director & current Chairman of UCB. Mr. Ahmed Arif Billah was born on July 29, 1982.

Mr. Ahmed Arif Billah is also the Managing Director of Masco Industries Ltd, Masco Cottons Ltd, Mascotex Ltd, MPL Wear Ltd, Masco Printing & Embroidery Ltd, Tasniah Fabrics Ltd, Masco Poultry Ltd, Masco Linens Ltd, Masco Yarn Dyeing & Printing Ltd, Shanta Expressions Ltd, Masco Exports Ltd, Masco Overseas Ltd, Masco Services Ltd, Concept Knitting Ltd, Masco Picasso Ltd, Masco Superknits Ltd., Masminu Energy Ltd., and Masco Properties Ltd.

In generating massive employment, Mr. Arif has an incomparable contribution towards economy & the country.



Asifuzzaman Chowdhury
Director

Mr. Asifuzzaman Chowdhury is one of the young & promising Directors of UCB. He comes of a very prestigious muslim family of Anowara, Chittagong.

Asifuzzaman Chowdhury is also the Director of Synthetic Rezin Products (Pvt.) Ltd. and Ronny Chemicals Ltd. He attained his BBA from Atlantic University, Florida, USA. With innovative ideas this young entrepreneur is contributing to the nation.

DIRECTORS' PROFILE



Rukhmila Zaman
Director

Rukhmila Zaman, young women entrepreneur of the country, is one of the Directors of UCB and also the Managing Director of Aramit Group, a leading manufacturing conglomerate of the Country.

She is the wife of Saifuzzaman Chowdhury, MP and Honorable State Minister for Land, GOB.

She is also involved with different socio-economic organizations and contributing for upbringing the young women in the main stream of economy.



Syed Mohammed Nuruddin
Independent Director

Syed Mohammed Nuruddin, a multilateral business personality of the country, is one of the Independent Directors of UCB.

This visionary personality is also the Managing Director of Allport Cargo Services (Ocean) Ltd., Mariners Cargo Services Ltd., Mariners Trading Corporation Ltd., Sundaram Tiles Ltd. and Director of Mariners (BD) Ltd., Chittagong Shipyard Ltd. and many other prestigious business entities. He is also a former Director of Chittagong Chamber of Commerce & Industry.

He is the member of Chittagong Club, Bhatiary Golf & Country Club and Chittagong Boat Club.



Dr. Salim Mahmud
Independent Director

Dr. Salim Mahmud is one of the Independent Directors of UCB, a young & energetic personality with distinct wisdom. He is also the faculty member of Dhaka University. Prior to that, he was also faculty member in the University of Chittagong. Presently, he is a Member (Commissioner) of Bangladesh Energy Regulatory Commission, Government of the People's Republic of Bangladesh.

Dr. Salim Mahmud obtained his PhD in Energy Law & Policy from university of Dundee.

This visionary personality is immensely contributing in the energy sector through facilitating exploration of natural resources by our local expertise.

MANAGEMENT PROFILE



Muhammed Ali
Managing Director

A prolific banker and a dynamic leader, Mr. Muhammed Ali is currently leading United Commercial Bank Limited (UCB), one of the most esteemed banking brands in Bangladesh. As CEO, Mr. Ali has always cherished the sustainable growth as a team person and believes in the amalgamation of economic and social escalation which comes as People, Planet and Profit. Mr. Ali has pivotal contribution as columnist, philanthropist, economic analyzer, monetary strategist, management icon, catalyst to entrepreneurship, pioneer to Islamic banking and last but not the least TRUE LEADER.

Mr. Muhammed Ali, a prominent and professional banker with 36 years of rewarding multi-dimensional experience in banking and other fields of management is Managing Director of United Commercial Bank Limited (UCB) joined on 1 November 2012. Prior to joining UCB, he was the Managing Director of Social Islami Bank and before that the Managing Director of Shahjalal Islami Bank.

Mr. Muhammed Ali always prefers to take challenges and take the derailed in smooth platform. When he took the responsibilities of both Social Islami Bank and Shahjalal Bank Limited, they were known as problem bank. But under the guidance and leadership of Mr. Ali, those banks are now staying at the top stairs of banking ladder. Same way, UCB has now turned to the best private commercial bank in the country in terms of profit, asset quality, risk mitigation and brand value. And these achievements are even noticed in international area. United Commercial Bank has been adjudged as the best emerging markets bank in Bangladesh by the Global Finance Magazine. And the contribution of Mr. Muhammed Ali is acknowledged through Global Brand Excellence Award as 'CEO of the Year' by World Brand Congress 2014. Under his devoted leadership, United Commercial bank Limited has also been awarded with 'International Trophy for Quality' by Global Trade Leaders' Club in 2017.

Mr. Ali started his career with Sonali Bank as a probationary officer in 1977. In the process of career progression, he capitalized the opportunities to work with many other banks like, National Bank, National Credit Ltd (Subsequently emerged as NCC Bank), Standard Bank, Shahjalal Islami Bank and Social Islami Bank.

Throughout his career Mr. Ali has held different senior management positions in the arena of Credit, Foreign Exchange, Treasury, International Division, General Banking Operations, Human Resources Development including commendable exposure in branch banking and financial administration. It is worth mentioning that Mr. Ali demonstrated his capabilities to work as the Head of Credit, Head of Treasury, Head of International Division and Head of Human Resources Development in few of the Banks he worked for. Mr. Muhammed Ali has proven track record in leading various teams in different banks contributing in business policy formulation and strategy management.

His intellectual competence reflects in his writings and publications in the national dailies covering socio-economic and business development issues. He is a regular contributor to the National Dailies on Country's economy as well as international affairs. Mr. Ali is also a TV Talk show discussant on economic as well as financial matters.

Mr. Ali has attended a host of professional training programs including leadership and symposia both at home and abroad mentionable in Singapore, UK, USA, Hong Kong, Italy, Spain, France, Switzerland, Malaysia, Thailand, Saudi Arabia, Qatar and UAE. The most significant and praiseworthy is that he is a graduate of profound Alma mater SAiD Business School, Oxford; HAAS Business School, University of Columbia, Barkley and Columbia Business School of Columbia University on Executive and Leadership program on Corporate Governance & Strategic Management.

Mr. Ali is a post graduate in Economics with honors from the University of Chittagong and has been interest in CSR, loves building relationship with people and believes in professionalism in business management.

MANAGEMENT PROFILE



M. Shahidul Islam
Additional Managing Director

Mr. M. Shahidul Islam started his banking career as 'Management Trainee' at National Bank Limited in the year 1984. He holds graduate and post graduate degree in 'Management' from University of Chittagong.

He has over 33 years of experience in the Banking Industry. He served in National Bank Limited and Prime Bank Limited before joining UCB as Deputy Managing Director in the year 2008. He has vast experience in almost every key area of banking like Corporate Credit, SME Credit, Foreign Trade, Consumer Banking, Credit Risk Management, FI, Treasury etc. He also has wide experience in branch banking as Head of Branch during his long career in the industry. He led almost all major branches located in different locations within and outside Dhaka City and successfully developed business relationship with all major conglomerates of the country. He also served as Head of Credit Risk Management and Corporate Banking Division during his long banking career.

His contribution in the growth of Corporate & SME Credit and Foreign Trade is widely acknowledged in the industry. He took on the challenge of building the corporate & SME business and helped the bank to attain top market positions in terms of market share and profitability through his strong relationship, relentless marketing drive, innovative business ideas & able leadership. He persevered his way through all hardships and worked for the sustainable growth and qualitative improvement towards catering the best customer service in the industry. He successfully led the Bank's Corporate and SME banking businesses even in the period of recession when the banking sector was facing sluggish growth in terms of profitability & business. In recognition of his contribution to the Bank, he was elevated to the rank of Additional Managing Director in March' 2011. His attitude to embrace changes commensurate with vast knowledge & long experience led him to contribute in different areas of business and social activities.



Mirza Mahmud Rafiqur Rahman
Additional Managing Director

Graduated from Dhaka University (Hon's & Masters in English Literature & Linguistics), Mr. Mirza Mahmud Rafiqur Rahman started his Banking Career in 1988. In his long 29 years of Banking Career, he has held many responsible management positions in Corporate Affairs, Business Development, Human Resources, Public Relations and Company Secretariat etc. in reputed Banks like UCB, The City Bank Ltd. and many other esteemed organizations. Prior to joining the Banking Industry, he served in Cadet Colleges of the Country as Lecturer in English and also served abroad with dignified status.

His insight, aesthetic sense and visionary leadership combined with profound knowledge led to continuous growth in every organization he worked for. He is an eloquent speaker and regularly attends financial institutions, press and electronic media and other business forums as resource person. His involvement with many social and cultural activities earned him recognitions from a number of socio-cultural organizations. His commitment to work and creativity commensurate with excellent knowledge has contributed substantially in various areas of businesses and social works. He is an avid reader and contributes on business and cultural topics in national dailies and periodicals frequently.



A. E. Abdul Muhaimen
Additional Managing Director

Mr. A.E.A. Muhaimen has joined UCB on July 2013 as the Additional Managing Director. Prior to his joining UCB, he was the Managing Director of National Finance Limited.

Mr. Muhaimen started his career with ANZ Grindlays Bank as a Management Trainee in 1986. Mr. Muhaimen is a senior banking professional with over 32 years of multi-functional experience with six banks in Asia and the Middle East. He has earlier worked as Chief Executive Officer & Managing Director of Brac Bank and also held senior management positions in ANZ Grindlays Bank, Standard Chartered Bank, The City Bank Limited in Bangladesh.

Mr. Muhaimen has broad senior management experience being in the roles of CEO, CFO, HO-Consumer Bank, HO-Human Resources, Head of Cards and Chief Operating Officer.

Mr. Muhaimen has a post graduate degree in MBA from institute of Business Administration (IBA), Dhaka. He has trained at INSEAD in Singapore, Mount Eliza of Monash University, Australia and Harvard University, USA. He has served as a director on the board of four companies- BracEPL, Brac EPSL, bKash(mobile banking company) and IIDFC (Non Banking Financial Institution) in Bangladesh.



Md. Tariqul Azam
Additional Managing Director &
Chief Risk Officer

Mr. Md. Tariqul Azam, a versatile banker, has been regarded as one of the highest contributing members of the senior Management of the Bank. A prudent risk manager by virtue of possessing diverse knowledge-base, deep insight into both the financial and real sector, natural ability in prudent decision making, and the real pragmatism, Mr. Tariqul Azam is holding the position of Additional Managing Director and the Chief Risk Officer (CRO) of the Bank.

Mr. Azam completed his MBA with Major in Finance from the Institute of Business Administration (IBA) of University of Dhaka and started his banking career by joining Sonali Bank in 1980. He served there for a long 26 years before joining in United Commercial Bank Ltd. in 2006 as a member of the Senior Management Team.

Mr. Azam has hands-on experience in all facets of banking-spanning over General Banking, Credit Management (Corporate, Syndication & Structured Financing, SME Financing, Trade Financing and Offshore Credit), Finance & Accounts, Legal Affairs, Internal Control & Compliance and Treasury Functions. These all round knowledge, expertise and sound conceptual conversancy with newer banking regulations & practices led him to be an Enterprise Risk Manager specializing in Core Risk Management and Basel Framework.

During this long career, he has attended many local and foreign trainings/workshops/ seminars. Besides, he is a regular trainer/facilitator at Bangladesh Institute of Bank Management (BIBM) and UCB Learning & Development Center. He is also a Diplomaed Associate of Institute of Bankers, Bangladesh (DAIBB).

MANAGEMENT PROFILE



Mohammad Shawkat Jamil
Deputy Managing Director

Prominent Banker Mr. Mohammad Shawkat Jamil is serving as Deputy Managing Director of United Commercial Bank Limited from May 30, 2012. Since then he has been leading many core divisions of the Bank.

Mr. Jamil has completed his MSS from University of Dhaka in 1982. He started his career as 'Probationary Officer' in United Commercial Bank Limited in 1983. He has demonstrated experience in managerial and leadership positions including 22 years as Branch manager. He had been serving as Senior Executive Vice President and Head of Principal Branch of the bank, prior to taking over higher responsibility.

Mr. Jamil has attended different training programmes and seminars at home and abroad. Among them, the foremost to be mentioned is the month long training programme on 'Finance & Banking Management for South Asia Federation of AOTS Alumni Societies' held in Osaka, Japan in 1997. He has also visited many countries including Thailand, Malaysia, Hong Kong, Singapore, Australia and USA.



Md. Sohrab Mustafa
Deputy Managing Director

Mr. Md. Sohrab Mustafa has over 33 years of banking experience to his credit. After completing his graduation from Dhaka University, Mr. Mustafa started his career in banking in 1983 by joining the City Bank Limited as a probationary officer. He served City Bank for 16 years in different branches and at the International Division. In 1999 he moved to Premier Bank limited as Head of International Division of the Bank. After a short stint in Premier bank he moved to Prime Bank Limited in 2001 and took the helm of International Division where he served till May 31, 2010. Mr. Mustafa joined United Commercial Bank Limited on 1st June 2010 as Head of International Division. In 2015 he was promoted to the rank of Deputy Managing Director. Mr. Mustafa has a long track record in branch banking, FI, Foreign Trade, Credit, Treasury and other core areas of banking.



Golam Awlia
Deputy Managing Director

Mr. Golam Awlia a veteran banker is presently serving United Commercial Bank Limited in the rank and capacity of Deputy Managing Director. Earlier he was the Senior Executive Vice President and Head of Corporate Branch of the Bank.

Mr. Awlia belongs to an aristocratic Muslim family of Barisal, born in the year 1960. He completed his B.Com with honors as well as Masters in Finance from the University of Dhaka in the year 1982. Immediately after completion of his post-graduation he joined United Commercial Bank Limited as "Probationary Officer" in the year 1983. He has completed his successful 33 years of banking services in the bank since his joining in UCB, out of which 21 years as the Head of Branch of the different important branches of the bank namely Corporate Branch, Gulshan Branch, Mohakhali Branch, Malibagh Branch etc. During the journey he was also assigned the responsibilities of different Division at Head Office like Credit, Legal, Recovery etc.

Mr. Awlia took part in different training and seminars at home and abroad and also visited many countries of Asia and Europe. Besides, he was also a prominent sports man and participated in the University cricket team during his days at University. He also took part in different games & sports event nationally.



Md. Abdul Jabber Chowdhury
Deputy Managing Director

Mr. Md. Abdul Jabber Chowdhury joined UCBL as the Deputy Managing Director on 5th July, 2015.

Mr. Chowdhury, a veteran banker, has over 37 years professional exposure in the banking industry in three renowned nationalized and private commercial banks in various capacities. He started his career in Janata Bank Ltd. in 1980 and served more than 21 years as a Branch Manager, Departmental In-Charge, Corporate Branch Chief, Regional Chief and other different positions at Head Office. He also worked for Mutual Trust Bank Limited as Vice President & Opening Manager of Agrabad Branch, Chittagong. Prior to joining UCBL, he served Shahjalal Islami Bank Limited as Deputy Managing Director. During his 13 years tenure in Shahjalal Islami Bank Limited, he worked in different senior positions including Branch Chief, Regional Head of Chittagong, In-charge of Dhaka Local Office and In-Charge of Investment Division, Financial Administration Division, International Division, CAMLCO, Risk Management Division, Recovery Division, Common Services Division, Public Relation Division and other different positions at Head Office. He held the charges of the 'Office of the Managing Director' on several instances in Shahjalal Islami Bank Limited. He attended different training programs and seminars at home and abroad. Mr. Chowdhury is a post graduate from the University of Chittagong.



Arif Quadri
Deputy Managing Director

Mr. Arif Quadri, eminent banker of the country, having over 32 years of professional experiences in different reputed commercial banks, joined the services of UCB on October 13, 2015 in the rank and status of 'Deputy Managing Director'. Prior to joining in UCB, he was the 'Deputy Managing Director & Chief Operating Officer' of Premier Bank Limited.

Mr. Quadri has started his banking career with the then Arab Bangladesh Bank Limited as Probationary Officer in July 1984 after completing his graduation degree and worked there in different leadership roles till February, 2003 while he was holding the rank & status of Senior Vice President.

His major professional area comprises of Head of Human Resources Management Division in Arab Bangladesh Bank Limited, Al Baraka Bank Limited, ONE Bank Limited and Meghna Bank Limited. During his long banking career with five different banks, Mr. Quadri played supervisory roles as CAMLCO, Chief Risk Officer, Head of Internal Control & Compliance Division, Head of Branch etc. He served as a director on the board of IIDFC (Non Banking Financial Institution) in Bangladesh. He held the charges of the 'Office of the Managing Director' on several instances in ONE Bank Limited. He is the Secretary General of Association of Bankers, Bangladesh Limited (ABB). He attended different training programs and seminar at home and abroad.

Mr. Arif Quadri has excellent academic track record. He completed his both graduation and post graduation degree in Economics from Jahangirnagar University.



Mohammad Habibur Rahman Chowdhury
Deputy Managing Director & CFO

Mohammad Habibur Rahman Chowdhury, FCA is the Deputy Managing Director & Chief Financial Officer (CFO) of United Commercial Bank Limited. Mr. Chowdhury joined the bank in August 2011 as Executive Vice President & CFO. Prior to joining UCB, he worked for Standard Chartered Bank, Bangladesh, Standard Chartered Bank, Dubai and Al Hilal Bank based in Abu Dhabi. He also worked for Rahman Rahman Huq, a member firm of KPMG International.

Mr. Chowdhury is a fellow member of The Institute of Chartered Accountants of Bangladesh (ICAB). He completed both Graduation and Masters in accounting from Dhaka University.

KEY EXECUTIVE OF DIVISIONS



N. Mustafa Tarek
Senior Executive Vice President
General Services Division



Noor Mohammed
Senior Executive Vice President
Corporate Banking Division



Md. Abdullah Al Mamoon
Senior Executive Vice President &
Chief Operating Officer



Abu Sadeque Miah
Executive Vice President
Branches Control &
Development Division



Md. Ziaullah Khan
Executive Vice President
Internal Control &
Compliance Division



Mohammad Shafiqur Rahman
Executive Vice President
Imperial Banking



Niamat Uddin Ahmed
Executive Vice President
SME Division



Mohammed Khorshed Alam
Executive Vice President
Audit Division



Taufiq Hassan
Executive Vice President
Retail Business Division



T.J.N. Nurun Nabi Chowdhury
Legal Division



Javed Iqbal
Senior Vice President
Brand Marketing &
Corporate Affairs



Champak Barua
Senior Vice President
Credit Risk Management Division

KEY EXECUTIVE OF DIVISIONS



Md. Tofazzal Hossain
Senior Vice President
Special Assets
Management Division



ATM Tahmiduzzaman FCS
Senior Vice President &
Company Secretary



Kh. Zibanur Rahman
Senior Vice President
Corporate Cash Management
and Marketing Division



Abul Ali Ahad
Senior Vice President
Learning and Development Center



Md. Ibne Khaled
Vice President
Risk Management Division



Mohammad Monowar Hossain
First Assistant Vice President
Treasury Front Office



Md. Tazammul Hossain Khan
First Assistant Vice President
MD's Secretariat



Najmul Alam
First Assistant Vice President
Treasury Back Office

LIST OF EXECUTIVES

Managing Director

Muhammed Ali

Additional Managing Director

Muhammed Shahidul Islam
Mirza Mahmud Rafiqur Rahman
Abul Ehtesham Abdul Muhaimen
Md. Tariqul Azam

Deputy Managing Director

Mohammad Shawkat Jamil
Md. Sohrab Mustafa
Golam Awlia
Md. Abdul Jabbar Chowdhury
Arif Quadri
M Habibur Rahman Chowdhury, FCA

Senior Executive Vice President

Abul Alam Ferdous
Md. Ahaduzzaman
N. Mustafa Tarek
Mohammed Faruque
Khondkar Rafiq Uz Zaman
Noor Mohammed
Md. Abdullah Al Mamoon

Executive Vice President

Abu Sadeque Miah
Md. Ekram Ullah
Md. Delowar Hossain Mazumder
Md. Shahidul Ameen
Md. Habibur Morsalin
Md. Didarul Islam
Mohammed Khorshed Alam
S. M. Wali Ul Morshed
Md. Habib Uddin Bhuiyan
Md. Ziaullah Khan
Niamat Uddin Ahmed
Mohammad Shafiqur Rahman
Taufiq Hassan

Senior Vice President

Mohammad Iqbal
Md. Fazle Karim Khan
Saiful Alam
Nasimul Islam
Md. Abdul Mannan Chowdhury
A. Wadud Miah
Ahmed Saiful Huda
Md. Golam Sarwar
Md. Wahaduzzaman
Md. Abdul Maied
Md. Ahsan Mozlish
Md. Zakaria
Md. Showkat Karim
Md. Sowkat Abdullah
Md. Tofazzal Hossain
Md. Aman Ullah
Md. Salim Reza Khan
Md. Khalequzzaman Chowdhury
Kh. Zibanur Rahman
Mohammad Monabbir Ahmed Khan
Md. Forhad Hossain
Md. Amiruzzaman
Tunku Humayun Md. Morshed
Mohammad Nurul Islam
Mohammad Abdul Based
A. T. M. Tahmiduzzaman FCS
Kazi Muzibul Islam
Javed Iqbal
Amalendu Roy
Md. Mosleh Uddin Mansur

Champak Barua
Md. Dulal Hossain
Abul Ali Ahad

First Vice President

Lisa Islam
Mohammad Nesar Alam
Manjur Murshed Chowdhury
Chowdhury Bodiuzzaman
Md. Mofazzal Hossain Patwary
Shaheed Hossain Chowdhury
Md. Abdul Hakim
Shamsul Alam
Sultan Ahmed Shah Chowdhury
Md. Jahangir Hossain
Minu Ara Begum
Md. Badshah Gazi
Ahmed Baker Imam
Md. Salahuddin
Momtaz Sobhan
Md. Shafiqur Rahman
Mosihuddin Husain
Kamrul Majid Mahmud
Mohammed Abdul Gofran
Sazzad Yussouf
Abu Jamil Md. Abdul Alim
Md. Shafinur Rahman
Mohammad Iklas Uddin
Md. Enamul Hoque
Md. Shamsul Hoque Khandaker
Mohammad Al-Amin
Abu Taiyab Md. Tajmilur Rahman
Abul Hasan Muhammad Azim
Ikram Farid Chowdhury
Emtiaz Haque
Md. Khairul Alam Chowdhury
Md. Anis Ur Rahman
Muhammad Hafizur Rahman, FCA, FCMA
Mohammad Jashim Uddin
A. K. M. Zillur Rahman
Ahsanul Hoque
Aminul Haque Chowdhury
Mohammad Monwar Hossain
Mohammad Abu Hanif
Major Kamal Mustafa (Retd.)
Mumtaz Ahmed
Md. Abul Hossain Howlader
Md. Faruk Hossain
Md. Shamim Ferdous
Syeedur Rahman
Saiful A. Chowdhury
Alamgir Kabir
Md. Shakhawat Hossain
Mohammad Nur Nobi, FCA
Mohammad Sarwar Alam
Ikramul Haque Bhuiyan
Masudur Rahman Sannamot
Mohammad Anisur Rahman
Abul Kalam Azad
Mohammad Monirul Islam
Mohammad Taufiqul Haider Chowdhury
Md. Touhiduzzaman

Vice President

Md. Monjurul Islam
Mohammed Hasan
Md. Shafiqul Islam
Md. Belayet Hossain
Dewan Abdul Bakki
Kamrun Nahar
Md. Abul Hashem
Muhammad Fazle Rabbi

Md. Mazibur Rahman
Md. Mofizul Alam
Shahadat Hussain Chowdhury
Mohammad Abdur Rahim
Jennyfar Yousuf
Ashfaq Mohammad
Tofael Haider
Md. Muzibur Rahman Chowdhury
Md. Nizam Uddin
Chitra Chowdhury
Md. Nurur Rahman Khan
Maksud Ahmed
Md. Manirul Islam
Mohd Kamal Uddin Faruque
Ajit Kumar Baidya
Md. Jahangir Alam
Md. Nazim Uddin
Md. Nurul Absar
Jinnatun Bakia
Zahirul Islam Chowdhury
Md. Munjur Kader Chowdhury
Md. Taiyub Hossain
Md. Hasan Murad Chowdhury
Shamsun Lora Karim
Burhan Uddin Mohammed Jahangir
Golam Sarwar Bhuiyan
Asma Begum
Md. Habibur Rahman
Md. Mokhlesur Rahman
Md. Suruzzaman
Mohammad Abdul Ahad
Reshadul Hannan
Shireen Akhter
Md. Momtaz Hasan
Md. Mehedi Hasan
Md. Moshfiqur Rahman
Md. Kawsar Jamil
Md. Mahmudul Haq
Monsurul Ahsan
Gaziul Haider Mazumder
Tawhidul Haque Chowdhury
Md. Belayet Hossain Bhuiyan
Altaf Ali Khan
Mujibur Rahman
Md. Moazzam Hossain Chowdhury
Mahmudur Rahman
Sankar Kumar Mitra
Mohd. Salahuddin
Arfanul Islam
Md. Billal Ali Shaikh
Md. Abul Bashar Chowdhury
Md. Helal Uddin
Azam Chowdhury
A. B. Moinul Karim
Md. Mustafa Kamal
Mohammad Shohel Haider
Iqbal Ahmed
Mohammed Monjur Alam
Kh. A.R.M. Kamrul Hasan
S. M. Masum
Syed Kamruzzaman
Yousuf Habib
Somen Saha
Md. Ibne Khaled
Kamrul Ahsan Moin
Partho Kumar Bagchi
Debashish Roy
Abu Sayed Md. Ashrafuzzaman
Achinta Kumar Saha
Kashef Rahman
Sheikh Nahid Reza
Md. Sabbir Hossain

Shireen Sultana
Md. Gias Uddin
Mohammad Liakat Hussain
Mohammad Reaz Ahmad
Md. Nazrul Islam
Mohammad Zamal Uddin
Mohammad Monir Hossain
Mohammad Arif Uddin
Mohammed Ramjan Ali
Anup Kumar Roy
Md. Mohsinur Rahman
Md. Zafar Iqbal
Mahbul Hoque
Md. Marufur Rahman Khan
Naunehal Ashraf Huda
Mohammad Mahbul Alam
Md. Anwar Hossain
Mohammad Jahir Uddin
Muhammad Arifur Rahman
Mohammad Aktar Hossain
A.Y.M. Mostafa
Md. Saiful Islam
Md. Jahangir Hossain
Taslina Akhter
Md. Abdullah Al Mamun
Baqi Md. Omar Faruk
Md. Faridul Islam
Md. Kamruzzaman
Sk. Sunjur Ahmed

First Asstt. Vice President

Md. Masud Hasan Chowdhury
Shyma Akhtar
Sujoy Kumar Das
Saifur Rahman Chowdhury
Md. Amin Faroque Sharif
Md. Ibrahim Meah
Md. Hashan Miah
Syed Ghulam Mustaque
Aklima Akter
Mohammad Khalilullah Chowdhury
Syedul Hoque Chowdhury
Md. Salah Uddin
Md. Jashim Uddin Chowdhury
Meherun Nahar Khanam
Salina Akhter
Golam Mostafa
Md. Anwar Hossain
Fakir Aktarul Alam
Md. Mahbulur Rahman
Jamil Faruque
Md. Abdus Salam Miah
Mohammed Fazlul Bari
Md. Haroon-Ur-Rashid
Mohammad Anwar Hossain
Md. Salim Ullah
Md. Mosharrif Hossain
Israt Fatema
Md. Mojibul Hoque Mozumder
Md. Mahabubur Rahman Khan
Md. Shafiul Alam Chowdhury
Hasina Yeasmin Khan
Kazi Kamal Uddin Ahmed
Md. Aref Ullah
Md. Rafiqul Islam
Mohammed Zakir Hossain
Md. Hasan
Md. Akhter Hossain
Jahanara Akhter
A.M. Moazzem Hossain Chowdhury
Mohammad Yunus
Md. Omar Faruq Bhuiyan
Mohammed Ibrahim

Abdul Motalib Miah
Md. Ashfaque Ahmed
Md. Abdur Rahim
Abdul Quyyum Chowdhury
Md. Shah Newaz Chowdhury
Md. Harun-Ur-Rashid
Md. Shafiquzzaman Chowdhury
Md. Abdul Hye
Hamida Begum
Mohammed Yusuf Chowdhury
S.M. Jahangir
Mohammad Imtiaz Kabir
Habib Mohammed Enayet
Md. Mujibur Rahman
Md. Abu Rayhan Kabir
Talukder Humayun Kabir
S. M. Rashidul Alam
Md. Rahim Uddin
Golam Mohammed
Mohammed Mahbul Ali Chowdhury
Abdul Azim
Nazma Rahman
Halimur Rashid
Anisur Rahman
Mohammad Yousuf Ali
Md. Salahuddin
Fahmi Sultana
Abdus Samad Azad
Ayub Ali
Md. Iqbal Hossain
Md. Nazmul Huda
Shamima Akhter
Md. Rafiqul Alam
Tangina Rahman
Md. Salim Jahangir
S.M. Mamunul Hoque
Mohd. Jahangir Kabir
Nafisa Tahera Kamal
Farzana Rob
Kazi Monir Hossain
Mohd. Nazrul Islam Mazumder
Aoulad Hossain
Shah Alam
Md. Joynal Abedin
Md. Amarat Hossain
Bipasha Begum
Md. Nurul Amin Talukder
Syed Alam
Ifte Khairul Karim
Md. Saifuddin Chowdhury
Md. Mohiuddin
Salina Shamim
Abhijit Dey
Nahid Perveen
Md. Rafiqul Islam
Md. Al-Hachan Khan
Md. Shahabuddin
Md. Omar Faruk
Mollah Jamal Uddin Ahmed
Md. Dadan Ali Dhali
Md. Mozahidul Islam Khan
Rajib Kumar Singha
Md. Lutfor Rahman
Mosaddeque Md. Yusuff
Mohammed Shamsuddin Ahmed
Mehdi Hassan Chowdhury
Abul Bashar Munshi
Mohammad Nazrul Islam
Shah Masudur Rahman
Syed Hasan Afzal
Syed Md. Ataher Iqbal
Md. Shamsul Alam
Md. Tara Miah

Md. Golam Kibria
Mohammad Sohrab Hossain Sarker
Abu Jafar Mohammad Faisal
Md. Hasibul Asad
Kaushik Saha
Md. Salahuddin
A. S. M. Naushad Alam
Md. Dabir Uddin
Md. Anwarul Islam
Md. Zahid Hyder
Md. Tareq Uddin
Mohammad Asif Qureshi
Sabyasachi Gupta
Kazi Zahirul Islam
Ashfaq Ali Chowdhury
Abul Kalam Asad
Md. Sajjad Hossain
Uttam Chandra Chanda
Gias Uddin Ahmed
Mohammad Kabir Hasan Shahjada
Bishanar Sharder
A. K. M. Monzurul Ahsan
Najmul Alam
Md. Masudul Alam
Nahidul Hoque Bhuiyan
Mohammad Mahbul Ur Rashid
Mohammad Maidul Islam
Md. Tariqul Islam
Sadekun Naher
Md. Mahbul-Ul-Islam Khan
Syed Atiqul Islam
Mohammad Fazle Mahmood
Md. Shahidul Islam Molla
Md. Mohedur Rahman
Muhammad Nazrul Islam
Sazzad Karim
Fahmida Sharmin
Mohammad Ashraf Alam, ACMA
Md. Nasir Uddin
Md. Tazammul Hossain Khan
Nasmin Begum
Mohammed Rezaur Rahman
Mohammad Kalim Uddin Mozumder
Hasan Nasir Ahmed
Mohammad Dedar Uddin
Deba Brata Sen
Mohammad Siful Islam, ACMA
Md. Saifullah
Md. Lutfor Rahman
Mohammad Monowar Hossain
Md. Ashiquzzaman
Mohammad Kamrul Islam
Md. Parvej Ahmed, FCA
Mohammed Moinuddin Ripon
Sanaul Haque
Md. Rezaul Islam
Md. Nahid Kamal
Md. Abdus Sabur
Md. Amirul Islam
Md. Abdullah Ali Mamun
Mohammad Abdul Mannan
Rashedur Rahman
Badrul Ahsan
Utpal Basak
Mohammad Saiful Islam
A.B.M. Mamunul Kabir
Muhammad Asadunnabi
Md. Abdul Kader
Lubna Hossain
Saif Ush Shahereen
Mahmud Riad

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Chairman's Message

Managing Director &
CEO's Round up





MESSAGE FROM
THE CHAIRMAN





MESSAGE FROM THE CHAIRMAN

Dear Shareholders,
On behalf of the Board,
I am delighted to
present you our Annual
Report and audited
financial statements for
the year 2016. United
Commercial Bank
Limited's creditable
performance in 2016
reflects a year of
tremendous efforts
exerted by the Board in
collaboration with the
Management to better
reshape the Bank, in
the context of an
increasingly
competitive market
and a continually
challenging economic
environment.

In United Commercial Bank Limited, a strong focus on value creation for all our stakeholders drives our growth and performance, and also our long term sustainability. Financial strength and profitability are prerequisites to fulfilling our role and ensuring that we stay relevant to the communities we operate in. Accordingly, it is my pleasure to report that United Commercial Bank Limited has recorded a magnificent performance in the year 2016 with operating profit of taka 758.74 crore, total deposit of taka 25,770.43 and total loans & advances of taka 22,369.72 crore. It is a commendable performance in a challenging operating environment. The growth, stability and profitability of the Bank bear testimony to the strategic direction provided by the Board and the balance maintained in managing the dynamics of risk and opportunity. As a service sector organization, people strategies are keys to driving performance and the Board is assisted by the Human Resources Division who exercise oversight in monitoring implementation of Board approved HR policies and making recommendations for any necessary changes. United Commercial Bank Limited is well positioned for growth in the coming year as a swift and agile player, building on the lean initiatives, strengthened processes, sound financial position and investments in technology. Further volume growth will drive profitability as we optimize capacity utilization in the coming year and embed customer life cycle management across our key business lines.

As for our Corporate Social Responsibility (CSR), United Commercial Bank Limited is committed to playing its role in serving the community. We continue to take our social responsibilities very seriously and have supported various local charitable and humanitarian organizations, with a primary focus on education, and special needs.

If we look at the near future, we are confident that with the strategic path set by our bank, we will be able to better meet the forthcoming challenges. Despite the current economic conditions, we remain cautiously optimistic. The achievements we made last year will allow us to build on the groundwork, activate an updated and refreshed version of our successful business strategy which puts our customers at the heart of our operations, and achieve the aspirations of our highly engaged and committed workforce, develop their skills and train them periodically to upgrade their efficiency and fulfill their commitment of better serving our customers.

I wish to thank the customers, the shareholders and other stakeholders of the Bank for the trust and confidence placed in the Bank. I wish to extend my appreciation to the management and other employees of the Bank for their dedication and hard work which has facilitated the performance outlined in this report.

Thanking You.



M. A. Sabur
Chairman

MANAGING DIRECTOR & CEO'S ROUND UP



MANAGING DIRECTOR & CEO'S ROUND UP

Keeping pace with recent growth cycles in the economy, fiscal year of 2016 for the country ended in happy notes. A GDP growth of 7.1% in 2016 marks a neat advancement over 6.6% in 2015, and growth of 6%+ was sustained in a series in recent past years. The outlook remains steady for the coming fiscal of 2017. Average inflation looked yet better at 5.52% in 2016. Export revived its better than usual order and import sustained, which nearly halted in recent past, bringing the Current Account balances to a respectable position. However an enhanced purchasing power in public sector through substantial salaries escalation and a slowing down of remittance inflow might impact a pressure on the economy.

Bangladesh, on an overall economic trend outlook, is expected to be ranking among the leading larger economies with a PPP outlook in trillion dollar by next decade or so. The country already is in the Lower Middle Income group by World Bank classification, and is graduating to become a Middle Income Group country at a rate faster than anticipated.

Country's import of US\$40.09 billion in previous fiscal year (2015-2016) outweighed corresponding export of US\$34.24 billion, leaving a deficit of about US\$6 billion, which however marked an improvement from previous years deficit of US\$10 billion. The already robust foreign exchange reserve is further enhanced to US\$32 billion from US\$27 billion at the end of 2015. Country's export turnover of US\$16.79 billion during the first half of current fiscal (2016-2017) however is scaling short of a target by nearly 4%, while import during the same period stood at US\$20.09 billion. The consumer price index came down further at a comforting 5.52% in last fiscal, compared to 6.2% in the previous, which may be attributed to an effective inclusive financing model, and extensive agri credit extension, where UCB remains fully committed.

However all said were not equally well, as we may like to think, when taking a look at the Banking industry. While business in volume for the Banks grew keeping pace with the economy, it was not the same on the return books. A market liquidity in abundance took its toll in the profit positions of the Banks, as interest rates on commercial lending for most cases plummeted to a single digit reality in 2016.

With extrinsic climate remaining largely conducive, I would however attribute greater part of the Bank's success to the visionary stewardship of the Board of Directors of the Bank, and will recall with profound gratefulness of the unflinching support I received from them. I also cannot but appreciate with full grace the unbridled cooperation I received from my colleagues at all stages of dispensing my services, which helped me seeing the strategies being implemented, and goals being achieved, undiminished in their qualities and values, which closely mirrored the targets for the Bank in 2016.

Remaining yet firm on possibilities ahead and our abilities in hand, I would like to illustrate our achievements in few lines, and future outlooks in next segments. Which we love to cherish, value to share, and still aspire to achieve, for the coming days in 2017:

01. Export volume of the Bank increased to BDT170.54 billion in 2016 from BDT148.30 billion in 2015, marking a growth of 15.05%.
02. Import turnover through the Bank increased to BDT194.85 billion in 2016 from BDT168.30 billion in 2015, posting a growth of 15.77%.
03. Fee-based income, which adds directly to the profit base of the Bank, stood at BDT3.56 billion in 2016. This feat was achieved through promoting and effectively expanding the RMG business of the Bank in 2016. All front-ranking large RMG groups in the country are banking with us in full confidence.
04. OBU business also grew in volume (outstanding basis) significantly to BDT12.01 billion in 2016 from BDT9.93 billion in 2015, marking a growth of 20.94% over 2015.
05. SME exposure grew to BDT92.85 billion in 2016 compared to BDT84.50 billion of 2015, attaining new height of growth of 9.88%. This is perfectly aligned with the ambitions taken in this business segment by the Bank.
06. The Bank trimmed down high-cost deposit base from 54.73% in 2015 to 44.83% in 2016, thereby consolidating the deposit mix in a better way.
07. Asset-liability management in 2016 has been further consolidated over 2015.
08. Agri lending target for 2016 has been fully achieved.
09. Core Banking Solutions (CBS) by now have taken firm root among all business and functional areas of the Bank.
10. Bank enhanced its low-cost funding base by successfully and effectively negotiating dollar-denominated external credit lines with ECAs and multilaterals like IFC, IDB, JAICA, Proparco etc. This has enhanced Bank's ability in retaining credit-worthy yet price sensitive customers of the Bank, as well as attracting new good customer segment in the industry.
11. Bank has been very successful in its liquidity management, retaining a firm foot in almost all liquidity efficiency ratios, at times substantially exceeding required regulatory thresholds.
12. Opening 10 new branches in 2016, thereby increasing Bank's coverage from 158 branches in 2015 to 168 branches in 2016.

Besides the countable achievements that have been numbered so far, we have quite a few of goodwill achievements in 2016, which have a mention here:

01. Second position under the category of Private Sector Banks for 'Best Presented Annual Reports 2015' at 16th ICAB National Award, received on November 29, 2016.
02. First Runner Up (Joint) position under the category of Private Sector Banks for 'Best Presented Annual Reports 2015' conferred by South Asian Federation of Accountants (SAFA), received on January 27, 2017.
03. 'International Trophy for Quality' for achieving growth in assets, profitability, strategic relationships, customer service, competitive pricing and innovative products and especially for export promotion by Global Trade Leaders' Club, an association of more than 7500 members from 95 countries, received on March 20, 2017.

Now as I pen down here waiting to sign off my career few days from now, I would love to believe that 2017 shall be a year of moderate growth and consolidation again for the Bank, and we'll see again the Bank rising high as always, if we adhere to our strategic initiatives for 2017, which I'd like to put down here as under:

1. Focus on Import/Export business: As our country is heavily dependent on import, there is always ample scope to tap import businesses. This business has high non-funded return. Side by side the foreign currency earning export sector is another mainstay for the economy as well as key profit earner for the banking industry. The Bank has focused on both import and export business by tapping the new customers as well as customers of other Banks while nurturing existing customers.;
2. Ready-Made Garments (RMG): As long as Foreign Currency and employment are concerned, the economy of Bangladesh is largely dependent on RMG industry. It has been the biggest earner of foreign currency since long. The RMG sector has experienced an exponential growth since the 1980s. The sector contributes significantly to the GDP. It also provides employment to around 5.0 million. An overwhelming number of workers in this sector are women. This has changed the social status of many women coming from low income families.

Despite recent global financial crisis, tarnished image of the sector due to recent fires in few factories, threat of withdrawing tariff advantages in developed countries, the RMG sector is expected to grow further. As China is finding it challenging to make textile and foot wear items at cheap price, many foreign investors are coming to Bangladesh to take advantage of the low labor cost and a rapidly growing backward linkage industry.

The RMG sector is projected to grow to USD 50 billion by 2020 and we want to remain the largest player in this segment.

The RMG sector also generates huge non-funded income for the Banks. Considering all these, we have focused more in this sector.

3. **Emphasis on SME Loan:** SME sector is the most potential sector for expansion of credit. It also generates high yields. On the other hand, corporate credit market in Bangladesh is highly competitive and risky (in different aspects). Therefore, the Bank has decided to expand SME sector credit and shrink Corporate sector. Advantages of SME sector:
 - Rate of return is generally higher than Corporate / Large loans. Borrowers' bargaining power is also very negligible.
 - Individual loan amount is small. So the Bank's worry for default is spread over a large number of customers compared to corporate loans.
 - Portfolio diversification opportunity is relatively wide.

If monitoring & supervision can be ensured, recovery of loan can be maintained at optimum level keeping CL at a minimum level.

4. **Commercial Lending:** Commercial Lending is the most preferred sector for the commercial banks of the country. Likewise, our Credit exposure has been focused on commercial lending i.e. International & Domestic trade finance, contractor/supply Finance etc. Over the years we have developed core competency in these areas. One of the features of these finances is that they provide huge fee-based income.
5. **Agriculture:** Bangladesh is still a primarily agrarian economy. Agriculture is the single largest producing sector of the economy since it comprises about 18.6% of the country's GDP and employs around 45% of the total labor force. In recent years, investment in Agro-based products has increased manifold. The performance of Agricultural sector has an overwhelming impact on major macroeconomic objectives like employment generation, poverty alleviation, human resources development and food security. Bangladesh Bank has long been pursuing Banking industry to extend credit to this sector. We've put more focus on this sector.
6. **Focus on Green Banking and Eco-friendly Financing:** As a part of the commitment to keep the environment green and to safeguard the planet from warming, the Bank has approved the formation of Sustainable Financing Unit within the compliance objectives of Bangladesh Bank, towards achievement of the broader objectives of Sustainable Development Goals (SDGs) of the Country.
7. **Off Shore Banking:** Maximise the OBU business to support the FCY Business. We have projected Taka 1700 crores for 2017 which is 44% growth over 2016.
8. **Other Emerging Sectors:** As more than half of the population is women, there lies huge potential in their entrepreneurship ventures. With the growth of the economy, some new ventures may emerge like infrastructure. To ensure the infrastructure development large scale investment may be required for both the government and the private sector entrepreneurs. Bank is also contemplating expansion in new areas like pharmaceuticals, export-oriented leather sector and flourishing furniture segment of the country.

Here I conclude wishing all success for Bank in its journey towards the future, for days that have been planned, and for the days that are yet to be planned, with my endless goodwill thoughts going to my beloved colleagues and members of the Board of Directors of the Bank, wishing them the very best in all endeavors.



Muhammed Ali
Managing Director & CEO



CORPORATE GOVERNANCE

Directors' Report

Report on Corporate Governance

Compliance Report on Corporate
Governance as per BSEC Notification

Certificate on Compliance of Corporate
Governance

CEO's & CFO's Declaration to the
Board of Directors

Credit Rating

Report of the Audit Committee

Report of the Risk Management
Committee

Evaluation of Quarterly Financial
Statements by the Audit Committee &
Board



DIRECTORS' REPORT

The Board of Directors is pleased to present the Annual Report and the audited financial statements of the Bank for the year ended 31 December 2016 together with the Auditor's Report thereon. A snapshot of the world market trend with the performance of Bangladesh Economy along with economic prospect has also been provided in this report. A review of this report would reveal consolidation of growth of the bank in a very stiff competitive environment which will ultimately led the Bank to the sustainability. This is a humble presentation for consideration and approval of our valued shareholders.

The Directors' Report has been prepared in compliance with section 184 of the Companies Act 1994, BSEC Notification, the Listing Regulations of Dhaka and Chittagong Stock Exchanges, guidelines of Bangladesh Bank and other applicable rules and regulations. Moreover, the Directors are pleased to explain and disclose some issues, which they consider relevant to ensure more transparency in this regard. The Directors believe the Report will give captivating insights of the Bank's performance during the year under review.

World Economy

Global output growth is estimated at about 3 percent in 2016. The stable average growth rate in 2016, however, masks divergent developments in different country groups. There has been a stronger-than-expected pickup in growth in advanced economies, due mostly to a reduced drag from inventories and some recovery in manufacturing output. In contrast, it is matched by an unexpected slowdown in some emerging market economies, mostly reflecting idiosyncratic factors.

Global economic growth in 2016 was weak, owing to a challenging first half marked initially by turmoil in world financial markets. General improvement got under way around mid-year. In many countries, previous downward pressures on headline inflation weakened, in part owing to firming commodity prices. Financial institutions in advanced economies face a number of cyclical and structural challenges and need to adapt to low growth and low interest rates, as well as to an evolving market and regulatory environment. The political climate is unsettled in many countries. A lack of income growth and a rise in inequality have opened the door for populist, inward-looking policies. These factors make it even harder to tackle legacy problems and further expose economies and markets to shocks.

Global growth for 2016 is now estimated at 3.1 percent, in line with the October 2016 forecast in World Economic Outlook, update January 16, 2017 by International Monetary Fund (IMF). Economic activity in both advanced economies and EMDEs is forecast to accelerate in 2017-18, with global growth projected to be 3.4 percent and 3.6 percent, respectively, again unchanged from the October forecasts.

World GDP Growth

	(year-on-year, in percent)			
	Estimated		Projection	
	2015	2016	2017	2018
World Output	3.2	3.1	3.4	3.6
Advanced Economies	2.1	1.6	1.9	2.0
United States	2.6	1.6	2.3	2.5
Euro Area	2.0	1.7	1.6	1.6
Japan	1.2	0.9	0.8	0.5
United Kingdom	2.2	2.0	1.5	1.4
Canada	0.9	1.3	1.9	2.0
Other Advanced Economies	2.0	1.9	2.2	2.4
Emerging market and Developing Economies	4.1	4.1	4.5	4.8
Russia	-3.7	-0.6	1.1	1.2
China	6.9	6.7	6.5	6.0
India	7.6	6.6	7.2	7.7
ASEAN-5	4.8	4.8	4.9	5.2
Emerging and Developing Europe	3.7	2.9	3.1	3.2
Latin America and the Caribbean	0.1	-0.7	1.2	2.1

Source: IMF, World Economic Outlook Update, January 2017

Advanced Economies

Advanced economies are now projected to grow by 1.9 percent in 2017 and 2.0 percent in 2018. As noted, this forecast is particularly uncertain in light of potential changes in the policy stance of the United States under the new administration. The projection for the United States is the one with the highest likelihood among a wide range of possible scenarios. It assumes a fiscal stimulus that leads growth to rise to 2.3 percent in 2017 and 2.5 percent in 2018. Growth projections for 2017 have also been revised upward for Germany, Japan, Spain and the United Kingdom, mostly on account of a stronger-than-expected performance during the latter part of 2016. These upward revisions more than offset the downward revisions to the outlook for Italy and Korea.



After a lackluster outturn in 2016, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications.

Emerging Market and Developing Economies (EMDEs)

The primary factor underlying the strengthening global outlook over 2017-18 is, however, the projected pickup in EMDEs' growth. This projection reflects to an important extent a gradual normalization of conditions in a number of large economies that are currently experiencing macroeconomic strains. EMDE growth is currently estimated at 4.1 percent in 2016, and is projected to reach 4.5 percent for 2017. A further pickup in growth to 4.8 percent is projected for 2018.

Notably, the growth forecast for 2017 was revised up for China (to 6.5 percent, 0.3 percentage point above the October forecast) on expectations of continued policy support. However, continued reliance on policy stimulus measures, with rapid expansion of credit and slow progress in addressing corporate debt, especially in hardening the budget constraints of state-owned enterprises, raises the risk of a sharper slowdown or a disruptive adjustment. These risks can be exacerbated by capital outflow pressures, especially in a more unsettled external environment. In India, the growth forecast for the current (2016-17) and next fiscal year were trimmed by one percentage point and 0.4 percentage point, respectively, primarily due to the temporary negative consumption shock induced by cash shortages and payment disruptions associated with the recent currency note withdrawal and exchange initiative. Elsewhere in emerging Asia, growth was also revised down in Indonesia, reflecting weaker-than-projected private investment, and in Thailand, in light of a slowdown in consumption and tourism.

Bangladesh Economy

Bangladesh reached lower-middle-income status, on the strength of an annual economic growth rate of 6 percent and above during last couple of years. The consistent growth was achieved mainly by a rise in readymade garment exports, overseas workers' remittances, and domestic consumption. The growth was steady and inclusive, creating jobs for low-skilled workers and women. Side by side, an increase in food production together with decline in rate of population growth led to higher food availability for people.

Stability in macroeconomy is maintaining last couple of years. The inflation rate dropped, the fiscal deficit was kept in control, foreign exchange reserves showed robust growth, the exchange rate stayed broadly unchanged and external debt as a percentage of gross domestic product (GDP) steadily decreased. Steady and high GDP growth helped to create job reducing poverty in Bangladesh as did the expansion of microcredit, social safety net programs and remittances, particularly in the rural areas which has helped to meet the Millennium Development Goal (MDG). Export processing zones boosted export-led growth. Capital accumulation, higher participation in the labor force, especially by women, and increased investment in education and skills became the key drivers of growth. Labor productivity and real wages surged and the production structure noticeably changed.

Macroeconomic Trends

GDP Growth

Annual real GDP growth rate has reached to 7.11 percent in FY2016 from 6.55 percent of FY2015, achieving more than 6 percent in six years.

Several indicators point to robust economic activity, aided by macroeconomic and political stability and strong domestic demand. Private credit growth more than 15 percent with strong demand coming from trade, construction, and small and medium enterprise (SME) sector helps productivity and job creation. Medium and large-scale manufacturing industry also grew robustly. Export growth moderated but has held up relatively well (4.4 percent in December 2016), compared to peers and is expected to pick up.

Year	GDP growth rate (in percent)
2007-08	6.01
2008-09	5.05
2009-10	5.57
2010-11	6.46
2011-12	6.52
2012-13	6.01
2013-14	6.06
2014-15	6.55
2015-16	7.11

In coming years, the government's reform initiatives to improve the business climate and ease infrastructure bottlenecks, including by developing special economic zones, will help crowd in both private domestic and foreign direct investments that can create more jobs, raise productivity and potential growth.

Inflation

The twelve-month average inflation in Bangladesh has been showing a slowly declining trend for last couple of years. Inflation which was 6.87 percent in January 2015 and gradually fell to 5.52 percent in December 2016 due to decrease in both food and non food inflation.

CPI inflation has been steadily coming down to 5.03 percent (point-to-point) in December 2016, pulling down annual average to 5.52 percent, benefitting from both favorable food and nonfood inflation dynamics. Non-food inflation has eased to 4.5 percent (point-to-point) in December, down from 7.1 percent a year ago.



Import

Total import in FY16 stood at USD 39,715.0 million registering a positive growth of 5.5 percent compared to USD 37,662.0 million in FY15. Import of food grain recorded significant negative growth of 29.1 percent (rice 77.9 percent and wheat 3.8 percent) in FY16 mainly due to decrease of rice import. Import for food grains stood at USD 1,057.6 million in FY16 compared to USD 1,490.6 million in FY15. Import of other food items' increased by 17.8 percent to 3,511.2 million in FY16 from USD 2,980.4 million in FY15. Except negative growth of milk & cream (22.4 percent) and sugar (17.4 percent), all other items showed positive growth. Consumer and intermediate goods increased by 3.2 percent to USD 20,488.6 million in FY16 from USD 19,847.6 million in FY15. Capital goods and others categories grew by 9.0 percent to USD 17,863.4 million in FY16. Imports by EPZ increased by 4.3 percent to USD 3,272.6 million in FY16 compared to USD 3,138.1 million in FY15.

Export

Export is expected to pick up in 2017, with improving growth outlook in some advanced economies. But this outlook is subject to substantial geopolitical risks and policy uncertainties in the US, UK and euro area. Export earnings increased by 9.8 percent in FY16 to USD 34,257.2 million from USD 31,208.9 million in FY15. Apparels (woven garments and knitwear products) constitutes the largest share of exports (above four fifths). Woven and knitwear products, which fetch about 82 percent of total export earnings, registered a strong growth from USD 25,491.4 million of FY15 to USD 28,094.1 million in FY16. Woven and Knitwear products grew by 12.8 and 7.5 percent in FY16 respectively. One important feature of export diversification is market diversification. Bangladesh's exports now reach some 200 countries. In FY16, 54.6 percent of exports were destined for the EU bloc while 21.9 percent entered into the NAFTA bloc. Export to the ASEAN+3, OIC and SAARC countries was 1.7, 5.5 and 2.3 percent respectively of total exports in FY16.

Foreign Exchange Reserve

Bangladesh Bank's foreign exchange reserves have grown fast to a level generally deemed as adequate, but not yet to a level that could be viewed as excessive seen against those of other developing economy comparators.

Foreign exchange reserves held by the Bangladesh Bank stands at US\$ 32,092 million at the end of December 2016 while it was US\$ 27,493.3 million at the end of December 2015. Thus foreign exchange reserves increased by US\$ 4,599 million (16.73%) at the end of December 2016 compared to the reserves hold at the end of December 2015.

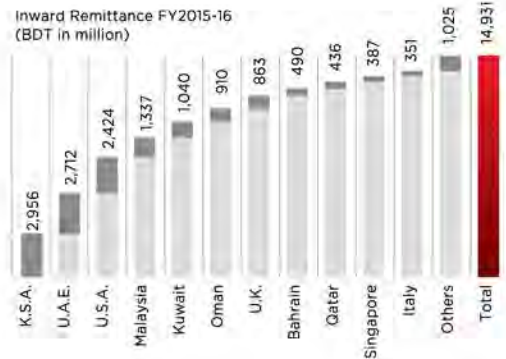
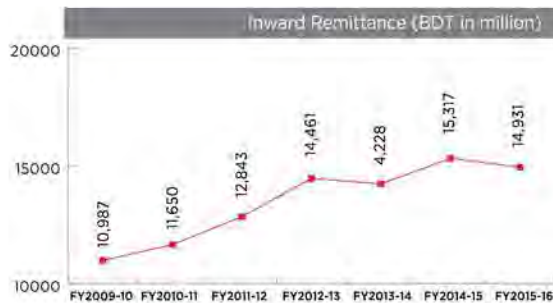


The US\$ 32,092 million foreign exchange reserve would help the country to cover around 7-8 months of prospective imports of goods and services.

Remittances

During the financial year 2016 (July 2015 to June 2016) inflow of workers' remittances stood BDT 14,931 million compared to 15,317 million in financial year 2015. Remittance inflow decreased in FY 2016 mainly from two countries, K.S.A and U.A.E respectively by BDT 389.68 million and BDT 112.03 million. Countries like Qatar, Italy, UK and USA from where remittance inflow increased in FY 2016 by BDT 125.46 million, BDT 91.15 million, BDT 50.94 million and BDT 44.13 million respectively. In inward remittance, major contributing countries were K.S.A, U.A.E and USA in FY 2016 respectively contributing 20 percent, 18 percent and 16 percent.

DIRECTORS' REPORT



Per Capita Income

Increase in real income of the population has raised per capita income in Bangladesh from USD 1,316 in FY2015 to USD 1,465 in FY2016 maintaining continuous development. The growth shown that the overall economy and income has improved significantly due to political stability and steady economic growth.

Overall Outlook

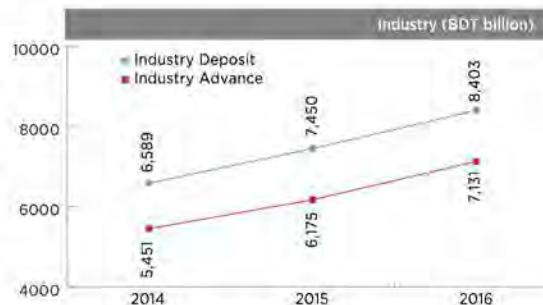
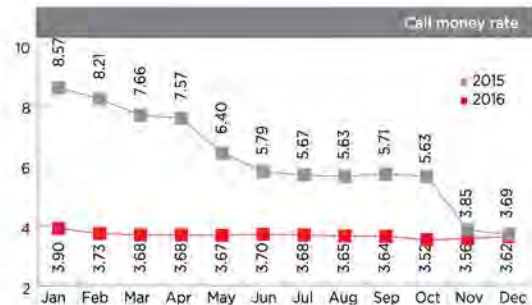
Bangladesh is now at a crossroads of development. The growth momentum that the country has achieved over the last decade must be continued and should be further energized to help the economy to the middle income bracket by 2021. Exports will grow with continued economic recovery in the US and the Euro area, strong expansion in remittances will boost consumption demand, private and public investment will pick up as the business climate improves under a stabilizing political situation and spending will increase under the annual development program. From another point of view, the overall outlook for the Bangladesh economy is favorable over the medium term in light of a growing working age population and likely continued global demand for Bangladeshi products. Faster growth of beyond 7 percent and sustained investments in infrastructure especially in the energy sector will require turning the country to a mid-income one.

Banking Industry Outlook

After the independence, banking industry in Bangladesh started its journey with only 6 nationalized commercial banks, 2 State owned specialized banks and 3 Foreign Banks. But now, there are 56 scheduled banks in Bangladesh which are controlled & supervised by Bangladesh Bank. There are 5 State Owned Commercial Banks (SOCBs), 3 Specialized Banks, 31 Conventional Private Commercial Banks, 8 Islami Shariah based Private Commercial Banks and 9 Foreign Commercial Banks. On the other hand there are now 4 non-scheduled banks in Bangladesh established for some special and definite objective.

During the year 2016, banking industry was in liquidity position and as such inter-bank call money rate was in stable. The call money rate has slightly fallen from 3.90 percent in January 2016 to 3.62 percent in December of the same year.

Banking industry has achieved a significant growth in deposit mobilization and also in rational approach for loan disbursement. Total deposits in banking industry increased to BDT 8,403 billion in December 2016 as against BDT 7,450 billion in December 2015 representing a growth of more



than 12.78 percent. On the other hand, total bank's advance increased to BDT 7,131 billion in 2016 from BDT 6,175 billion in 2015 registering around 15.49 percent growth.

The banking sector indicators showed some concern in 2016 as gross non performing loan (NPL) ratio crept up to 9.23 percent at the end of December 2016 from 8.79 percent at end December 2015. However, the ratio of net NPL in the banking sector increased to 2.77 percent from 2.26 percent during the same period due partly to some shrink in provision coverage.

Banking industry is entering into a new era of lower interest rates regime. All the scheduled bank has slashed the lending rate. In January 2016, the weighted average interest rate on lending of scheduled banks was 11.05 percent which reduced to 9.93 percent in December 2016. In same way weighted average interest rate on deposit also reduced by around 1 percent from 6.21 percent in January 2016 to 5.22 percent in December 2016. On the other hand, Capital adequacy ratio (CAR) stood at 10.3 percent in September 2016.



	Growth (%)		Growth (%)	
	2014	2015	2014 vs 2015	2015 vs 2016
Industry Deposit	6,589	7,450	13.08	12.78
Industry Advance	5,451	6,175	13.27	15.49

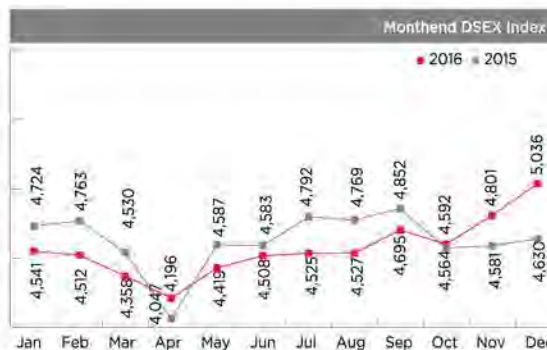
Risk and Concerns for the Banking Industry

Although the year 2017 expected to be better for banking industry in Bangladesh but some uncertainty still remaining as follows;

- ✓ Banking industry has enough liquidity for investment. Entrepreneurs' initiative for taking the risk will be the major factor for utilization of the banks' fund in 2017.
- ✓ Maintaining the ongoing stability in political and economic activities is a challenge. Lack of consensus among political parties may any time lead to political agitation, which may ultimately affect the growth of private sector including banking industry.
- ✓ Growth of investment and business activities may not explore as per targets due to lack of initiatives for good governance in government and regulatory bodies' activities. Banking industry may not have sufficient good investment opportunities in private and public sectors.
- ✓ Implementation of various mega projects are in the process. Thus, to meet up the expenditure, government may borrow fund from banking sector which may some extend affect the liquidity scenario.
- ✓ Inflow of wage earners remittance is not up to the mark and there is also risk of further declining in remittance growth which may affect the balance of payment.
- ✓ In line with global practice of risk management, Bangladesh Bank also in phase of implementation of Basel III for the banks which will affect the capital adequacy of the banks. Banks need to maintain additional buffer capital of 2.50 percent by 2019 (each year additional requirement of 0.625 percent from 2016). This may increase pressure to banking industry to maintain additional capital requirement in coming years.

Capital Market Outlook

Stock markets in Bangladesh have stabilized by now after the 2010 bubble creation and the subsequent collapse. Bangladesh Bank proactively lent hand in stabilizing the capital market, at the same time taking steps for reining in the banking sector's capital market exposures within global best practice norms linked to their capital bases. The capital market in Bangladesh was largely stable during 2016 showing very strong and positive trend during last quarter of the year as reflected in the DSE broad index (DSEX), market capitalization and the price-earnings ratio.



Month End DSEX Index

The DSEX index stood at 5036 at the end of December 2016 which was 4630 in December 2015. The market capital slightly increased by 8 percent in 2016. In December 2016 market capitalization was BDT 3,412 billion against BDT 3,160 billion in December 2015. However, the stock market has shown an uptrend since the end of 2016.



UCB Share Price (month on month)

Share price of UCB was also in up trend in 2016. In January 2016, share price was BDT 20.10 which reached to BDT 21.30 at the end of December 2016. However, in April 2016 share price was declined to BDT 15.90.

Brief History of UCB

United Commercial Bank started its journey in the year 1983 with an initial paid up capital of Tk 35.50 million with the objective of excellence in customer service with pleasure and happiness. Its vision is to be the best in all terms; sustainable inclusive business growth by ensuring efficiency, regulatory compliance, good asset quality, combination of experience and professional talents, consistent profitability and of course good governance. The Bank formally started its commercial operation on 27 June in the same year. During the year 2016 the Bank set record indeed in terms of advance, deposit and expansion of business through its continuous diversification. Now, UCB is one of the top Banks in Bangladesh among the private commercial Banks in terms of operating performance.

United Commercial Bank was listed with Dhaka Stock Exchange (DSE) in the year 1986 and with the Chittagong Stock Exchange (CSE) in the year 1995. The Bank obtained license to open offshore banking unit on 9 June 2010. As on 31 December 2016, the Bank feels proud of having 168 branches and 164 ATM throughout the country.

Principal Activities

Sustainable development is not possible without continuous diversification of business. UCB's core competencies may be classified into two segments interest earning activities in the form of providing loans and advances and investment activities.

Interest earning activities

United Commercial Bank has an attractive basket of loan product which covers SME Financing, Project Finance, Export-Import Financing, overdraft facility & cash credit, home loan, car loan, lease finance, Consumer Financing RMG financing, Agro loan and many more

Local and foreign trade activities

United Commercial Bank facilitates its valued clients in their local and foreign trade activities i.e. import and export business. These import and export business is one of the highest revenue-generating segments of UCB.

Remittance activities

UCB also facilitates inward and outward remittance facilities to expatriates, different organizations and individuals through branches, agents and correspondences.

Guarantee activities

UCB provides financial guarantee to different individuals and organizations which also important source of commission earning of the bank.

Investment activities

- Money market- the Bank invests in the treasury bills & bond which is considered as secured investment and ensures a certain amount of return of the Bank. Considering the liquidity position, the Bank also participates in the call money market;

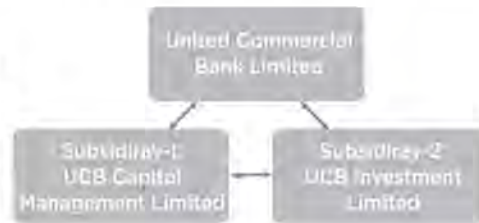
- Capital market- the Bank has significant presence in capital market through direct investment. The Bank has also two subsidiaries with an aim to active participation in capital market through brokerage, portfolio management, investment banking etc.

□ Mobile Financial Services; UCash

With the view to bringing the unbanked people to the banking facilities UCB started full-fledged operation of Mobile Banking Services under the brand name "UCash" in the year 2013. Presently, the Bank has substantial market share in Mobile Banking Services of Bangladesh which is growing further over the time. The Bank has agents for providing the Mobile Banking Services country wide.

Corporate Structure

The Bank consists of two subsidiaries; UCB Capital Management Limited which provides stock brokerage and margin loan service to the investors and 'UCB Investment Limited' which was established in August 2011 with a vision to be a leading merchant bank in the country for providing issue management service, underwriting, portfolio management service and related advisory services.



Subsidiary & Associates

UCB has two subsidiaries as on the date of reporting; UCB Capital Management Limited and UCB Investment Limited as described below:

UCB Capital Management Limited

UCB Capital Management Limited (UCB Capital) is one of the major subsidiary companies of the Bank. UCB Capital is a modern, professional and prominent securities brokerage house in Bangladesh Capital Market. TREC holders with both Dhaka Stock Exchange (DSE TREC No. 181) and Chittagong Stock Exchange (CSE TREC No. 015), UCB Capital is currently the fastest growing stock broker and dealer in the country. UCB Capital started commercial operation in 2013. Despite a late start, UCB Capital has established a sizeable customer base and a solid reputation within the industry. As a full-service brokerage house, UCB Capital offers a full range of professional stock brokerage services for the institutional and individual investors (including NRBs) in Bangladesh as well as foreign institutions and individuals. It has a branch network covering Dhaka and Chittagong, the two largest cities in Bangladesh.

Profit before provision stood at BDT 48.25 million in 2016 compared to BDT 40.36 million in 2015 registering a growth of 19.63%. UCB Capital executed transactions worth BDT 15,776.33 million in 2016 compared to BDT 11,239.98 million which is 40.36% higher. In 2016, the company's loans to clients stood at BDT 640.64 million as against BDT 456.36 million in the previous year. The number of clients increased in 2016 by 40.25% compared to the previous year. UCB Capital performed progressively better especially towards the end of the year ranking 24th for the month of December 2016 and 40th overall in 2016. The paid-up capital of the company was enhanced from BDT 513.50 million to BDT 2,000 million during the year.

UCB Investment Limited

UCB Investment Limited, another subsidiary of United Commercial Bank Limited was incorporated in Bangladesh as a private limited company with limited liability as on 3 August of 2011 under Companies Act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities, credit syndication. To commence its operation, the company has already applied for the license to Bangladesh Securities and Exchange commission which is under consideration of BSEC. The initial paid up capital of the company was BDT 10 crore and later on the capital increased to BDT 25 crore as per requirement of BSEC.



DIRECTORS' REPORT

Off-shore Banking Unit

Offshore Banking Unit (OBU), a separate business unit of United Commercial Bank Limited, governed under the Rules and guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3) 744 (117)/2010-2577 dated 9th June 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently the Bank has 1 (One) unit in Dhaka operating under the Rules and guidelines of Bangladesh Bank.

Since inception in 2010, OBU have registered remarkable growth in successive years in terms of both business and profit by providing FC Term Loan and Demand Loan to the On-shore entrepreneurs thus contributing in the industrialization of the country. OBU offers trade finance facilities in the form of Bill Discounting under UPAS LC and short term financing in FC. OBU also makes placement with AD Branches of UCB as well as with other FIs. In 2016, the operating profit of OBU stood BDT 508.04 million against BDT 463.20 million in 2015 registering a growth of about 10 percent.

Preparation of Financial Statements

The financial statements of the Bank prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity. These statements have been prepared in accordance with the First Schedule (section-38) of the Bank Companies (amendment) Act 2013, related Bangladesh Bank circulars, Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS), the Companies Act 1994, the listing regulations of the Stock Exchanges, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock exchanges listing regulations and other laws and rules applicable in Bangladesh.

The financial statements of 2016 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The external auditor, Syful Shamsul Alam & Co., Chartered Accountants appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2016.

Maintaining Proper Books of Account

UCB maintained proper books of account for its financial transactions occurred during 2016. For recording the transactions the bank has followed the Bangladesh Accounting Standard (BAS). The books of account have also been reviewed by the external auditor, Syful Shamsul Alam & Co., Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

Appropriate Accounting Policies

Appropriate accounting policies have been consistently applied, except for the changes disclosed in the financial statements in preparation of financial statements and that the accounting estimates are based on reasonable and prudent judgment. Bank records financial transaction on accrual basis with required disclosures and also prepares the financial statements accordingly.

Follow up of IAS & IFRS in Preparation of Financial Statements

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in preparation of financial statements. However, in case the requirement of provisions and Circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail. As such the Group and the Bank has departed from certain requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed in notes to the financial statements.

Internal Control & Compliance

The Audit Committee, a sub-committee of the Board reviews the effectiveness of the system of internal controls and management, establish effective audit process and manage various risks. The internal audit function reporting to the Audit Committee operates independently of the other aspects of the company's management structure. It continually reviews the company's system of internal controls. These controls include financial controls that assist the Board in meeting its responsibilities for the integrity and accuracy of the company's accounting records. The Company's financial statements, prepared from these records, comply with the required laws and standards. The system of internal control is sound in design and has been effectively implemented and monitored.

A separate report on internal control and compliance is enclosed with the annual report.

Statement of Directors' Responsibility to Establish Appropriate System of Internal Control

The Directors acknowledge their overall responsibility for the Bank's systems of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with the applicable laws and regulations. This process ensures that a system of internal control in accordance with best financial reporting practice was in place throughout the year and up to the date of the signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various committees and Bank's risk management functions.

Statement of Directors' on Adequacy of the System of Internal Control

The Directors confirm that the Board through its committees has reviewed the effectiveness of the Bank's systems of internal control for the year ended 31 December 2016. The Board through the Audit Committee has supervised the policies and various parts of businesses to ensure an effective internal control system. The Board business strategy, significant policies for internal control system and risk management have been taken properly and internal audit and control has been accomplished as per requirement of the Bank Company (amended) Act 2013, Bangladesh Bank guidelines, Corporate Governance guidelines of Bangladesh Securities and Exchange Commission etc.

Going Concern

After reviewing the company's present and potential business growth, annual budget, performance, liquidity position, plans and financing arrangement, the Directors are satisfied that the Company has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening to the going concern of the Bank. For this reason, Directors continue to adopt the going concern basis in preparing these financial statements. There are no significant doubts upon the Bank's ability to continue as a going concern. A separate report highlighting key financial track record, good practices in business and operations indicating to continuity as a going concern has been separately attached with the Annual Report.

Top Management

The Bank is led by Mr. Muhammed Ali, Managing Director. He is a prominent and professional banker with 37+ years of rewarding multi-dimensional experience in banking and other fields of management. Mr. Ali has proven track record in leading various teams in different banks contributing in business policy formulation and strategy management. There are some other veteran and prominent bankers serving the Bank and contributing their expertise to the continuous growth of the Bank.

Managing Director:	With UCB since dated
Muhammed Ali	01 November 2012
Additional Managing Directors:	
M. Shahidul Islam	15 September 2008
Mirza Mahmud Rafiqur Rahman	20 June 1993
A.E. Abdul Muhaimen	09 July 2013
Md. Tariqul Azam	03 April 2006
Deputy Managing Directors:	
Mohammad Shawkat Jamil	20 June 1983
Md. Sohrab Mustafa	01 June 2010
Golam Awlia	06 October 1983
Md. Abdul Jabber Chowdhury	06 July 2015
Arif Quadri	13 October 2015
Mohammad Habibur Rahman Chowdhury, FCA	14 August 2011

DIRECTORS' REPORT

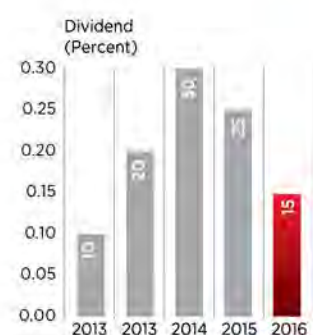
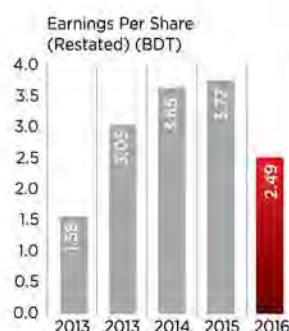
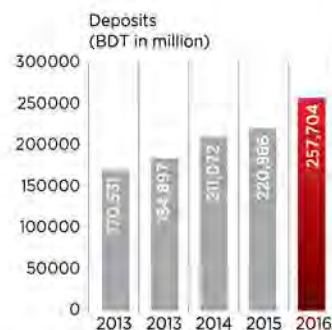
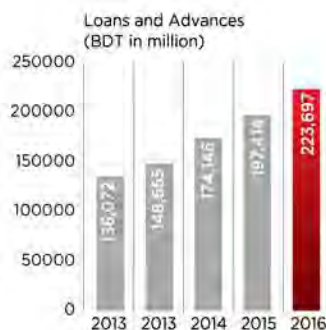
Analysis of key Operating and Financial data for last 5 (five) years

UCB recorded a remarkable growth in last five years in terms of business volume and profitability. At the end of 2012 total assets of the Bank was BDT 207,448.38 million whereas at the end of 2016 it stood at BDT 329,720.78 million recording a growth of almost 59 percent. During last five years deposits grew by 15 percent and loans & advances of the Bank grew by 64 percent.

(BDT in million)

Balance Sheet	Change (%)	Change (Taka)	2016	2015	2014	2013	2012
Authorized capital	-	-	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up capital	5.00	502	10,541.31	10,039.34	8,366.12	8,366.12	8,366.12
Shareholders' equity	0.65	168	25,756.32	25,588.82	22,491.54	20,504.97	18,171.02
Borrowing	138.81	14,860	25,565.10	10,705.57	6,024.88	6,993.51	4,713.33
Deposits	16.68	36,838	257,704.30	220,866.48	211,072.06	184,896.85	170,530.54
Loans and advances	13.31	26,284	223,697.18	197,413.64	174,146.10	148,664.86	136,071.65
Investments	25.10	11,130	55,475.64	44,345.73	44,288.60	35,587.25	26,090.32
Fixed assets	(2.41)	(207)	8,380.18	8,586.73	8,510.00	7,957.31	5,222.78
Off-balance sheet exposure	13.57	20,456	171,169.75	150,713.79	144,554.47	67,094.06	52,153.26
Total assets	12.21	35,874	329,720.78	293,847.23	266,100.74	226,333.13	207,448.38
Total liabilities	13.31	35,706	303,964.46	268,258.41	243,609.20	205,828.17	189,277.37

In line with the increased volume of the business, the profitability of the Bank has also increased significantly. In 2012, operating profit of the bank was BDT 5,762.22 million whereas it was BDT 7,587.38 million at the end of 2016 recording a growth of more than 31 percent whereas Bank's net profit after tax increased by 66 percent during last five years of time.



(BDT in million)

Results of operation	Change (%)	Change (Taka)	2016	2015	2014	2013	2012
Interest income	(7.14)	(1,602.42)	20,832.15	22,434.57	22,360.83	22,999.36	21,318.92
Interest expense	(17.11)	(2,517.14)	12,194.04	14,711.18	14,430.24	15,919.86	14,705.21
Net interest income	11.84	914.73	8,638.11	7,723.38	7,930.59	7,079.50	6,613.71
Non-interest income	(1.54)	(120.65)	7,703.97	7,824.62	7,278.80	5,319.08	3,563.95
Non-interest expenses	22.52	1,609.04	8,754.70	7,145.66	6,489.93	5,272.21	4,415.44
Gross Profit	5.11	794.08	16,342.08	15,548.00	15,209.39	12,398.58	10,177.66
Operating profit	(9.70)	(814.96)	7,587.38	8,402.34	8,719.46	7,126.37	5,762.22
Profit before tax	(28.44)	(2,062.46)	5,189.88	7,252.34	6,835.67	5,887.32	3,739.06
Net profit after tax	(33.91)	(1,348.71)	2,628.63	3,977.34	3,668.73	3,065.41	1,586.13

However, details of operating and financial data of UCB in last five years are shown separately in financial summary of annual report with charts and graphical presentation.

Key performance ratio	2016	2015	2014	2013	2012
Cost-income ratio	53.57	45.96	42.67	42.52	43.38
Gross profit ratio	57.27	51.38	51.31	43.78	40.90
Return on assets	0.84	1.42	1.49	1.41	0.84
Return on equity	10.24	16.54	17.07	15.85	9.29
Cost of fund	7.60	9.18	10.16	11.66	12.46
Yield on advance	9.71	11.75	13.87	16.21	16.23
Spread	2.11	2.57	3.71	4.55	3.77
Earnings per share (basic)	2.49	3.96	4.39	3.66	1.90
Earnings per share (restated)	2.49	3.77	3.48	2.91	1.50
Dividend (percent)*	15 C	20 C, 5B	10 C, 20 B	20 C	10 C
Net asset value per share	24.43	25.49	26.88	24.51	21.72
Price earning ratio (times)	8.54	5.38	6.68	6.85	12.42
Dividend cover ratio(times)	1.66	1.58	1.46	1.83	1.90
Dividend Yield (percent)	7.04	11.74	10.24	7.97	4.24

Significant Deviations from Operating Results of 2015

Bank's operating performance has slightly slid down during the year 2016 mainly due to reduction of spread in comparison to previous year. During the 2016, yield on advance and cost of fund were 9.71 percent and 7.60 percent respectively, which represents spread 2.11 percent. On the other hand, during the year 2015, yield on advance and cost of fund were 11.75 percent and 9.18 percent respectively, which represents spread 2.57 percent. Except the above deviation, the indicators are uptrend during the year 2016 in almost all key areas of business. Significant deviations in key operating lines are described as follows:

Operating Revenue

Bank's operating revenue (net interest income plus non-interest income) increased by BDT 794.08 million from BDT 15,548.00 million in 2015 to BDT 16,342.08 million in 2016.

Operation Profit

Operating profit has decreased by 9.70 percent. It was BDT 7,587.38 million in 2016 and BDT 8,402.34 million in 2015.

DIRECTORS' REPORT

Net Profit after Tax

During the year 2016, net performance line has decreased by BDT 1,348.71 million. During the year 2016 net profit after tax was BDT 2,628.63 million, it was BDT 3,977.34 million during the year 2015.

Extraordinary gains or loss

Extraordinary gains or losses refer to infrequent and unusual gains or losses and which is not part of the Bank's ordinary, day-to-day operations. There is no such a gain or loss during the year under reporting.

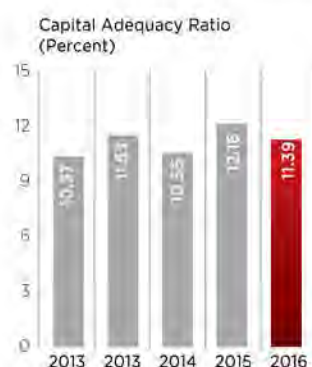
Risk Based Capital Framework

Risk Based Capital Adequacy Framework (Revised Regulatory Capital Framework for Banks in line with Basel III) has been implemented in Bangladesh from the beginning of 2015 through BRPD Circular No-18 dated December 21, 2014. Bank was in Basel II regime in 2014 maintaining its capital level above the minimum requirement, estimating the additional capital requirement to find out level of Adequate Capital against all types of risks under Pillar II and providing adequate disclosure as per pillar III (market discipline) of Basel II guideline.

From the very beginning of implementation of Basel III in Bangladesh, UCB has been continuing to calculate minimum capital requirement (MCR) considering credit risk, market risk and operational risk considering the Capital Conservation Buffer @ 0.625 percent. The summary of pillar I (Minimum Capital Requirement) on solo basis of UCB is as under:

Particulars	(BDT in Million)	
	2016	2015
Tier I Capital	23,026.98	22,406.21
Tier II Capital	10,494.92	10,820.24
Total Regulatory Capital	33,521.90	33,226.45
Risk Weighted Assets	294,391.54	273,271.71
Capital to Risk Weighted Asset Ratio (CRAR) (%)	11.39	12.16

UCB has strong Common Equity (Tier-1 Capital) base of BDT 23,026.98 million which was 7.82 percent of risk weighted assets as on December 31, 2016. Bank's Tier-2 Capital was BDT 10,494.92 million at the end of 2016, which was 3.56 percent of risk weighted assets. Against the minimum requirement of 10 percent, UCB is consistently maintaining above the requirement in last five years. In addition to minimum requirement of 10 percent, Bank needs to maintain buffer requirement of 0.625 percent in 2016. Thus Bank's minimum plus buffer requirement was 10.625 percent in 2016 which was deliberately maintained by the Bank.



Focusing on the Future Requirement

Bangladesh Bank has issued the "Guidelines on Risk Based Capital Adequacy", a Revised Regulatory Capital Framework for banks in line with Basel III, on December 2014. Aiming to maintain capital above the required level as per this new guideline, UCB has issued second subordinated bond of BDT 5,000.00 million in July 2015. Though raising fund from external sources is a short term and more costly solution, the Bank is emphasizing more on risk assets management and capital generation from internal sources like increasing reserve by generating profit. For risk assets management, the Bank is emphasizing on completion of credit rating of all unrated corporate and medium customers by external credit rating agencies and also emphasizing on restructuring of asset portfolio to low risk based assets.

Moreover, the Bank has also built up a platform to transfer from the standardized approach of risk measurement to more advanced version of Internal Risk Based Approach in evaluation of risk exposure of the Bank. In addition, the Bank is making preparation for transitional phase from Basel II to Basel III framework. As a part of this preparation, the Bank has calculated Liquidity Coverage Ratio and Net Stable Funding Ratio concerning about its liquidity risks and submitting the same to Bangladesh Bank from 2015.

Credit Rating

With a view to safeguarding the interest of the prospective investors, depositors and creditors and to improve the functioning of the capital market of the country, Bangladesh Bank vide BRPD Circular No.06 dated July 05, 2006 has made it mandatory for the Bank's to have themselves credit rated. Accordingly, Credit Rating of United Commercial Bank Limited was done by Emerging Credit Rating Limited (ECRL) based on audited Financial Statements as on December 31, 2015. The rating report is summarized as under;

Particulars	Long Term	Short Term
Entity Rating	AA	ECRL-2
Date of Rating	May 07, 2016	
Based on Financial Statement	December 31, 2015	
Validity Date	May 06, 2017	

ECRL has assigned AA (pronounced as Double A) the long term credit rating and ECRL-2 short term credit rating to the United Commercial Bank Limited based on audited financials of FY2012-2015 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating.

An institution rated AA has a very strong capacity to meet its financial commitments, and is generally in a position to withstand adverse developments in the economy, and in business and other external conditions. These institutions typically possess a good track record and have no readily apparent weaknesses.

An institution rated ECRL-2 has a strong capacity to meet its financial commitments in a timely manner; however, it is somewhat susceptible to adverse developments in the economy, and in business and other external conditions.

Events Occurring after the Reporting Date

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since the end of the year 2016 upto the date of approval of financial statements by the Board of Directors of the Bank that has significantly affected or may significantly affect the operations of the Bank, the results of its operations or its state of affairs. However, the only event is, "on 04 April 2017, the Board of Directors of the Bank recommended 15 percent cash dividend" which is subject to approval of the shareholders in the next Annual General Meeting to be held on 11 May 2017.

Corporate Social Responsibility

As one of the leading Bank, we acknowledge our responsibilities towards the society as a whole in which we live. We care for all stakeholders, ethical functioning, respect for employee's rights and welfare, respect for human beings, respect for environment and disseminate information on CSR policy. We are focused on offering a strong, safe and responsible service that contributes to the economic progress of society as a whole. We want to be seen as a company that is making a positive contribution to the society. We are committed to managing and reporting our operational impacts on the society and physical environments in which we operate and we are continually striving to improve and develop our corporate responsibility policies and performance. We realize that sustainable development is an ongoing journey. We are confident that we are well positioned and prepared to deliver against our responsibilities in the short, medium and long term. A separate report on Corporate Social Responsibility has been attached with the annual report.

Corporate Governance

The Bank focuses on ethics, innovation and transparency. The establishment of well founded corporate governance within the company will continue to be important in order to ensure a continuous profitable return to shareholders and a solid reputation amongst clients and partners. We strive to maintain full compliance with the laws, rules and regulations that govern our business. The main objective of UCB's corporate governance is to develop a strong, sustainable and competitive company in the best interest of its shareholders, employees, business associates and society at large. Successful value added business is

profoundly dependent upon transparency, internal and external confidence and trust. UCB believes that this is achieved by developing a conspicuous reputation based on our financial performance, our business practices and our communication with the market with due care on transparency and ethical standards.

Compliance of the Conditions of BSEC's Notification

In exercise of the power conferred by section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Bangladesh Securities and Exchange Commission (BSEC) issued notification no. SEC/CMRRCD/2006-158/134/ Admin/44 dated August 07, 2012 to comply with certain conditions for corporate governance. The notification was issued for establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. A statement on the compliance with the BSEC's conditions has been attached with the Annual Report with compliance certificate.

Declaration on Compliance of Corporate Governance

Para 36 of the Listing Regulations 2015, notification dated 30 June 2015 requires the directors to declare on compliance of the conditions of Bangladesh Securities & Exchange Commission. The Bank duly complied with the conditions of Bangladesh Securities & Exchange Commission (notification no. SEC/CMRRCD/ 2006-158/134/Admin/44 dated August 07, 2012) on corporate governance. Moreover, as per requirement of Bangladesh Securities & Exchange Commission, a certificate from a professional Chartered Accountants has been obtained and attached with the Annual Report.

Business Ethics and Compliance

How we work is as important as what we do. We are working to find diverse, responsible stakeholders and conduct our business responsibility to help serve you better.

United Commercial Bank has a reputation for delivering innovation, performance and solutions. The key element to our long-term success is something less tangible and less easily illustrated with figures. These are integrity and honesty in our business dealings, a factor that contributes to our long-term relationships with clients. All of our employees are expected to behave ethically in their work, and our expectations to them are set out in ethical principles. The objective of the policy is to make UCB a good Company to work for; to maintain our reputation for exceptional client service and ethical business dealings, to compete ethically and to ensure that the business is managed to a high standard consistently.

Contribution to the National Exchequer and the Economy

United Commercial Bank Limited always upholds its responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work. During the year 2016, the Bank has provided (provision for tax expense) an amount of BDT 2,561.25 million as tax expense as against BDT 3,275.00 million of previous year. We also pay VAT @ 15 percent on our fees and commission income. Moreover, we are abiding by the prevailing laws to deduct source tax and source VAT from all payments as per prescribed rate. Besides direct contribution to national economy in the form of payment of taxes UCB contributes to the economy in the following manner:

- ❑ Based on the financials as on 31 December 2016 the size of total credit exposure of UCB with 39,966 no. of clients was BDT 22,3697.18 million (2015: 34,897 no. of clients, BDT 197,413.64 million). Providing such facility does not only mean to the financial support but also creates huge opportunity of employment in the society.
- ❑ Direct economic impact by creating employment and a well-trained workforce. UCB and its subsidiary employed as many as 4152 employees as on 31 December 2016 (2015: 3,837). Significant amount of bank's earnings and expended for salary and employee benefits. During the year 2016, UCB paid total BDT 5,172.83 million for salary and employee benefits. UCB has also has provident fund and gratuity fund as a tool to reward long term service with the bank.
- ❑ We firmly believe that sustainable economic growth and a healthy environment are inter-linked. We take supportive role in terms of providing financial services by restricting and discouraging projects detrimental to the environment and health.

- UCB deployed its all out effort to make the slogan 'Green Banking' a success. Various initiatives have already been taken both in policy and practically at large.
- We always agree in building prosperity by supporting a broad range of socio-economic issues through donation and sponsorship. We believe, in order to reach our potential, we need to earn the respect of our stakeholders. We have learned by last more than three decades that the best way to do that is to foster creativity, innovation and diversity throughout our ventures, of course aligning business practices with highest values. We dream to crafting a way of social business rather than commercial business objective only. During the year 2016 the bank expended around Tk. 29.90 million for donation and sponsorship (2015: Tk. 21 million).

A detailed report on the contribution to national economy and a report on distribution of value addition by the Bank have been attached with the annual report.

Meeting of the Board of Directors and Attendance

During the year 2016 total 15 no. of Board of Director's meeting, 11 no. of Executive Committee meeting, 09 no. of Audit Committee meeting and 05 no. of Risk Management Committee meeting were held. The status of the member along with the attendance is mentioned below:

Attendance of Board of Directors in Board Meeting in 2016

Sl No	Composition of the Board	Position	Total Meeting Held	Attended	Remarks
1	M.A. Sabur	Chairman	15	15	
2	Anisuzzaman Chowdhury	Vice- Chairman	15	15	
3	Showkat Aziz Russell	Chairman-Executive Committee	15	9	
4	Akhter Matin Chaudhury	Chairman-Audit Committee (Independent Director)	15	3	*6 nos. of Meetings held since he joined
5	Md. Jahangir Alam Khan	Chairman -Risk Management Committee	15	13	
6	M. A. Hashem	Director	15	15	
7	Hajee Yunus Ahmed	Director	15	12	
8	Hajee M.A. Kalam	Director	15	15	
9	Sultana Rezia Begum	Director	15	15	
10	Nurul Islam Chowdhury	Director	15	13	
11	Bazal Ahmed	Director	15	9	*10 nos. of Meetings held since he joined
12	Sharif Zahir	Director	15	12	
13	Shabbir Ahmed	Director	15	15	
14	Md. Tanvir Khan	Director	15	12	
15	Ahmed Arif Billah	Director	15	13	
16	Asifuzzaman Chowdhury	Director	15	13	
17	Rukhmila Zaman	Director	15	11	
18	Syed Mohammed Nuruddin	Independent Director	15	9	
19	Dr. Salim Mahmud	Independent Director	15	11	
20	Muhammed Ali	Managing Director	15	15	

Past Members Attendance Details:

Sl No	Composition of the Board	Position	Total No. of meeting Held during their period	Total Attendance
1	Abdul Gaffar Chowdhury	Director	4	4
2	Lt. Gen. ATM Zahirul Alam rcds., psc(Retd.)	Independent Director & Chairman, Audit Committee	6	6

* Directors who could not attend the meeting were granted leave of absence

DIRECTORS' REPORT

Attendance in Executive Committee (E.C) Meeting during the year 2016

Sl No	Composition of the Board	Position	Total Meeting Held	Attended	Remarks
1	Showkat Aziz Russell	Chairman	11	8	
2	Anisuzzaman Chowdhury	Member	11	10	
3	Md. Jahangir Alam Khan	Member	11	10	
4	Hajee Yunus Ahmed	Member	11	10	
5	Hajee M. A. Kalam	Member	11	11	
6	Ahmed Arif Billah	Member	11	6	*8 Nos. of Meetings held since he joined
7	Sharif Zahir	Member	11	8	

Past Members Attendance Details

Sl No	Composition of the Board	Position	Total No. of meeting Held during his period	Total Attendance
1	M. A. Sabur	Member	3	3

Attendance in Audit Committee Meeting during the year 2016

Sl No	Composition of the Board	Position	Total Meeting Held	Attended	Remarks
1	Akhter Matin Chaudhury	Chairman	11	3	*4 nos. of Meetings held since he joined
2	Shabbir Ahmed	Member	11	11	
3	Md. Tanvir Khan	Member	11	9	
4	Asifuzzaman Chowdhury	Member	11	7	*8 nos. of Meetings held during his tenure
5	Syed Mohammed Nuruddin	Member	11	8	*8 nos. of Meetings held during his tenure

Past Members Attendance Details

Sl No	Composition of the Board	Position	Total No. of meeting Held during his period	Total Attendance
1	Lt. Gen. ATM Zahirul Alam rcds,psc(Retd.)	Chairman	5	5
2	Nurul Islam Chowdhury	Member	3	3
3	Dr. Salim Mahmud	Member	3	3

Attendance in Risk Management Committee Meeting during the year 2016

Sl No	Composition of the Board	Position	Total Meeting Held	Attended	Remarks
1	Md. Jahangir Alam Khan	Chairman	5	5	
2	Hajee Yunus Ahmed	Member	5	5	
3	Sharif Zahir	Member	5	4	4 nos. of Meetings held during his tenure
4	Nurul Islam Chowdhury	Member	5	3	*4 nos. of Meetings held during his tenure
5	Bazal Ahmed	Member	5	4	4 nos. of Meetings held during his tenure

Past Members Attendance Details

Sl No	Composition of the Board	Position	Total No. of meeting Held during his period	Total Attendance
1	M. A. Sabur	Chairman	1	1
2	Showkat Aziz Russell	Member	1	0
3	Asifuzzaman Chowdhury	Member	1	1

* Directors who could not attend the meeting were granted leave of absence

Pattern of Shareholding

Fully paid up shares issued to	No of Shares	Amount in Taka	% of Shares
Sponsors/Directors	411316069	4,113,160,690	39.02
Institution (Financial & Others)	135567387	1,355,673,870	12.86
General Public	498697365	4,986,973,650	47.31
Govt. of Peoples Republic of Bangladesh	8549833	85,498,330	0.81
Total	1054130654	10,541,306,540	100

(A) Share held by parent/subsidiary/associated companies:

Name of the parent/subsidiary/associate	Status	Shareholding
UCB Capital Management Limited	Subsidiary	Nil
UCB Investment Limited	Subsidiary	Nil

(B) Shareholding of Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and their spouses and minor children:

Sl. No.	Name of The Directors	Shares held as on 31 Dec 2016
i) Directors:		
	M.A. Sabur and Spouse	22579267
	Anisuzzaman Chowdhury	29501526
	Showkat Aziz Russell	21172362
	Akhter Matin Chaudhury	-
	Md. Jahangir Alam Khan and Spouse	21084009
	M. A. Hashem and Spouse	25431154
	Hajee Yunus Ahmed and Spouse	26492727
	Hajee M.A. Kalam and Spouse	24234815
	Sultana Rezia Begum	21144968
	Nurul Islam Chowdhury	21086874
	Bazal Ahmed	21125467
	Sharif Zahir	21122013
	Shabbir Ahmed	21124915
	Md. Tanvir Khan	21084773
	Ahmed Arif Billah	21753516
	Asifuzzaman Chowdhury	29735237
	Rukhmila Zaman and Spouse	23227319
	Syed Mohammed Nuruddin	-
	Dr. Salim Mahmud	-
ii)	Muhammed Ali, Managing Director and Spouse	-
iii)	A T M Tahmiduzzaman, FCS (Company Secretary) and Spouse	-
iv)	Mohammad Habibur Rahman Chowdhury FCA (Deputy Managing Director and Chief Financial Officer) and Spouse	-
v)	Md. Ziaullah Khan (Executive Vice President and Head of Internal Audit) and Spouse	-

DIRECTORS' REPORT

(C) Executives (Top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit)

Sl. No.	Name of Executives	Shares held as on 31 Dec 2016
1	M. Shahidul Islam (Additional Managing Director) and Spouse	-
2	Mirza Mahmud Rafiqur Rahman (Additional Managing Director) and Spouse	-
3	A. E. Abdul Muhaimen (Additional Managing Director) and Spouse	-
4	Md. Tariquul Azam (Additional Managing Director) and Spouse	-
5	Mohammed Shawkat Jamil (Deputy Managing Director) and Spouse	-

(D) Shareholders holding 10% or more voting interest in the company:-

Shareholders holding 10% or more voting interest in the company	Nil
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Related Party Transaction

UCB had no credit directly to its director at the end of 2016. However, there were some related party contacts and transactions wherein the Directors had interest. The Bank got Bangladesh Bank's approval to make related party contact. Details are as follows:

Significant related party Contracts/transactions where Bank is a party and wherein Directors have interest:	Nil
Shares issued to Directors & Executives without consideration or exercisable at discount:	Nil

Related Party Transactions

Sl. No	Name of the Party	Relationship	Nature of Transaction
1	AmberIT	Common Director	Data Connectivity Service for Online Banking & ATM

Bank follows normal process of business for related party transaction ie. related party does not enjoy any preferred facility or concession or favor from the view point of approval process, rate or cost charged etc.

Remuneration of Directors

At the end of 2016, UCB had 20 (twenty) members in its Board of Directors including the Managing Director and 3 (three) independent director. As per Bangladesh Bank's BRPD circular no. 11 dated 04 October 2015, the members of Board of Directors (excluding Managing Director) received maximum BDT 8,000.00 (eight thousand) as honorarium for attending in a meeting. In the year 2016, total honorarium was BDT 3.48 million which was BDT 2.66 million in 2015.

Rotation of Directors

According to the clause 108 & 109 of Article of Association (AOA) of the Bank, one third (1/3rd) of the Directors who have been holding longest in office shall retire from the office in the Annual General Meeting (AGM) The Bank will follow the clauses and rotate the Directors as per laws.

Appointment of Director

The Shareholders of the Bank in its 33rd Annual General Meeting have reappointed, among others, Mr. Abdul Gaffar Chowdhury as Director of the Bank who has expired on 03.04.2016 immediate after the AGM held. Mr. Bazal Ahmed has been appointed against the casual vacancy of Late Abdul Gaffar Chowdhury.

Name of the Directors & Address	Bazal Ahmed House No. 48, Road No 01, South Khulshi, Khulshi, Chittagong
Status in the Board	Director
Date of Birth	12.04.1969
Date of First Appointment	21.01.1989
Date of last Appointment	27.04.2016
Entities where they have interest	1. Taj Accessories (Pvt.) Ltd. 2. Saikat Textile Ind. Ltd. 3. Taj Trading

Appointment/Reappointment of Independent Directors

Board of Directors of United Commercial Bank Ltd. is always steadfast to comply with the rules and regulations set by the regulators and every law of the land. In continuation of that faithful promise Board of Directors unanimously decided to appoint Akhter Matin Chaudhury and reappoint Syed Muhammad Nuruddin & Dr. Salim Mahmud as Independent Director of the Bank to comply with the Corporate Governance Guidelines of BSEC vide notification dated: 07 August 2012. It is worthy to mention here that Akhter Matin Chaudhury is currently the Chairman of Audit Committee of the Bank.

Resume of Independent Directors:

Name of the Directors & Address	Akhter Matin Chaudhury Apartment A1, Palm Spring, House 66, Road 18, Banani, Dhaka 1213
Status in the Board	Independent Director
Date of Birth	02 .02. 1951
Date of First Appointment	23.08.2016
Date of last Appointment	N/A
Entities where they have interest	01. Nuvista Pharma Ltd 02.Nuvista AnimalHealth & CropCare Ltd.

Name of the Directors & Address	Syed Mohammed Nuruddin Monjoor Building (1st & 2nd Floor), 67, Agrabad
Status in the Board	Independent Director
Date of Birth	15.03.1957
Date of First Appointment	29.06.2013
Date of last Appointment	27.07.2016
Entities where they have interest	01.Allport Cargo Services (ocean) Ltd. JV with ACS, UK 02. Mariners Cargo Services Ltd. JV with ACS, UK 03. Mariners Trading Corp. Ltd. 04. Mariners (Bangladesh) Ltd. 05. Sundaram Tiles Ltd. 06. Orbit Pharmaceutical Ltd. 07. American Education Council Ltd

Name of the Directors & Address	Dr. Salim Mahmud
Status in the Board	Independent Director
Date of Birth	14.09.1971
Date of First Appointment	14.05.2013
Date of last Appointment	27.07.2016
Entities where they have interest	Member, Bangladesh Energy Regulatory Commission

DIRECTORS' REPORT

Appropriation of Profit

Taking into account the profit available for distribution after complying with regulatory requirement, the Board in its 406th meeting held on 04 April 2017 recommended 15 percent cash dividend for the year ended on December 31, 2016 which is subject to approval of shareholders in the next Annual General Meeting.

Proposed appropriations are as follows:

(BDT in million)

Particulars	2016	2015
Net profit after tax for the year	2,628.63	3,977.34
Retained earnings at the beginning	38.32	21.28
Profit available for appropriation	2,666.95	3,998.62

(BDT in million)

Proposed appropriations:	2016	2015
Transferred to statutory reserve	1,037.97	1,450.47
Proposed stock dividend	-	501.97
Proposed cash dividend	1,581.20	2,007.87
Retained earnings	47.78	38.32

Auditor's Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor Syful Shamsul Alam & Co., Chartered Accountants based on their audit of financial statements for the year ended 31 December 2016. The auditor didn't mention about any material misstatement or significant disagreement regarding review of the Bank's financial statements. The Board also reviews the auditors' suggestion which auditor provides through a separate management report and gives the strategic guidelines to the management for improvement.

Appointment of Auditors

Syful Shamsul Alam & Co., Chartered Accountants was the auditor of the Bank for the year 2016. As 2016 is the first year of audit and eligible for reappointment for the year 2017.

Section 210 of the Companies Act, 1994 gives authority to the shareholders to fix the appointment of the auditor and its remuneration. Hence, the Board recommends to reappoint Syful Shamsul Alam & Co., Chartered Accountants as the auditor of the Bank for the year 2017 at a remuneration of BDT 805,000. However, such appointment will be subject to approval of the shareholders in the next Annual General Meeting.

Future outlook

United Commercial Bank Limited is making progress on embedding sustainability into business. We still believe that, we have a lot scope to do, a long way to go and will continue to build our programme as a team in the year ahead. We are confident that we can make our slogan a success "United we achieve". However, Market conditions for our industry are as challenging and volatile as we have seen in recent times. We have a strong capital position and we have accumulated a good size of quality portfolio and diversity in our revenue and earning streams.

Our presence in the market is growing steadily and we have improved our presence in all areas of operations. We have professionals with profound managerial talents and perhaps most importantly, we have a hard earned reputation as one of the top service providers in our industry. We are convinced of our ability to continue to thrive in all areas of our business backed by over three decade of experience and driven by the ambition to continue reaching new heights in performance. Building on our strength, we are confident that the company will be able to present better results before our shareholders in the years ahead.

Acknowledgement

The Bank closed the year 2016 recording excellent performance in all core areas of operation with relentless and dedicated efforts of the employees of the Bank and due to sincere cooperation of all concerned it was possible to achieve the excellent results during the year. Above all, strong liquidity base, prudent fund & credit management, continued guidance and inspiration to the Management by the members of the Board played a vital role in the overall development.

I take this opportunity to thank my Board colleagues for their continued support and contributions in moving the Company to the right direction. I, of course, thank all the employees of the Company on whom we depend for our success. On behalf of the Board I also like to thank Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka and Chittagong Stock Exchanges, Central Depository Bangladesh Limited, borrowers, depositors and other stakeholders who were the partners in the growth of your Bank. We also look forward to continued our unending support from them.

Last but not the least, I wish to thank our shareholders for their continued support and trust placed on us and UCB aspires to do better in future and with this expectation we are pleased to place the Annual Report, the audited financial statements for the year ended 31 December 2016 together with the auditor's report thereon for approval.

on behalf of the Board of Directors



M. A. Sabur
Chairman



REPORT ON CORPORATE GOVERNANCE

Breaking down the 'Agency Problem'

Corporate Governance is the system by which companies are directed and controlled to the best interest of the stakeholders, therefore highly regarded as a mechanism to resolve the 'Agency Problem'. Agency problem refers to the conflict of interest between management and shareholders, i.e. managers (Agent) may not act in the best interest of shareholders (Principal).

Corporate Governance Framework:

The Way of Life, rather a mere legal compulsion

Fairness, Transparency, Accountability and Responsibility are the minimum standard of acceptable corporate behavior today. The Bank, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders. In fact, corporate governance leads to the good governance and good governance is an integral part of the sustainable economic development of a country. At UCBL due importance is given to major parameters of corporate governance such as Board system and its independence, function of Boards' Sub-Committees, internal control over financial reporting, transparency, disclosure and compliance etc.; all our banking activities are guided by these key principles of good governance.

Board of Directors

As at 31 December 2016, the Board consists of 20 (twenty) directors including ex-officio Managing Director. Managing Director is playing the role of ex-officio director as per Articles of Association of the Bank. The Board members include persons of high caliber, with academic and professional qualification in the field of business and profession. This gives strength for effective discharge of duties and responsibilities by the Board. The existing BoD of the Bank includes three Independent Directors as prescribed in the BSEC Corporate Governance Guidelines (No. 1.2), and Section 15 of Bank Company Act 1991 (amended up to 2013).

Corporate Governance Defined

FIGURE: The Principal Actors: Shareowners, Directors, Managers



Corporate Governance Framework



Director's Appointment/Election and Independence

Directors are appointed following relevant provision/clause of Companies Act 1994, Bank Company Act 1991 (amended up to 2013), Corporate Governance Guidelines of BSEC, and Guidelines of Bangladesh Bank and Articles of Association of the Bank.

Board of Director's Meeting

The Board of Directors holds meeting on a regular basis. In each meeting, management provides information, references, and detailed working papers for each agenda to all the directors for consideration well ahead of the meeting. The chairman of the Board of Directors allocates sufficient time for the directors to consider each agenda in a prudent way and allows them to freely discuss, inquire, and express opinions on the agenda. Directors who cannot attend the meeting(s) are granted leave of absence by the Board. During the year 2016 total 15 no. of meetings were held. The status of the member along with the attendance is separately discussed in the Directors' Report

Chief Financial Officer (CFO), Company Secretary (CS) and Head of ICC

Chief Financial Officer (CFO), Head of Internal Control & Compliance and Company Secretary are being appointed as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.

The Board of Directors of UCBL clearly defined and approved the respective roles, responsibilities and duties of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Control & Compliance (ICC). The CFO and the CS of the Bank attend the meetings of the Board of Directors, provided that the CFO/CS do not attend such part of a meeting which involves consideration of an agenda item relating to their personal matters.

Director's Shareholding Status

In compliance with BSEC Notifications dated 22 November 2011 and dated 07 December 2011, all the eligible Directors (other than independent Directors) of UCBL have been holding required percentage of shares individually and jointly.

Shareholding of CEO, CFO, CS, Head of ICC and top 5 Salaried Executives

Please refer to the Director's Report section of this Annual Report.

Non-Executive Director

All the Directors of UCBL including the Chairman are Non-Executive Directors except the Managing Director & CEO. The Directors attend Board meetings regularly and participate in the deliberation and discussions effectively. They actively involved in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank. Moreover, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Independent Directors

In compliance with the Corporate Governance Guidelines issued by BSEC, Bank Company Act 1991 (amended up to 2013) and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors of the Bank has appointed 3 (three) number of Independent Directors in its Board and one of whom is the Chairman of the Board Audit Committee. The Independent Directors are conversant in the field of financial, regulatory and corporate laws; enjoy full freedom to carry out their assigned responsibilities.

Sub-Committees of the Board**Board's Executive Committee**

The Board has an Executive Committee which conducts their responsibility as per Terms of Reference (TOR) determined by the Board of Directors of the Bank. The Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the banking industry. The Committee ensures the implementation of the policies and guidelines through the management. The Executive Committee of the Board approves the credit proposals as per approved policy of the Board. The management ensures due diligence of the credit policy and risk management at the time of submitting the credit proposals.

During the year 2016 total 11 no. of Executive Committee meetings were held. The status of the member along with the attendance is separately discussed in the Directors' Report

Audit Committee of the Board

Audit Committee is one of the sub committees of the Board which plays very vital role in assisting the Board to perform its responsibilities. The committee is guided by the TOR as set by the Board of Directors of the Bank in line with the direction of Bangladesh Bank and Bangladesh Securities & Exchange Commission. The Chairman of the Audit Committee is an Independent Director; the Company Secretary acts as the secretary of the Committee. The role of the Audit Committee of UCBL includes the following:



REPORT ON CORPORATE GOVERNANCE

- Oversee the financial reporting process.
- Monitor Internal Control Risk management process.
- Oversee hiring and performance of external auditors. Meeting with the external auditors to discuss about the audit plan
- Review along with the management, the annual financial statements before submission to the Board for approval.
- Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.
- Review the adequacy of internal audit function.
- Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.

Detailed roles and responsibilities of the Committee is available in 'Report of the Audit Committee'.

During the year 2016 total 11 no. of Audit Committee meetings were held. The status of the member along with the attendance is separately discussed in the Directors' Report

Report of the Board Audit Committee: A report of the Board Audit Committee is attached with this Annual Report separately.

Risk Management Committee of the Board

Apart from the Executive Committee and Audit Committee of the Board, a Risk Management Committee has been formed which is responsible for planning and guiding on overall risk management of the Bank. Key areas of responsibilities of the Committee are as under:

- Risk identification and control policy
- Designing the organizational structure to manage risk within the Bank
- Construction of organizational structure
- Review, analysis and approval of Risk Management Policy
- Monitoring the implementation of overall risk management policy
- Enforcing and using adequate recordkeeping and reporting systems

Detailed roles and responsibilities of the Committee is available in the 'Report of the Risk Management Committee'. During the year 2016 total 5 no. of Risk Management Committee meetings were held. The status of the member along with the attendance is separately discussed in the Directors' Report

Remuneration Committee

As the Bank is restricted (by Central Bank) to have more than three sub-committees of the Board, the Board oversees the recruitment and remuneration process of the employees by reviewing/approving various policies like HR policies, recruitment and promotion policies etc.

Regulatory Compliance/Disclosure

The primary regulator of the bank is Bangladesh Bank and other major regulator includes, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), RJSC&F, CDBL, National Board of Revenue (NBR) etc. At UCB, our prime focus is on being compliant not only by mere legal terms but also by its inner substance with respect to applicable laws and regulations. Bank has been following related guidelines on submission of financial statements and other statutory reports ensuring timeliness, completeness, transparency, accountability and accuracy. Any significant development in the business is forth-with disclosed through the adherence of proper rules/guidelines/directive in the form of price sensitive declarations. Board of Directors ensures adequate disclosures for the shareholders through Annual Report or other specific disclosures if required.

Delegation of Power

The Board has delegated appropriate finance and business power to the Management. In order to have proper functioning and quick disposal of credit proposal, Board has delegated required authority to the Executive Committee of the Board to approve proposal within certain limit and take various necessary decision. The delegation supports the operation of the bank in a positive manner.

Role of the Chairman

The Chairman of the Bank is elected by the Board. He is responsible for organizing business of the Board, ensuring its effectiveness and setting its agenda to the best interest of the stakeholders. The Chairman ensures that the Board members undertake appropriate induction, covering terms of appointment, duties and responsibilities.

Role of the Managing Director

The Managing Director is responsible for overall activities of the business and for formulating and implementing board strategy and policy. He has control of the Bank on a day to day basis and is accountable to the Board for its financial and operational performances.

Chairman and Managing Director's Roles are separate

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1.4 of BSEC CG Guidelines dated 07 August 2012, we report that the functional responsibilities of the Chairman of the Board and Managing Director are kept separate and independent of each other.

The major roles and responsibilities of the Board, among others, are to set the vision, mission and policies of the Bank and to determine the goals, objectives and strategies to ensure efficient utilization of the Bank's resources. On the other hand, Managing Director manages day to day activities in accordance with the prescribed policies, principles and strategies established by the Board and rules, regulations and guidelines from the Central Bank, BSEC and other regulatory authorities.

Management and its committee

Management team of UCBL is headed by the Managing Director, Mr. Muhammed Ali. Several management committees have been formed to handle the banking operation and identify and manage the risk associated with the business. The following are the Key Management Committees: CDMC, ALCO, Credit committee, Anti Money Laundering Committee, Risk Management Unit, Investment Committee, Basel Implementation Committee and so on.

Directors' Remuneration

The Directors do not receive any type of remuneration and incentive. They are only paid board meeting attendance fees, travelling and living expenses incurred for attending in the Board meeting and other Board's committee meeting as per Articles of Association of the Bank and within the guidelines of Bangladesh Bank. Information regarding expenses relating to Directors is separately disclosed in the Annual Report.

Managing Director Remuneration

The remuneration package of the Managing Director is determined by the Board and is approved by Bangladesh Bank. The Managing Director has been appointed on a contractual basis and his remuneration is also disclosed separately in the financial statements.

Report on Going Concern

The report is attached with this Annual Report separately.

Audit by the Central Bank

Bangladesh Bank also conducts comprehensive inspection of the Bank every year. The reports are reviewed by the Board and its Audit Committee. The Bank gives utmost importance to the inspection report and actions are taken regarding the inadequacies or lapses mentioned in the report.

External Audits

The external auditors are appointed by the shareholders with the recommendation of the Board of Directors. External auditors covered sufficient no. branches and Head Office as part of the annual audit program. Auditors covered 80% of risk weighted assets of the Bank. They have also discussed with the Management and Audit Committee of the Board on various issues including Internal Control and Compliance issues. Suggestions of the auditors (if any) are given due consideration and are implemented by the Management. Before presenting to the shareholders, the report is reviewed by the Audit Committee and the Board. Before recommending to the shareholders for appointment as auditors, Board considers the level of independence and integrity of the external auditors.

Services not provided by External Auditors

Complying with provision 4 of BSEC guidelines we declare that Syful Shamsul Alam & Co., Chartered Accountants, involved in statutory audit and was not engaged in any of following services during 2016:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Book keeping or other services related to accounting records or financial statements.
- Broker-dealer service.
- Actuarial services.
- Internal audit services.
- Audit/ certification services on compliance of corporate governance guidelines issued by BSEC.

Review of Internal Control & Compliance System

UCBL has a sound system of internal control to safeguard the stakeholders' interest. The Board of Directors retains the ultimate responsibility for its operations, though has delegated to the Audit Committee for the review of the adequacy and effectiveness of the system of internal controls. Bank has a separate Division for Internal Control and Compliance. This division operates independently and has given responsibilities by the Board in line with the Bangladesh Bank guidelines. Under Internal Control & Compliance Division, there are four major units: (1) Audit & Inspection Unit (2) Compliance Unit (3) Monitoring Unit and (4) IT System Audit Unit. A detail review of internal control system has been presented in "Directors' Report" of this Annual Report.

Risk Management

The Risk Management Unit (RMU) of UCBL is responsible for management, integration and monitoring of all risks within the risk appetite set by the Risk Management Committee (RMC). The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time.

Decision making process for approving related-party transactions

The Bank disclosed the related party transaction in its financial statement. For making decision of related party transaction, the process is same as applicable to the other stakeholders. Same process of selection is applied to related party. The related party doesn't enjoy any preferred facility or concession from the view point of approval process, rate or cost charged, action taken for any non-compliance etc.

Rules and procedures governing extraordinary transactions

For making decision for extraordinary transaction, the Management takes the approval from the Board of Directors, if not covered within the Board approved financial delegation. In financial result, the Bank also discloses the impact of extraordinary transaction (if any).

Process for holding Annual General Meetings

Process for holding Annual General Meeting is guided by the statute and regulatory guidelines of the country. All applicable guidelines are duly followed for holding Annual General Meeting of the Bank. In an AGM, generally some key decisions are approved by the shareholders; like approval of financial statements, dividend, appointment of directors, appointment of statutory auditors and fixation of their remuneration etc.

A Code of Ethics for company employees

For eminence corporate culture, all the employees should believe in same Code of Ethics. UCB has a standard Code of Ethics for its employees which are also maintained by the employees. By any means, no employee will play a role detrimental to the interest of the business, society and the country as set in the Code of Ethics. For more on Code of Ethics, a separate report has been enclosed with this Annual Report.

Rules and procedures governing the acquisition of corporate control in capital markets

Investment in Capital Market by the Bank is regulated by the Bank Company Act. For acquisition of corporate control in Capital Market, Bank follows internal investment policy within the regulatory framework. Bank also discloses the invested amount in Capital Market in its financial statements.

Communication to Shareholders and Other Stakeholders:

□ Policy on Communication with Shareholders and Other Stakeholders

The Board and Share Division of the Bank play an instrumental role to make effective communication with its shareholders and other stakeholders. Shareholders and other stakeholders of the Bank may contact to this Department during office hour for any sort of information and queries. Furthermore, UCBL provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank.

□ Mechanism to provide opinion, recommendation by the shareholder

UCBL publish annual / Half Yearly reports, quarterly financials and price sensitive information (PSI) in newspapers for its stakeholders in a complete, fair, accurate, timely and understandable manner.

Shareholders can also use their query rights or can provide any recommendations or direction to the Board of Directors at the Annual General Meeting and the Board answers all questions of shareholders.

□ Policy on Ensuring Participation of Shareholders at AGM

To ensure effective and efficient participation of shareholders in AGM, UCBL publishes notice of AGM in daily newspapers with necessary details within reasonable time-frame. The arrangement of AGM normally takes place in a well known place and at convenient time. Annual Reports are circulated as per the provision of Companies Act 1994, so that shareholders would get sufficient time to go through the report and freely provide their valuable comments and suggestions in the AGM.

Governance of Group Structure

Currently UCBL has two subsidiaries: (1) UCB Capital Management Limited and (2) UCB Investment Limited. The Board of the parent company is aware of the material risks and issues that might affect both the bank as a whole and its subsidiaries. It exercises adequate oversight over subsidiaries while respecting the independent legal and governance responsibilities that might apply to subsidiary Boards.

Statement of Compliance

Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance Guidelines (Notification no. EC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012) for the companies listed with the Stock Exchanges in Bangladesh. Compliance status of the guidelines of Bangladesh Securities and Exchange Commission along with a certificate from a Chartered Accountant firm is attached separately with the Annual Report.

COMPLIANCE REPORT ON BSEC NOTIFICATION ON CORPORATE GOVERNANCE

Status of compliance with conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
1.00	BOARD OF DIRECTORS			
1.1	Board's Size	√		
1.2	Independent Directors			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	N/A		As per section 15(9) of Bank Company Act, no. of independent director is limited to three.
1.2 (ii)	Independent director means a director	√		
1.2 (ii) (a)	Holds no share or less than 1% shares	√		
1.2 (ii) (b)	Neither a sponsor nor connected with any sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship.	√		
1.2 (ii) (c)	Not a Stakeholder of the company or its subsidiary/associated companies	√		
1.2 (ii) (d)	Not a member, director or officer of any stock exchange	√		
1.2(ii) (e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2 (ii) (f)	Not a partner or an executive during the preceding 3 years of the company's statutory audit firm	√		
1.2 (ii) (g)	Not an independent director in more than 3 (three) listed companies	√		
1.2 (ii) (h)	Not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a NBF	√		
1.2 (ii) (i)	Not convicted for a criminal offence involving moral turpitude	√		
1.2 (iii)	Independent director(s) shall be appointed by BOD & approved in AGM	√		
1.2 (iv)	Post of independent director(s) can not remain vacant for more than 90 days	√		
1.2(v)	Code of conduct of all Board members & annual compliance of the code	√		
1.2(vi)	Tenure of office of an independent Director	√		
1.3	Qualification of Independent Director (ID)			
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		
1.3(ii)	Professional/Educational Qualification & Years of Experiences of an Independent Director	√		
1.3(iii)	Appointment in special cases (subject to prior approval of BSEC)	N/A		
1.4	The Chairman of the Board and The Chief Executive Officer	√		
1.5	The Directors' Report to Shareholders			
1.5(i)	Industry outlook and possible future developments in the industry.	√		
1.5(ii)	Segment-wise or product-wise performance	√		
1.5(iii)	Risks and concerns	√		
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	N/A		
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	N/A		
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	N/A		
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	N/A		
1.5(x)	Remuneration to Directors & Independent Directors.	√		

COMPLIANCE REPORT ON BSEC NOTIFICATION ON CORPORATE GOVERNANCE

Condition No.	Title	Compliance status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
1.5(xi)	The financial statements prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1.5(xii)	Proper books of account of the issuer company have been maintained.	√		
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	√		
1.5(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed	√		
1.5(xv)	Internal Control System	√		
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√		
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained	N/A		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	√		
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed	√		
1.5(xxi)	Shareholding Pattern	√		
1.5(xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	√		
1.5(xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	√		
1.5(xxi) (c)	Executives	√		
1.5(xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	√		
1.5(xxii)	Appointment or Reappointment of Director			
1.5(xxii) (a)	A brief resume of the director	√		
1.5(xxii) (b)	nature of his/her expertise in specific functional areas	√		
1.5(xxii) (c)	names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2.0	Chief Financial Officer, Head of Internal Audit and Company Secretary			
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
3	Audit Committee			
3. (i)	Audit Committee as a sub-committee of BOD	√		
3. (i)	Mission & Vision	√		
3. (iii)	Duties & responsibility	√		
3.1	Constitution of Audit Committee			
3.1 (i)	Members (at least 3 members)	√		
3.1 (i)	Appointment (at least 1 independent director)	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience	√		

COMPLIANCE REPORT ON BSEC NOTIFICATION ON CORPORATE GOVERNANCE

Condition No.	Title	Compliance status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	N/A		
3.1(v)	The company secretary shall act as the secretary of the Committee	√		
3.1(vi)	The quorum of the Audit Committee meeting	√		
3.2	Chairman of the Audit Committee			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee			
3.3(i)	Oversee the financial reporting process	√		
3.3(ii)	Monitor choice of accounting policies and principles	√		
3.3(iii)	Monitor Internal Control Risk management process	√		
3.3(iv)	Oversee hiring and performance of external auditors	√		
3.3(v)	Review annual financial statements before submission to the board for approval	√		
3.3(vi)	Review quarterly and half yearly financial statements before submission to the board for approval	√		
3.3(vii)	Review the adequacy of internal audit function	√		
3.3(viii)	Review statement of significant related party transactions submitted by the management	√		
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	√		
3.3(x)	When money is raised through IPO/RPO/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus	N/A		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	Report its activities to the Board of Directors	√		
3.4.1(ii) (a)	Report on conflicts of interests	N/A		
3.4.1(ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	N/A		
3.4.1(ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations	N/A		
3.4.1(ii) (d)	Other matter which shall be disclosed to the Board of Directors immediately.	√		
3.4.2	Reporting to the Authorities (BSEC) in special circumstances	√		
3.5	Reporting to the Shareholders and General Investors	√		
4.0	External/ Statutory Auditors(The issuer company should not engage its external /statutory auditors to perform the following services of the Company)			
4(i)	Appraisal or valuation services or fairness opinions	√		
4(ii)	Financial information systems design and implementation	√		
4(iii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4(iv)	Broker-dealer services	√		
4(v)	Actuarial services	√		
4(vi)	Internal audit services	√		
4(vii)	Any other service determined by the Audit Committee	√		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company	√		
4(ix)	Audit Certification Services on compliance of Corporate Governance as required under clause (i) of condition no.7	√		

COMPLIANCE REPORT ON BSEC NOTIFICATION ON CORPORATE GOVERNANCE

Condition No.	Title	Compliance status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
5.0	Subsidiary Company			
5(i)	Board of Directors	√		
5(ii)	Independent Director	√		
5(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
5(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also	√		
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
6.0	Duties of CEO & CFO (The CEO & CFO shall certify the BOD they have reviewed financial statements for the year and that to the best of their knowledge and belief)			
6(i) (a)	Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
6(i) (b)	Statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	√		
6(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct	√		
7.0	Reporting & Compliance of Corporate Governance			
7(i)	Obtain a certificate from a practicing Professional Accountant/ Secretary (CA/CMA/ CS) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis	√		
7(ii)	The directors' statement, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions	√		

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE



কে. এম. হাসান এন্ড কোং
K. M. HASAN & CO.
Chartered Accountants

Hometown Apartment (7th, 8th & 9th Floor)
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website: www.kmhasan.com



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Compliance Certificate on Corporate Governance Guidelines To the Shareholders of United Commercial Bank Limited

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by **United Commercial Bank Limited** (the bank) as stipulated in clause 7(i) of the BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the bank. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the bank for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the compliance statement on the basis of evidences obtained and representation received thereon from the management of the bank. It is neither an audit nor expression of opinion on the financial statements of the bank.

Based on information and explanations given to us, we certify that the bank has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification of Bangladesh Securities and Exchange commission and applicable to the bank for the year ended 31 December, 2016.

Md. Amirul Islam FCS, FCA
Senior Partner

Place: Dhaka

Date: 9 April 2017

CEO's and CFO's DECLARATION TO THE BOARD OF DIRECTORS



Board of Directors
United Commercial Bank Ltd.

Subject: **CEO's and CFO's Declaration to the Board of Directors.**

In accordance with the condition no. 06 of BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 we hereby certify that,

1. We have reviewed financial statements for the year **2016** and that to the best of our knowledge and belief :
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
2. There are, to the best of knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

A handwritten signature in black ink, appearing to be 'MH', written over a circular grid pattern.

Mohammad Habibur Rahman Chowdhury FCA
Deputy Managing Director & CFO

A handwritten signature in black ink, appearing to be 'Muhammed Ali', written in a cursive style.

Muhammed Ali
Managing Director

Date: 04 April 2017



CREDIT RATING

United Commercial Bank Limited has been rated as AA (Pronounced as Double A) long term credit rating and ECRL-2 short term credit rating by Emerging Credit Rating Limited (ECRL) based on audited financials of 2015 and other available information up to the date of rating declaration. The outlook on the rating is Stable.

Long Term Rating	Short Term Rating	Outlook	Date of Validity
AA	ECRL-2	Stable	May 06, 2017

ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. The affirmed rating reflects the strengths of the bank which is backed by its strong management, good utilization of funds, good market share, satisfactory liquidity and improvement in capital base.



REPORT OF THE AUDIT COMMITTEE

Audit Committee of the Board

In compliance with the BRPD circular no. 11 dated: 27 October 2013 and Bangladesh Securities and Exchange Commission notification on Corporate Governance Guidelines dated: 07 August 2012, the Audit Committee was constituted by the Board of Directors to assist the Board ensuring a standard audit system for transparent financial reports & non financial corporate disclosures, effective internal control system and compliance of all rules and laws of the land as well as establishing a unique, strong and dependable banking system for all stakeholders specially for depositors and shareholders.

Composition:

In Compliance with the section 3.2 of the Corporate Governance Notification issued by BSEC on 07 August 2012, the Audit Committee of UCB was reconstructed on 16.06.2013. The present members of the committee:

Name of the Directors	Status in the Committee	Status in the Board
Akhter Matin Chaudhury	Chairman	Independent Director
Shabbir Ahmed	Member	Director
Md. Tanvir Khan	Member	Director
Asifuzzaman Chowdhury	Member	Director
Syed Mohammed Nuruddin	Member	Independent Director

As per regulatory guidelines, the Company Secretary of the Bank A T M Tahmiduzzaman, FCS is the secretary of the Audit Committee.

Members Information:

Akhter Matin Chaudhury

Date of Birth: 02.02.1951

Educational Qualification: FCA (England & Wales), FCA (Bangladesh), FCS

Years of Experience: 38+ years

Field of Expertise: Finance, Accounting, Secretariat and Managerial.

Shabbir Ahmed

Date of Birth: 25.12.1969

Education Qualification: Bachelor of Arts.

Years of Experience: 25+ years.

Field of Expertise: Mr. Ahmed is also the Chairman of Farid Label & Accessories, Sharafat & Brothers (Unit 1&2) & pro-packaging Ltd. and at the same time he is the Director of Kashfi Knitting Ltd. and East End Automobiles Ltd.

Md. Tanvir Khan

Date of Birth: 14.09.1983

Education Qualification: MBA both from University of Toronto, Canada

Years of Experience: 15+ years.

Field of Expertise: Mr. Tanvir Khan is also the Director of J.K. Fabrics Ltd, J.K. Knit Composite Ltd.

Asifuzzaman Chowdhury

Date of Birth: 07.07.1978

Education Qualification: BBA (Atlantic University, Florida, USA)

Years of Experience: 17+ years

Field of Expertise: Mr. Chowdhury is also the Director of Synthetic Rezin Products (Pvt.) Ltd and Ronny Chemicals Ltd.

Syed Mohammed Nuruddin

Date of Birth: 15.03.1957

Educational Qualification: BA

Years of Experience: 33+ years

Field of Expertise: Shipping, International Trade, Capital Market, Supply Chain Management & Freight Forwarding.

Meetings of the Audit Committee:

Bangladesh Bank suggested Banks to hold at least 4 meetings in a year. The Audit Committee of UCB held 11 meetings in the year 2016 and had detailed discussions and review session with the Head of Internal Control & Compliance, External Auditors etc. regarding their findings, observations and remedial suggestions on issues of Bank affairs that need improvement. Meeting dates are as follows:

Details of the Audit Committee Meeting

SL	Meeting No	Date of Meeting
1	71st	31.01.2016
2	72nd	23.02.2016
3	73rd	29.03.2016
4	74th	28.04.2016
5	75th	09.05.2016
6	76th	26.06.2016
7	77th	28.07.2016
8	78th	01.09.2016
9	79th	24.09.2016
10	80th	20.10.2016
11	81st	24.11.2016

REPORT OF THE AUDIT COMMITTEE

The Particular of attendance of the Members of the Audit Committee are given below:

Present Members Attendance Details:

Name of the Directors	Position	Total Number of Meetings held during 2016	Total Attendance	Remarks
Akhter Matin Chaudhury	Chairman	11	3*	*4 nos. of Meetings held since he joined
Shabbir Ahmed	Member	11	11	-
Md. Tanvir Khan	Member	11	9	-
Asifuzzaman Chowdhury	Member	11	7*	*8 nos. of Meetings held since he joined
Syed Mohammed Nuruddin	Member	11	8*	*8 nos. of Meetings held since he joined

Past Members Attendance Details:

Name of the Directors	Position	Total No. of Meetings held during their Period	Total Attendance
Lt. Gen. ATM Zahirul Alam rcds. psc (Retd.)	Chairman	5	5*
Nurul Islam Chowdhury	Member	3	3*
Salim Mahmud	Member	3	3*

* Directors who could not attend the meeting were granted leave of absence

Roles and Responsibilities of the Audit Committee:

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

A. Internal Control:

- The Audit Committee shall review major Internal Control issues identified in internal audit reports and refer these to the Board for rectification.
- The Audit Committee shall assess the adequacy and efficacy of the prevailing Internal Control System and recommend necessary improvements to the Board.
- The Audit Committee shall review the management's actions in building computerization of the Bank and its Applications and Bank's Management Information System (MIS).

B. Reporting of Financial Statements:

- The Audit Committee shall oversee the financial reporting process of the Bank to ensure that Financial Reports are based on appropriate accounting policies and principles.
- The Audit Committee shall, along with the external Auditors and the management of the Bank, review the annual financial statements before submission of these to the Board of Directors for approval.

C. Internal Audit:

- Audit Committee shall consider and approve the detailed Annual Audit Plan which should be based on an assessment of Risk and exposures that may affect the organization and should be done at least annually in order to reflect the most current strategies and directions of the organization.
- The Audit Committee will review internal audit reports and recommend measures to rectify major deficiencies to the Board
- The Audit Committee shall review the internal audit function and organizational framework and remove obstacles or limitations in the performance of their work.

- The Audit Committee shall evaluate the adequacy and efficiency of the internal audit function.
- The Audit Committee Shall monitor whether internal Audit is working independently from the management or not.
- The Audit Committee shall examine whether the findings and recommendations made by the internal Auditors are duly considered by the management or not.

D. External Audit:

- Audit Committee shall review audit procedure and audit reports of the external Auditor.
- The Audit Committee shall examine whether the findings and recommendations made by the external Auditors are duly considered by the management or not.
- The Audit Committee shall recommend the appointment of external Auditors.

E. Compliance with Laws, Rules and Regulations:

The Audit Committee shall report on the status of compliance with regulatory directives, relevant laws and rules and regulations of the Bank, as revealed by audits carried out by the internal audit team.

F. Reporting to Shareholders:

The Audit Committee shall report its activities during the year, including any report made to the Board of Directors during the year. The report shall be signed by the Chairman of the Audit Committee and shall appear in the Annual Report of the Bank.

G. Reporting to the Board of Directors

- The Audit Committee Shall report on its activities to the Board of Directors.
- The Audit Committee Shall immediately report to the Board of Directors on the findings of conflicts of interest, fraud or forgeries in the internal control system & suspected infringement of laws including securities related laws, rules and regulations.

H. Other Responsibilities:

- The Audit Committee shall report to Board on at least a quarterly all major issues, including errors, fraud and other irregularities, detected by external and internal Audits and Bangladesh Bank inspections.
- The Audit Committee shall perform any other supervisory activity entrusted to it by the Board.
- The Audit Committee shall appraise its own performance and report its conclusions to the Board.
- The Audit Committee shall review the statement of significant related party transactions submitted by the management.
- The Audit Committee shall review Management Letters/Letter of Internal Control weakness issued by statutory auditors.
- The Audit Committee shall disclose the uses and applications of fund by major category (capital expenditure, sales and marketing expenses, working capital, etc) raise through IPO/RPO/Right Issue along with quarterly financial results.


I. Special Responsibilities of the Chairman

- The Chairman of the Audit Committee shall remain present at in the Annual General Meeting (AGM).

Acknowledgement:

The members of the Audit Committee express their gratitude and thanks to the Board of Directors, Management and Auditors for their cooperation while performing its duties and responsibilities.

On behalf of the Audit Committee



Akhter Matin Chaudhury
Independent Director & Chairman
Audit Committee

REPORT OF THE RISK MANAGEMENT COMMITTEE

Risk Management Committee of the Board

In compliance with the sub section (3) of Section of 15Kha of Bank Company (Amended) Act, 2013 and the subsequent BRPD circular no. 11 dated: 27 October 2013 issued by Bangladesh Bank, a Committee named as "Risk Management Committee" of the Board has been formed to oversee various risks of the bank like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks and other risks as to whether these risks have been properly and adequately identified and measured by the bank management.

The terms of reference (ToR) of the Committee defined as per the Guidelines/Circulars of Bangladesh Bank issued and in-force from time to time.

Composition:

The Board of Directors of the Bank has constituted Risk Management Committee in compliance with the Bank Company (Amended up to 2013) Act, with a view to address, manage and mitigate the risk issues of the Bank in a befitting manner. The Current Structure of the committee:

Sl. No	Name	Status in the Committee
1	Md. Jahangir Alam Khan	Chairman
2	Hajee Yunus Ahmed	Member
3	Sharif Zahir	Member
4	Nurul Islam Chowdhury	Member
5	Bazal Ahmed	Member

As per regulatory guidelines, the Company Secretary of the Bank ATM Tahmiduzzaman, FCS is the secretary of the Risk Management Committee.

Members Information:

Md. Jahangir Alam Khan

Date of Birth: 29.04.1952

Educational Qualification: M Com, Dhaka University

Years of Experience: 45+

Field of Expertise: He is the Chairman of Risk Management Committee of the Bank and also Managing Director of J.K. Group of Industries, a leading business house in Textile sector.

Hajee Yunus Ahmed

Date of Birth: 02.07.1945

Years of Experience: 49+

Field of Expertise: He is one of the Sponsor Directors of the Bank and the Chairman of Yunusco (BD) Limited & Nine 2 Nine Intimates Ltd. Managing Director of Yunusco T & A (BD) Limited, also Director of other companies of Yunusco Group.

Sharif Zahir

Date of Birth: 20.09.1977

Educational Qualification: Graduated from University of Texas at Austin, USA

Years of Experience: 15+

Field of Expertise: Mr. Zahir is the Chairman of Zero Gravity Ventures Ltd, and Vanguard Asset Management Ltd and Managing Director of Ananta Group, a leading apparel solution provider in Bangladesh.

Nurul Islam Chowdhury

Date of Birth: 20.07.1962

Educational Qualification: B. Com

Years of Experience: 30+

Field of Expertise: Mr. Chowdhury is the Chairman of Islam Steel Mills Ltd, Eastern Engineers (CTG.) Ltd. and Director of Shoppers World Ltd.

Bazal Ahmed

Date of Birth: 12.04.1969

Educational Qualification: M.Com

Years of Experience: 23+

Field of Expertise: Mr. Ahmed is the Managing Director of Taj Accessories (Pvt.) Ltd. and Saikat Textile Ind. Ltd. one of the leading enterprises in the Garment/textile Sector of the Country. At the same time he is the proprietor of Taj Trading.

Meetings of the Risk Management Committee:

As per BRPD Circular No.11 dated 27 October 2013 and Bank Company (Amended) Act, 2013, The Risk Management Committee of UCB held 5 meetings in the year 2016. Meeting dates are as follows:

Details of the Risk Committee Meeting.

SL	Meeting No.	Held On
1	9th	29.03.2016
2	10th	11.05.2016
3	11th	27.06.2016
4	12th	24.09.2016
5	13th	19.10.2016

The Particular of attendance of the Members of the Risk Management Committee are given below:

Present Members Attendance Details:

Name of the Directors	Position	Total Number of Meetings held during 2016	Total Attendance	Remarks
Md. Jahangir Alam Khan	Chairman	5	5	-
Hajee Yunus Ahmed	Member	5	5	-
Sharif Zahir	Member	5	4	4 nos. of Meetings held since he joined
Nurul Islam Chowdhury	Member	5	3	4 nos. of Meetings held since he joined
Bazal Ahmed	Member	5	4	4 nos. of Meetings held since he joined

Past Members Attendance Details:

Name of the Directors	Position	Total No. of Meetings held during their Period	Total Attendance
M. A. Sabur	Chairman	1	1*
Showkat Aziz Russell	Member	1	0*
Asifuzzaman Chowdhury	Member	1	1*

* Directors who could not attend the meeting were granted leave of absence



REPORT OF THE RISK MANAGEMENT COMMITTEE

Roles and Responsibilities of the Risk Management Committee:

(i) Risk Identification & Control Policy:

- To formulate and implement of appropriate strategies for risk assessment and its control.
- To monitor risk management policies & methods and amend it if necessary.
- To review the risk management process to ensure effective prevention and control measures.

(ii) Construction of Organizational Structure:

- To ensure an adequate organizational structure for managing risk with the Bank.
- To supervise formation of separate management level Committees
- To monitor the activities related to compliance of instruction of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.

(iii) Analysis and approval of Risk Management Policy:

- To review Risk Management policy & guidelines of the Bank annually;
- To recommend Board of Directors regarding any propose amendments if necessary;
- To review limits including lending limit and amend if necessary;

(iv) Storage of data & reporting system:

- To approve adequate record keeping & reporting system developed by the Bank management;
- To ensure proper use of the system(i.e. record keeping & reporting system);
- Minutes its proposal, suggestions & summary and inform it to the Board of Directors;

(v) Monitoring the implementation of overall Risk Management Policy:

- To monitor proper implementation of overall risk management policies;
- To monitor whether proper steps have been taken to mitigate all risks including lending risk and management risk.

(vi) Other responsibilities:

- To submit the decision and suggestions of the committee to the Board of Directors quarterly in short form;
- To comply instructions issued time to time by the controlling bodies;
- To collect evaluation report from the internal & external auditor whenever required;

Acknowledgement:

The members of the Risk Management Committee express their gratitude and thanks to the Board of Directors, Management and Risk Management Team of the Bank for their cooperation while performing its duties and responsibilities.

On behalf of the Risk Management Committee



Md. Jahangir Alam Khan
Chairman
Risk Management Committee

EVALUATION OF QUARTERLY FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE AND BOARD

Every listed company is required to prepare and publish periodical financial statements for the first quarter (Q-1), first half-year (Q-2) and third quarter (Q-3) as per requirement of Bangladesh Securities and Exchange Commission (BSEC). UCB prepares quarterly financial statements as per requirement of Bangladesh Securities and Exchange Commission (BSEC) and in accordance with Bangladesh Accounting Standard (BAS)-34: "Interim Financial Reporting". Key highlights of interim results of the bank are stated below:

BDT in Million

	1 Jan 2016 to 31 Dec 2016	1 Jan 2015 to 31 Dec 2015	1 Jan 2016 to 30 Sept 2016	1 Jan 2015 to 30 Sept 2015	1 Jan 2016 to 30 June 2016	1 Jan 2015 to 30 June 2015	1 Jan 2016 to 31 March 2016	1 Jan 2015 to 31 March 2015
	4th qtr- 2016	4th qtr- 2015	3rd qtr- 2016	3rd qtr- 2015	2nd qtr- 2016	2nd qtr- 2015	1st qtr- 2016	1st qtr- 2015
Balance Sheet								
Investment in govt. & Other securities	55,475.64	44,345.73	53,335.58	45,120.26	47,166.43	44,294.32	42,231.25	42,073.78
Loans & Advances	223,697.18	197,413.64	214,407.19	192,938.75	213,157.46	189,910.73	209,462.64	176,704.86
Deposit & Other accounts	257,704.30	220,866.48	244,267.10	212,944.64	232,437.34	214,750.39	221,563.58	204,622.11
Paid up capital	10,541.31	10,039.34	10,541.31	10,039.34	10,541.31	10,039.34	10,541.31	10,039.34
Total shareholders equity	25,756.32	25,588.82	25,375.05	24,273.13	24,662.65	23,696.94	24,010.44	22,421.03
Total assets	329,720.78	293,847.23	315,927.32	286,453.51	300,713.24	279,656.13	300,764.80	269,828.03
Off balance sheet items	171,169.75	150,713.79	173,223.17	156,470.75	175,447.53	159,659.71	162,885.08	154,187.13
Profit & loss account								
Net interest income	8,638.11	7,723.38	6,621.06	5,695.77	4,273.73	3,999.15	1,970.06	1,856.96
Non interest income	7,703.97	7,824.62	5,408.55	5,557.33	3,657.66	3,792.61	1,697.12	1,865.35
Operating expenses	8,754.70	7,145.66	6,756.88	5,397.99	4,724.05	3,744.03	2,402.56	1,986.58
Operating profit	7,587.38	8,402.34	5,272.73	5,855.11	3,207.35	4,047.73	1,264.61	1,735.74
Net profit after Taxation	2,628.63	3,977.34	2,082.84	2,517.10	1,301.29	2,050.03	441.35	803.57
Earnings per Share (EPS)	2.49	3.77	1.98	2.39	1.23	1.94	0.42	0.76
Other information								
Net asset value (NAV) per share	24.43	30.59	24.07	24.18	23.40	23.60	22.78	22.33
NOCFPS	2.14	-4.36	-0.28	-11.00	-6.64	-7.41	-8.55	-4.90

Before publishing the interim result it is reviewed by the Audit Committee of the Board and then referred it to the Board of the Directors interim financial statements are submitted to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and then published in two daily newspapers (Bangla and English). The report is also available in the Bank's official website www.ucb.com.bd



BUSINESS REVIEW & ANALYSIS

Management Discussion and Analysis

Financial Review

Segmental Business Analysis

Report on Human Resource Management

UCB's Products & Services

Report on Asset Liability Management

Report on Internal Control & Compliance





MANAGEMENT DISCUSSION AND ANALYSIS

After successfully attaining most of the targets of Millennium Development Goals (MDGs) with commendable improvement in every Human Development Index (HDI), Bangladesh has entered the highway of development and is poised for pursuing seventeen Sustainable Development Goals (SDGs) by the year 2030. Bangladesh has posted more than 6% real GDP growth over the past two decades. The World Bank's latest estimate of Per Capita Gross National Income (GNI) continues to show improved economic performance in many low income countries including Bangladesh which has entered the club of lower middle income country, joining those with annual Per Capital GNI of US\$ 1046 - 4,125. As 44th largest economy as per Nominal GDP size (34th as per GDP-PPP), the contribution of industrial and service sectors as a percentage of GDP has been increasing substantially every year. Consequently, these industrializations have brought remarkable changes in the socio-economic conditions of Bangladesh. Though our economy is still in the nascent stage of development and facing many internal and external challenges, our resilient entrepreneurs are marching forward wading past all the obstacles and generating the much desired growth for the economy.

UCB has passed a successful year of 2016 performing a remarkable achievement in term of business growth, new business initiatives and implementation which are strongly underpinned by its efforts centered on achieving highest level of customer service excellence, promoting good governance, emphasizing financial and operational integrity and sustainable banking operations. Considering the macro economic scenario of 2016, the bank moved for balanced expansion of its businesses and also concentrated on strategic business decision, reform and restructuring the processes and policies.

As a result of which, the bank has impressive growth in its business maintaining high quality of assets. The management focuses on the prudent decision at the right time which has ultimately maximized the bottom line of operating results. The management has reviewed all the segmental performance of the bank from analytical point of view which are stated below:

Branch Network

Presently the Bank is functioning with its country wide network of 168 branches covering all divisions of the country. Division wise urban and rural branches are given below:

Division Name	Urban	Rural	Total
Dhaka	46	32	78
Chittagong	32	21	53
Rajshahi	9	2	11
Rangpur	2	-	2
Sylhet	7	8	15
Khulna	6	1	7
Barishal	2	-	2
Total	104	64	168

The bank has set up two Zonal Offices at Chittagong & Rajshahi to facilitate services to the customers of the branches located under the Chittagong & Rajshahi division respectively. As part of continuous expansion, UCB opened 10 (ten) new branches in the year 2016. The numbers of authorized dealer branches are 28. Moreover, the Bank currently has 547 correspondents covering 60 important countries in all the continents of the world which is continuously expanding to meet the growing cross-border banking needs of the customers. Moreover, the Bank has arrangement with a number of Exchange Houses at U.K. Singapore, U.A.E., Oman, Qatar, Bahrain and Kuwait to facilitate remittances from expatriate Bangladeshis.

Corporate Banking

UCB, as a socially responsible financial institution, has been serving every need of the corporate customers with its broad spectrum of loan products since its inception. The credit products of UCB are assortment of traditional and tailor-made products which fall under three broad categories such as General Corporate Products, RMG Products and Structured Finance Products. Some of the broad categories of asset products include Industrial and Project Financing, Working Capital Financing, Export-Import Financing, Syndicated Finance, Hire Purchase, Lease Financing, Transport Loan, Developer Finance, Work Order Finance, Off-shore Financing, etc.

UCB's Corporate Banking entails one of the largest corporate customers base in the banking industry of Bangladesh. The corporate loan portfolio is well diversified among more than thirty uncorrelated industrial sectors and distributed in all the divisions of the country.

By and large, all the prominent corporate houses in Bangladesh have kept their confidence on UCB and created a rapport based on mutual benefits. Our key corporate sectors include RMG, Pharmaceuticals, Steel, Textiles, Spinning, Ship Breaking, Ship Building, Packaging, Food Products & Processing, Paper & Paper Products, Furniture, Cement Industries, Power, Construction (Infrastructural), Housing, Aviation, Tableware, Oil Refinery, Healthcare, Transport & Communication, Tea Gardening, Electronic Media, Educational Institute, Hotel & Restaurant, Renewable Energy, Plastic & Polymer, Telecommunications, Ocean-Going Vessel financing, Agri-Business (Poultry, Food Processing), Leather & Leather Products, Commercial Trade Financing and others.



Construction of Muradpur Flyover, Chittagong, is under process



Railway Track Doubling between Laksam and Chinki Astana

At the end of FY2016, total corporate loans and advances stood at Tk. 12,308.00 crore with a positive growth of 4.62% over the FY 2015. The corporate loans and advances constitute around 55.00% of total loans and advances of Tk. 22,370.00 crore. The corporate loans and advances are on the rise over the past several years as it stood at Tk. 11,764.25 at the end of FY 2015 and Tk. 5,924.00 crore at the end of FY2014.

Out of total corporate loan of Tk. 12,308.00 crore, General Corporate loan stood at Tk. 7,780.00 crore, RMG loan stood at Tk. 2,857.00 crore and Syndication loan stood at Tk. 1,671.00 crore.



MANAGEMENT DISCUSSION AND ANALYSIS

Corporate loan (BDT in crore)



The overall performance of corporate loan portfolio of UCB has reached a commendable position over the past several years. Amid different macroeconomic challenges like policy support, energy security, bureaucratic tangle, lack of proper infrastructure facility along with political uncertainty, the loans and advances extended to the corporate customers have performed well and still playing foremost role in income generation for the Bank as evidenced from the contribution of income from corporate loan that earned lion's share of total income for the Bank.

In the past three years, UCB is quite happy to get involved with the financing in the Padma Multipurpose Bridge Project, Dhaka-Chittagong Highway Four Lane Project, Joydebpur-Mymensingh Highway Four Lane Project, construction of Moghbazar Flyover in Dhaka and Muradpur Flyover in Chittagong.

Structured Finance

UCB is actively financing in different large scale projects through syndication, provides customized financial solutions as Term Loan & Working Capital facilitates and arrange low cost fund from World Bank, offshore Banks, multi lateral agencies etc to the large corporate clients. As one of the leading structured finance unit among the peer banks, UCBL has successfully raised syndicated financing in different sectors like power, steel, ICT, etc over the last few years.

The total portfolio under Structured Finance division comprised by syndicated projects and NBFI accounts stood at BDT 1,813.93 crore as on December 31, 2016. The sector wise portfolio allocation in the year 2016 are shown below:



A syndicated term finance by UCB under LTFF to GPH Ispat Ltd.



Project site of Imperial Hospital Limited finance by UCB



Sector wise portfolio allocation by SFD in 2016

RMG Business

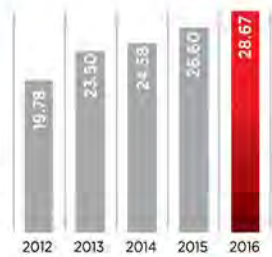
As a partner of economic development, UCB is collaborating and patronizing RMG sector to mobilize wheel of national economy. Due to our prudent and rationale Credit Assessment, credit requirement and prompt customer service and Industry Knowledge, export business routed through UCB has increased 13% compare to the Year 2015. Total export stands at USD 1.81 billion in 2016. In the meantime UCB has earned the name as one of the best RMG friendly Bank of the Country. Our dedicated professional RMG Business Team is working prudently to be the number 1 choice of top RMG Customers to be their Bank.



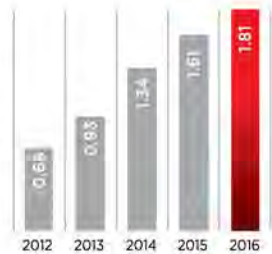
UCB serves its entrepreneurs by facilitating adequate export finance i.e. issuance of Back to Back L/C for procurement of Raw Materials, allowing Pre-shipment and Post-shipment finance, importing Capital Machineries, providing long term loan for installation of new factory and expansion of existing factories, arranging long term finance in Foreign Currency from different overseas Banks/NBFI/Agencies, LTFF- USD fund from Bangladesh Bank, IFC backed Remediation fund in both Local and Foreign Currency for doing Garments Remediation works as per recommendation of ACCORD and ALLIANCE. UCB's exposure in RMG sector in the Year 2016 has raised to BDT 7,753 crore (both funded and non-funded) which was BDT 6140 Crore in the year 2015.

At present total 312 direct and deemed export customers are routing their export business through UCB, which was 296 in 2015. To infuse further dynamism in dealing RMG Customers, UCB launched Garments Monitoring cell in 2009 and to give further momentum, the cell eventually transformed into specialized RMG Business Division in 2013. RMG Business Division is in service with a set of experienced officials for nurturing RMG Investment. In general, lending in RMG sector contains some unique challenges i.e. adherence to Compliance as per Buyer's requirement, strict conformity with rules and regulations to different regulatory authorities both in domestic and international arena.

Country's Comparative apparel export in last five years (BDT in billion)



Comparative export routed through UCB in last five years (BDT in billion)



Total Exposure (RMG & Deemed) with UCB



Export Performance (RMG & Deemed) with UCB

Agricultural Credit

United Commercial Bank Limited has been lending to basic agricultural sector through Branch network as well as Microfinance Institutions (MFIs). Bangladesh Bank has also made it mandatory to extend credit to basic agricultural sector by all the commercial Banks for sustainable development of our agrarian economy. Aligned with that, the Management of the Bank has given more emphasis to augment its financing to basic agricultural activities of the country. Hence, as a part of the pledge, the Management has formed an Agricultural Credit Division at Corporate Office to carry out the activities related to agri-credit.

Agricultural credit status of UCBL
(Figure in Crore TK)



Bangladesh Bank has announced an agricultural and rural credit policy and programme with a disbursement target of Tk. 175.50 billion for the fiscal year 2016-17, projecting around 7.01% growth over that of the previous fiscal year.

Agricultural credit status of UCBL (Last 03 Years) is given in the following table:

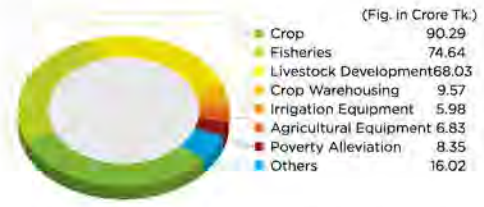
(Fig. in Crore Tk.)

Fiscal Year	Target	Disbursement	Outstanding	% of target achieved
2013-14	240.00	251.73	228.83	104.89%
2014-15	250.00	267.24	257.71	106.90%
2015-16	292.00	294.92	279.71	101.00%

Sector wise position of basic Agricultural Credit for the fiscal year 2015-16 of UCBL is given in the table below:



Sector wise Disbursement for the fiscal year 2015-16



Sector wise Outstanding for the fiscal year 2015-16

SME Portfolio in recent years
(Figure in Crore TK)



SME Finance

United Commercial Bank Limited has been a SME friendly bank since its inception in the year 1983. As the majority of the customers of the bank are of SME origins, UCB created a specialized SME Division in the year 2009 for paying maximum priority to the SME Entrepreneurs of the country. Later from 2012, the management of the Bank placed the SME financing in the center of its business focus and has been pursuing business strategies, allocating funds and setting up infrastructure for expanding SME business further in line with national economic goals.

Key Messages:

- SME Portfolio: Tk. 8457.81 Crore (37.81% of total credit portfolio) as on 31.12.2016
- Branches: 168(including 02 SME specialized Branches)
- Specialized products for Small entrepreneurs: UCB DHRUBO, UCB ONKUR, UCB DURJOY

Women's entrepreneurship can particularly make strong contribution to the economic well-being of the family and communities, poverty reduction and women's empowerment, thus contributing to the Millennium Development Goals (MDGs). UCB has separate dedicated desk for women entrepreneurs' financing with an integrated approach to enable women entrepreneurs in Bangladesh for ensuring greater involvement in economic development.

Key Messages:

- Portfolio of Women entrepreneurs under SME: TK. 132.04 Crore as on 31.12.2016
- Specialized products for Small woman entrepreneurs: UCB DIPTI, UCB JYOTI

In the year 2016, UCB achieved a remarkable growth in SME disbursement with a view to becoming the dominant market player towards development of the socio economic condition. This tremendous achievement was possible due to far-sighted guidance of Board of Directors as well as significant leadership of Senior Management of the bank and relentless efforts of Relationship Managers by ensuring proper monitoring, tracking & supervision to keep the NPL ratio at an acceptable level.

To accelerate growth of SME financing further, the Bank has set the SME loan disbursement target at Tk. 3500.00 Crore for the year 2017. It arranged several SME promotional events around the country in 2016, either solely or in collaboration with the Bangladesh Bank.

In the year 2016, UCB has disbursed Tk. 1.03 Crore against target of Tk. 1.00 Crore under "Refinance Scheme for 10 Taka account holders, small/marginal/landless/natural disaster affected farmers and small or micro traders under financial inclusion program".

Therefore, considering immense importance of this sector, SME Division is committed to overcome all forthcoming challenges & uncertainties through ensuring all out effort of its dedicated team of Relationship Managers towards achieving the targets and to be the first choice in the banking industry for SME financing and for the overall banking as well.

Import & Export Business

In 2016, UCB achieved a significant growth both in import & export business. Total import business handled was BDT 19,484.69 crore which is 6.50% of the country's total import volume and export business transacted during the year was BDT 17,054.15 Crore which is 7.50% of the country's total export volume. The growth rate for import & export were 14.90% and 15.05% respectively compared to the corresponding period of 2015. The main items of imports were Industrial Raw Materials, Capital Machinery, Commodities viz. Wheat, Lentils, Cotton, Yarn, Fabrics etc.

On the export side the top three markets for Bangladeshi exports are the USA, Germany and the UK. UCB's export was largely dominated by clothing, apparel and textile items followed by Jute Goods, Leather & Leather Goods, Potato, Fresh Vegetables, Processed Peanuts, Pet Bottle Flex, Handicrafts etc. The growth in import and export business of UCB was one of the key contributing factors towards the overall profitability of the bank during 2016.

Import & Export Growth of UCB in last five years:

Fig. in Crore BDT

Year	Import	Growth (%)	Export	Growth (%)
2012	9,478.35	4.25%	7,794.97	1.28%
2013	11,754.29	24.01%	9,428.85	20.96%
2014	15,528.24	32.11%	13,044.72	38.35%
2015	16,957.77	9.21%	14,822.93	13.63%
2016	19,484.69	14.90%	17,054.15	15.05%

UCB's growth vis-à-vis Country's growth

	UCB	Country
Import	14.90%	-5.20%
Export	15.05%	5.10%
Remittance	6.38%	-2.52%

Foreign Remittance:

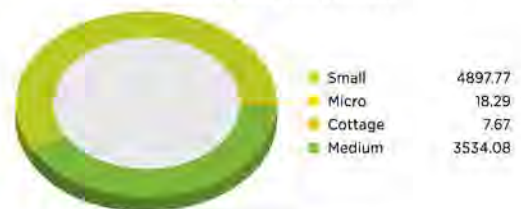
In 2016, overall Inward Foreign Remittance towards Bangladesh has dropped by a substantial amount compared to that of previous years. However UCB managed to amass USD 76.57 Million amid the existing scenario. It is observed that key share of remittances of UCB has come from U.A.E. with contribution of 30% (USD 23.27 Million) over the year. Other major remittance contributing countries are Bahrain (20%), Oman (9%), Kuwait (4%), K.S.A. (4%), U.S.A. (3%) and Qatar (2%) respectively in 2016.



Sector wise SME outstanding



Division wise SME Portfolio



Size wise SME portfolio

By reducing lead-time, ensuring quick delivery of foreign remittance; UCB has launched its own Software "URemit" enabling the beneficiaries to receive their money within shortest possible time.

Anybody willing to remit foreign currency to Bangladesh from any corner of the world can use wide branch network of UCB. Automatic Programming Interface (API) has also been developed to provide remittance service at the door step of beneficiary.

Off-Shore Banking Unit:

Since inception in 2010, Our Off-shore Banking Unit (OBU) has recorded a remarkable growth in consecutive years both in terms of business and profit. OBU bestows massive industrialization of the country by providing FC Term Loan favoring On-shore entrepreneurs. It also chains trade transactions in the form of Bill Discounting under UPAS L/Cs. OBU also makes placement with AD Branches of UCB as well as with other FIs.

In 2016, Profit of OBU was BDT 52.93 crore recording a significant growth of 14.00%. Business handled through OBU in 2016:

Item	No. of Bills	Amount
Bills Purchase and Discount under UPAS	1,869	USD 224.07 Million
Placement with ADs of UCB	415	USD 13.39 Million
FC Term Loan	43	USD 53.94 Million
Purchase of Commercial Paper	1	USD 0.50 Million
Re-Finance to Other Banks	6	USD 0.85 Million
Total	2,334	USD 292.75 Million

Retail Business

Over the past few years UCB's business lines have undergone major transformations in order to meet new customer expectations. With this view in mind, we adapted to the much more restrictive environment and at the same time persistently thrived for simplifying our business process, products and services. Our retail business broadly encompasses various liability & asset products, products and services offered through alternative delivery channels and privileged banking.

Liability & Asset Business:

Deposits were one of the key focus areas for Retail Business in 2016 which aims to increase low cost fund share in the deposit book. Key highlights of the year 2016 are as follows:

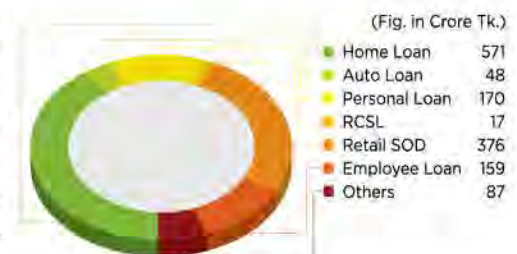
- ❑ As of FY 2016, Retail Liability portfolio stands at BDT 13,549.22 Crore, marking 12.3% growth from that of 2015.
- ❑ The portfolio has also improved in terms of the mix of low cost & high cost fund. The CASA & TD mix stands at 35:65 as of FY 2016, with low cost CASA balance of BDT 4,709.91 Crore.
- ❑ No. of retail deposit accounts increased from 799,970 in 2015 to 884,419 in 2016. No of Retail customers also increased from 673,061 in 2015 to 740,601 in 2016.



Retail Deposit Mix

Retail lending wagon took a slow route in 2016. Though there was recessionary trend in the overall industry, our retail lending portfolio grew by 4.42% in 2016.

- ❑ Retail lending portfolio stands at TK. 1,428 Crore as of FY2016, which was Tk. 1367.24 Crore in FY 2015.
- ❑ The highest concentration is in Mortgage loans (40%) with Secured OD holding the second largest pie of 26%.



Retail Loan Mix

Imperial Banking:

United Commercial Bank offers priority banking under the banner of Imperial Banking with a motto to cater the high net worth clients with impeccable service. From inception, Imperial Banking is serving its customers keeping three most important proposition in mind: Returns, Relationship and Rewards. Within one and a half year of its re launch, Imperial Banking has been able to stand out in the retail market as one of the top priority service provider to the high net worth customers.



With world class four business lounges located in the prime areas of Dhaka city – Gulshan, Dhanmondi, Bashundhara & Uttara, Imperial Banking contributed to Tk 496.47 Crore growth in liability portfolio with the 2016 year-end balance standing at TK 1,105.29 Crore, which marked an 80% growth from the previous year's balance. The fifth business lounge will be operational soon in Chittagong this year.

The Imperial Lounge at Hazrat Shahjalal International Airport is one of its kind and an Imperial customer can access the lounge with 3 companions while travelling abroad.

Credit Card Business:

Since launching, UCBL Card is operating as an independent profit centre like a branch and operating successfully and profitably in comparison to other market players. Card Division has passed another successful year in 2016 in terms of revenue and business growth.

- Card business achieved an operating profit of Tk 27.09 Crore in 2016, which was 19% higher than the TK 22.80 Crore Operating Profit in 2015.
- No. of active cards increased from 30,452 in 2015 to 34,888 in 2016, registering a growth of 15%.
- New card sale in 2016 was 7,357 compared to 2,431 in 2015, achieving a growth of 203%.
- Signed off MOU with multiple strategic partners, most notably ROBI and La Meridian.

Alternate Delivery Channel:

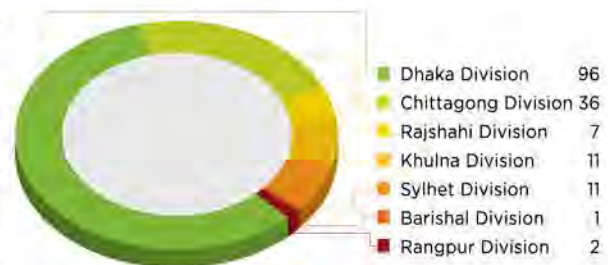
The alternative delivery Channel (ADC) approach emerged as a result of pressing need to ensure proper handling and communication of scattered services and products in a systematic flow. ADC is now gradually adapting to serve customers need at their convenience.

At present UCB owns 164 ATMs with more than 128,000 active Debit cards and 6,000 internet banking users. In 2016, ADC as a channel handled 22.99 lacs transactions amounting to BDT 1,323.56 crore. Cash Deposit Machines (CDM) is an upcoming facility for our customers. Soon customers will also be paying utility bills, making credit card payments, and paying instalment using UCB ATMs.

(Figure in %)



(Figure in BDT)



Total 164 No. of Live ATM

No. of Active Cards

	2016	2015	2014
Debit Card	128,700	85,500	68,110
Credit Card	34,888	30,452	31,218
Total	163,588	115,952	99,328

In 2016, some initiatives have been taken to promote Debit Card usage:

- Introducing “Welcome Pack” - to provide customers with chequebook and Debit Cards at times of account opening.
- Debit card Creation Automation in Core Banking System
- Debit card fee realization Automation at times of Card production to ease up Branch official's task



SMS Banking:

SMS banking serves as a handy tool for customers for their banking updates on a day to day basis, from anywhere in the country. UCB SMS Banking is currently offering both push & pull services to promote banking products, inform the customers about different campaigns and to be used as a tool to gather information about customer's latest detail of banking account & credit card. The pull propositions are being revamped to cater to a broader no of customer queries.



Internet Banking:

Internet Banking is a must for today's techsavvy generation, not only as a medium of getting information on customer's account and credit card, but also as a tool of accessing the fund and payment solution. UCB Internet Banking along with its mobile application “UCB iBanking” is providing exactly these solutions to the customers. Internet Banking can be used:

- o To enquire about account balance
- o To enquire about last transactions
- o To pay local & international portion of Credit Card bill
- o To pay utility bills & mobile bills



24/7 Call centre:

In 2016 UCB has soft launched 24/7 Call centre for the customers. Our Hotline number is 16419. It is the result of impeccable commitment to the customers for relentless smooth service anytime, anywhere. In 2017 our call centre will be equipped with much more capacity to provide customers an experience of attractive banking.



UCash the mobile Financial Services of UCB

UCash, a full-fledged mobile financial service launched by United Commercial Bank (UCB), has brought a change in financial transaction in the country. Only after three years of its inception, UCash has marked immense popularity all over the country especially among the unbanked people who were out of the banking services in the remote areas. UCash earned notable responses through day-to-day money transfer within the shortest possible time. UCash reached at the doors of remote people with its multidimensional services like Indian Visa Fees Collection, School Fees Collection, University Admission Fees Collection, Insurance Premium Collection & Disbursement and various innovative like purchasing cricket tickets, payment of case fees of Dhaka Metropolitan Police, salary disbursement, utility bill payment etc.

In line with the Governments digitalization process to build a “Digital Bangladesh”, UCB is always ready to enhance its support. As a part of digitalization, UCB has launched “E-Traffic Prosecution & Fine Payments System” to bring momentum in socio economic sector. It is an endeavour of UCB to ease the Fine Payments System. From the very beginning of the launching of “E-Traffic Prosecution & Fine Payments System”, case fees payment service through UCash unveiled a milestone and made the service easier, faster and even flawless.



School Fees collection agreement with Oxford Modern School & College, Chittagong, August 2016

DMP E Traffic Prosecution fee payment (case count)



IVAC Indian Visa Fees Collection (Qty)



Treasury

Banks help their customers manage their money, but who manages a bank’s money? How does a bank decide where to invest its capital across its business and how much to hold back in reserve? How does a bank make sure that each of its business areas has enough cash to serve its clients and function efficiently while keeping enough cash available centrally at all times to cover any unexpected market developments?. Today Treasury Division has been at the heart of all major Banks and financial institutions, where starting from the Liquidity Risk to overall Balance sheet Risks are managed. One of the main functions of the Treasury Division is to control and manage the bank’s liquidity and to make sure that all parts of the bank can readily access the cash they need for their business activities. By doing so, it makes sure that the bank remains financially secure, stable and able to function effectively to help its clients. In order to ensure that banks are better able to withstand any future market stresses, their capital and liquidity requirements have become an area of increasing focus. Banks’ treasury division work closely on these issues and have a critical role to play. The treasury function of a bank is now an even more challenging and interesting place to work.

UCB has an active and innovative treasury team adept in providing all possible treasury solutions through various treasury products at competitive price and superior services. UCB’s treasury has been performing consistently with respect to contribution to bank’s profit. It performed remarkably well in 2016 through executing strategies and forecasting market accurately especially in a market saddled with huge surplus liquidity. It is our endeavor to provide superior service to our clients in pricing the products with the best possible solution in the market



Money Market Desk

Call money rate was down in the year 2016 as compared to year 2015. UCB Money Market Desk is one of the most active and efficient desk in the interbank market. Despite drastic fall in the call money market rate, this desk generated handsome revenue for UCBL though there was negative income growth. This desk ensured a steady presence throughout the year by exercising call money, term placement, repo and reverse repo etc.



(16.52)%

Money Market
2016 BDT 42.32 Cr
2015 BDT 50.70 Cr

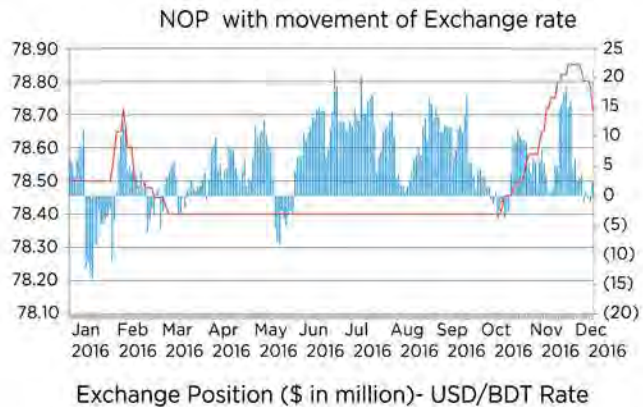
Foreign Exchange Desk

Foreign Exchange Desk is offering full range of FX Derivative products to the interbank and to our customers including Spot, Forward, Placement & SWAP in FCY-BDT and other major cross currencies. Throughout the year, UCBL treasury always kept its open position within its set limit. UCB FX desk continuously makes forecast about future exchange rate movement and maintains its open position accordingly. The market experienced stability till end October 2016 after that greenback appreciated and stood at Tk 78.71 per USD from Tk 77.50 at the end of the year 2016.



14.61%

Exchange gain
2016 BDT 80.03 Cr
2015 BDT 69.83 Cr



Sales & Derivatives Desk

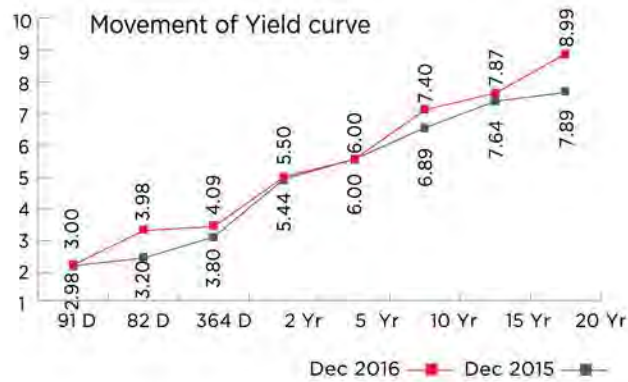
UCBL treasury created separate corporate sales desk name Sales & Derivatives under Foreign Exchange Desk in 2015. Annual turnover of sales & derivatives sales increased and registering an encouraging growth of 17.04% in corporate FX sales.

Fixed Income & Investment Desk

Fixed Income & Investment Desk of UCB plays an active role in investment in various Govt. approved securities. During the year 2016 primary yield of investment was downward on the other hand secondary market was volatile.

This desk not only ensures Banks SLR as per Bangladesh Bank requirement but also ensures the requirements of Basel III. However, active participation in trading of government securities in secondary market has also contributed to the growth of revenue generated from this desk.

6.61%
 Fixed income Investment
 2016 BDT 386.16 Cr
 2015 BDT 362.22 Cr



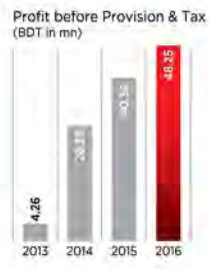
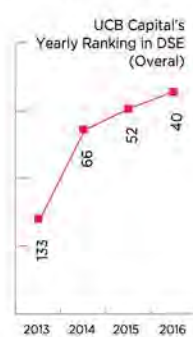
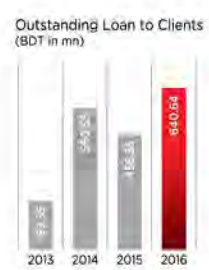
SUBSIDIARY COMPANY

UCB Capital Management Limited

UCB Capital Management Limited (UCB Capital) is a modern, professional and prominent securities brokerage house in Bangladesh Capital Market. As a full-service brokerage house, UCB Capital offers a full range of professional stock brokerage services for the institutional and individual investors (including NRBs) in Bangladesh as well as foreign institutions and individuals. It has a branch network covering Dhaka and Chittagong, the two largest cities in Bangladesh.

UCB Capital registered a net loss of BDT 10.10 million in 2016 compared to a net profit of BDT 25.02 million in 2015. The net loss was mostly due to the provisioning of BDT 44.18 million against negative equity accounts which was necessary to mitigate risks. Profit before provision stood at BDT 48.25 million in 2016 compared to BDT 40.36 million in 2015 registering a growth of 19.55%.

UCB Capital executed transactions worth BDT 15,776.33 million in 2016 compared to BDT 11,239.98 million which is 40.36% higher. In 2016, the company's loans to clients stood at BDT 640.64 million as against BDT 456.36 million in the previous year. The number of clients increased in 2016 by 40.25% compared to the previous year. UCB Capital performed progressively better especially towards the end of the year ranking 24th for the month of December 2016 and 40th overall in 2016.



UCB Investment Limited

UCB Investment Limited, a subsidiary of country's leading bank- United Commercial Bank Limited, was incorporated in Bangladesh as a private limited company with limited liability as on August 03, 2011 under companies act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities. The principal place of business and the registered office of the company is located at Plot # CWS(A)-1, Road# 34, Gulshan Avenue, Dhaka-1212.

UCB MARKET SHARE

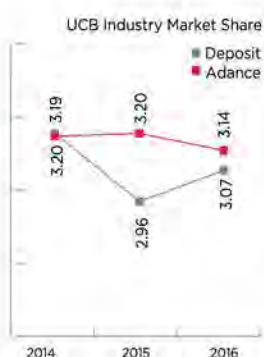
Deposit and Advance

UCB has always been striving for achieving sustainable growth in product, profitability and market share. The growth of deposit was 16.68 percent in 2016 which was 4.64 percent in 2015 and comparatively industry growth rate was 12.78 percent and 13.08 percent in 2016 and 2015 respectively. The growth rate was only 4.64 percent in 2015 as the bank borrowed fund in the form of subordinated bond of BDT 5000 million in 2015 and other borrowing in the form of refinance. In deposits, the banks market share has increased slightly in 2016 to 3.07 percent from 3.20 percent in 2015.

The growth of loans and advances was 13.31 percent in 2016 which was 13.36 percent in 2015 and comparatively industry growth rate was 15.49 percent and 13.27 percent in 2016 and 2015 respectively. In loans and advances, the banks market share has decreased slightly in 2016 to 3.14 percent from 3.20 percent in 2015. The below table shows the UCB market share of deposit and loans & advances.

BDT in million

	2014	2015	2016 (Nov)	Growth (%) 2014 vs 2015	Growth (%) 2015 vs 2016
Deposit					
Industry Deposit	6,588,516	7,450,231	8,402,682	13.08	12.78
UCB Deposit	211,072	220,866	257,704	4.64	16.68
Advance					
Industry Advance	5,451,495	6,174,735	7,131,130	13.27	15.49
UCB Advance	174,146	197,414	223,697	13.36	13.31
UCB Industry Market Share					
UCB Deposit Market Share (%)		3.20	2.96		3.07
UCB Advance Market Share (%)		3.19	3.20		3.14



Import & Export Business

In 2016, UCB achieved a significant growth both in import & export business. Total import business handled was BDT 19,484.69 crore which is 6.50% of the country's total import volume and export business transacted during the year was BDT 17,054.15 Crore which is 7.50% of the country's total export volume. The growth rate for import & export were 14.90% and 15.05% respectively compared to the corresponding period of 2015.

The growth in import and export business of UCB was one of the key contributing factors towards the overall profitability of the bank during 2016.

UCB's Growth versus Country Growth

	UCB	Country
Import	14.90%	-5.20%
Export	15.05%	5.10%



REVIEW OF UCB'S PRODUCTS AND SERVICES DEVELOPMENT INITIATIVES

UCB has expanded its arena in different and diverse segments of banking like Retail Banking, SME Banking, Corporate Banking, Off-shore Banking and Remittance and Import & Export services etc. Besides various traditional and scheme deposit and loan products, the Bank caters luxurious priority banking services (Imperial Banking) as well as 10 Taka accounts for homeless-farmers-freedom fighters. The Bank also supports Export and Import Loans & Services to deserving candidates which in turn helps the overall economy of the country through increased earning of Foreign Exchange.

UCB has taken initiatives for sustainable growth, financial inclusion & financial services of all group of people in Bangladesh by introducing Women's Savings & Women's DPS to enable today's independent women to enjoy hassle-free banking services and Youngsters Savings & DPS accounts for students of any School/Institution, RMG products to create savings habit of lower-income people and Cash Management Services (Collection Booths, Salary Accounts of employee of Corporate bodies including RMG sectors, "SONIRVOR Current Account", "SABOLOMBI Easy Account", 'PROTTOYI Monthly Deposit' and 'UDDOMI Fixed Deposit' liability products have been designed to encourage farmers, agro-based traders, small & medium entrepreneurs to enter into the wide range of modern, internet banking facilities. UCB Youngsters' Savings and DPS products have been introduced with a plan for developing the savings habit of students as well as Guardian for their better education and future of the nation by turning small savings into a large amount of money over a certain period of student life.

Other consumer products like UCB Cards have been showing tremendous success and growth since its inception in 2006 and soon became the leader in local market with Credit and Debit Dual-Currency services, special cash-back services, welcome pack with special offers and instant account opening and Debit Card services. UCB Express launched to excel the faster, electronic-digitalized banking services for the people through UCB Service Centers.

The Bank also provides its clients with remittance services, RTGS, BACH-BEFTN, ONLINE, Internet banking services. Thus the expatriates find an easy way to send money through proper channel. To promote SME sector, the Bank is also assessing and monitoring business loans, managing business financing risks, pricing products and working for further development of SME. Beside its Corporate banking service, UCB working out the details of financing packages necessary for the Agricultural & Agro-based Industrial development, construction of a new office, plant or other facility. Its area of expertise is in-depth knowledge in financial analysis with analytical capability of financing large project including RMG and infrastructure development projects, Eco-friendly enterprises and green banking products.

With approaches of Central Bank's financial strategy of "Financial Literacy and Financial Services" to include students to come under banking services contribute to economic activities through savings for development of the country, UCB have been following every steps of Bangladesh Bank to completion of Financial Literacy Campaign by promoting School Banking Product and financial services to the students and educational institutions. UCB had participated Banking Fair-2016 and awarded for immense contribution in banking industry and lucrative, eco-friendly banking innovations and services.

The Bank, aiming to play a leading role in the economic activities of the country, is firmly engaged in the development of trade, commerce and industry by investing in network expansion and new technology adoption by creating employment opportunities to have competitive advantage.



FINANCIAL REVIEW

In the face of extreme market competition in the banking arena both local and abroad, UCB has recorded a considerable growth in its business performance over the last year. At the end of 2016, total asset of the bank stood at BDT 329,720.78 million registering a growth of 12.21 percent over previous year. The financial performance of the bank is illustrated in following section;

Key operating and financial results

UCB recorded a remarkable growth in last five years in term of business volume and profitability. At the end of 2012 total assets of the bank was BDT 207,448.38 million whereas in 2016 it stood BDT 329,720.78 million recording a growth of about 58.94 percent. In last five year deposit growth was about 51.12 percent and loans & advances growth was about 64.40 percent.

(BDT in million)

	2016	2015	2014	2013	2012
Paid up capital	10,541.31	10,039.34	8,366.12	8,366.12	8,366.12
Shareholders' equity	25,756.32	25,588.82	22,491.54	20,504.97	18,171.02
Deposits and other accounts	257,704.30	220,866.48	211,072.06	184,896.85	170,530.54
Loans and advances	223,697.18	197,413.64	174,146.10	148,664.86	136,071.65
Off-balance sheet exposure	171,169.75	150,713.79	144,554.47	67,094.06	52,153.26
Total assets	329,720.78	293,847.23	266,100.74	226,333.13	207,448.38
Total liabilities	303,964.46	268,258.41	243,609.20	205,828.17	189,277.37

With the increase of business volume, the profitability of the bank has also increased significantly. In 2016, operating profit of the bank stood at BDT 7,587.38 million whereas it was BDT 5,762.22 million in 2012 recording a growth of more than 32 percent. During last five years, interest income has decreased by about 2.28 percent where as interest expense has decreased by about 17.08 percent.

(BDT in million)

	2016	2015	2014	2013	2012
Interest income	20,832.15	22,434.57	22,360.83	22,999.36	21,318.92
Interest expense	12,194.04	14,711.18	14,430.24	15,919.86	14,705.21
Net interest income	8,638.11	7,723.38	7,930.59	7,079.50	6,613.71
Non-interest income	7,703.97	7,824.62	7,278.80	5,319.08	3,563.95
Non-interest expenses	8,754.70	7,145.66	6,489.93	5,272.21	4,415.44
Operating profit	7,587.38	8,402.34	8,719.46	7,126.37	5,762.22
Profit before tax	5,189.88	7,252.34	6,835.67	5,887.32	3,739.06
Net profit	2,628.63	3,977.34	3,668.73	3,065.41	1,586.13

Balance sheet review

At the end of 2016, total assets of the Bank stood at BDT 329,720.78 million from BDT 293,847.23 million in 2015 registering a growth of about 12.21 percent. Total liabilities also increased to BDT 303,964.46 million in 2015 from BDT 268,258.41 million in previous year. All the major elements of balance sheet have shown a significant growth over previous year. Performances of major elements of balance sheet are shown as under;

(BDT in million)

	2016	2015	Growth (%)
Total Assets	329,720.78	293,847.23	12.21
Total Liabilities	303,964.46	268,258.41	13.31
Shareholders' Equity	25,756.32	25,588.82	0.65
Paid-up Capital	10,541.31	10,039.34	5.00
Deposits	257,704.30	220,866.48	16.68
Loans and Advances	223,697.18	197,413.64	13.31
Investments	55,475.64	44,345.73	25.10
Fixed Assets	8,380.18	8,586.73	(2.41)

Total Assets

Total asset of UCBL stood at BDT 329,720.78 million as on 31 December 2016 as against BDT 293,847.23 million of previous year registering a growth of about 12.21 percent over the year 2015. Among total assets, loans and advances is BDT 223,697.18 million in 2016 recording a growth of about 13.31 percent over previous year. Performance of assets in 2016 of UCB is shown in following table.



Assets	2016	2015	Growth (%)
Cash	21,102.74	17,960.68	17.49
Balance with other Banks & FIs	14,167.99	10,705.57	32.34
Money at Call on Short Notice	950.00	390.00	143.59
Investments	55,475.64	44,345.73	25.10
Loans and Advances	223,697.18	197,413.64	13.31
Fixed Assets	8,380.18	8,586.73	(2.41)
Other Assets	5,947.05	14,444.87	(58.83)

Cash and bank balance

Cash and bank balance includes cash in hand, balance with Bangladesh bank and its agent bank and balance with other banks & financial institutions. Cash and bank balance was BDT 35,270.73 million at the end of 2016 against BDT 28,666.25 million of 2015. Details are as follows:

(BDT in million)

Cash and Balance with another Banks & FIs	2016	2015	Growth (%)
Cash (Including foreign currencies)	21,102.74	17,960.68	17.49
Cash in hand	3,386.50	2,582.11	31.15
Balance with Bangladesh Bank & its agent bank(s)	17,716.25	15,378.57	15.20
Balance with other banks & FIs	14,167.99	10,705.57	32.34
In Bangladesh	11,520.60	9,593.68	20.09
Outside Bangladesh	2,647.38	1,111.89	138.10

Money at Call and Short Notice

This is one of the major areas of operation of the Treasury Division of the bank. Banks lending under the head Money at Call on Short Notice was BDT 950 million on 31 December 2016 as against BDT 390 million in 2015 registering an increase of 143.59 percent over same date of last year. The positive growth was attributable to relatively strong liquidity position of the bank over the period of 2016. We strategically invest in the money market with the objective of managing liquidity risk as well as earning reasonably higher risk free return on the investment. On the other hand, as investment in banks and financial institutions carry low risk weight, it helps to maintain capital adequacy of the bank.

Investment

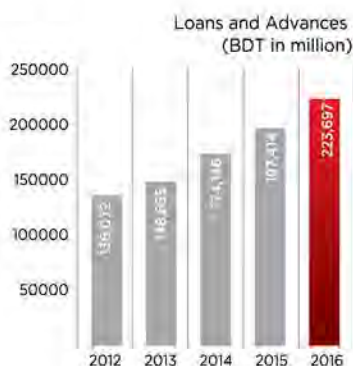
UCB's investment has experienced a moderate growth over previous year. It increased by about 25.10 percent during the year 2016 and stood at BDT 55,475.64 million which was BDT 44,345.73 million in 2015. Investment in government securities has increased by 26.60 percent enough to maintain surplus Statutory Liquidity Ratio (SLR) of BDT 22,690.24 million at the end of 2016. UCB's direct investment in capital market has increased moderately by BDT 467.45 million at the end of 2016 against an increase of BDT 112.64 million in 2015.

FINANCIAL REVIEW

	2016	2015	Growth (%)
Government	29,765.15	37,095.60	(19.76)
Held to Maturity (HTM)	26,784.74	22,413.00	19.51
Held for Trading (HFT)	728.42	2,175.28	(66.51)
Treasury Bills	2,247.38	12,501.23	(82.02)
Bangladesh Bank Bills	20,987.39	2,994.47	600.87
Prize Bond	4.61	6.09	(24.28)
Others Investment	25,710.49	7,250.13	254.62
Shares in listed companies	4,253.56	3,342.40	27.26
Shares in un-listed companies	469.54	913.26	(48.59)

Loans and Advances

UCB's loans and advances increased by BDT 26,283.54 million during the year 2016 and stood at BDT 223,697.18 million which was BDT 197,413.64 million in 2015 showing a substantial growth of 13.31 percent over the previous year. Concentration of loans and advances was well managed and details of concentration are given at notes to the financial statements. The ratio of non-performing loan was 5.66 percent which is much lower than the industry average. The Bank continued its participation in different credit program for financing in industrial projects, import, export, house-building, retail, agricultural etc.



Loans and advances (%)



Fixed Assets

Fixed assets include land, building, furniture & fixture, office equipment and vehicles etc. UCB's fixed assets decreased by 2.41 percent during the year 2016 and stood at BDT 8,380.18 million which is only 24.31 percent of total capital of the bank, well within the maximum limit of 30 percent of total capital. The rationale behind the decrease is the depreciation charged during the last year.

Other Assets

Other assets of the bank decreased by BDT 8,497.82 million during the year 2016 and stood at BDT 5,947.05 million which was BDT 14,444.87 million in 2015. The main components of other assets are advance income tax decreased by 87.08 percent, advance payment decreased by 7.82 percent, interest receivable increased by 13.70 percent and branch adjustment account decreased by 99.74 percent. Mainly, due to decrease of payment of advance income tax by BDT 9,924.46 million in 2016, total other assets decreased by 58.83 percent.

Other Assets (%)

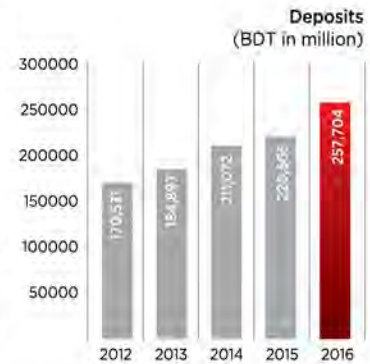


Borrowings from other Banks, Financial Institutions and Agents

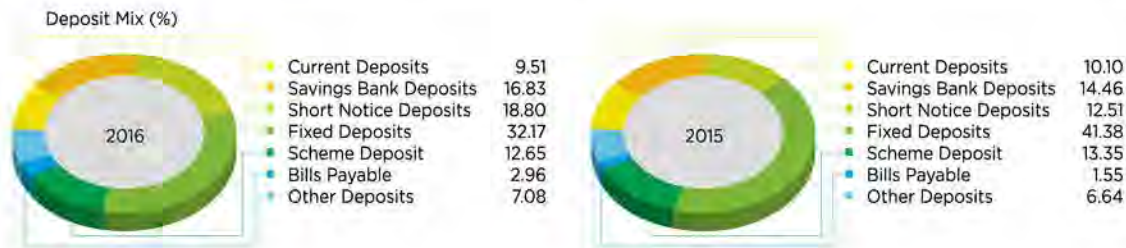
UCB has borrowing from Banks & Financial Institutions as well as from Bangladesh Bank amounting BDT 25,565.10 million at the end of 2016 against borrowing of BDT 18,743.66 million in 2015 recording a rise by 36.39 percent. The borrowing is mainly in terms of EDF borrowing from Bangladesh Bank of BDT 13,607.75 million, IPFF Fund from Bangladesh Bank of BDT 1,476.46 and issuance of Subordinated Bond of BDT 7,000.00 to different Banks, Financial Institutions, Insurance Companies and Mutual Funds.

Deposits

During the year 2016 total deposits of the bank increased by BDT 36,837.82 million and stood at BDT 257,704.30 million which was BDT 220,866.48 million in 2015 representing growth of 16.68 percent. There are as many as 34 (thirty four) deposit products in our bank. The clientele group of the bank includes individuals, corporation, NGO, NBF, government bodies etc.



(BDT in million)					
Deposits and other accounts	2016	2015	Growth (%)	Mix (%) 2016	Mix (%) 2015
Current Deposits	24,496.34	22,315.15	9.77	9.51	10.10
Savings Bank Deposits	43,379.43	31,946.12	35.79	16.83	14.46
Short Notice Deposits	48,437.55	27,628.64	75.32	18.80	12.51
Fixed deposits	82,916.35	91,392.44	(9.27)	32.17	41.38
Scheme Deposits	32,608.24	29,492.14	10.57	12.65	13.35
Bills Payable	7,621.57	3,426.10	122.46	2.96	1.55
Other Deposits	18,244.82	14,665.88	24.40	7.08	6.64
Total	257,704.30	220,866.48	16.68	100.00	100.00



Shareholders' Equity

Total shareholders' equity includes paid up capital, share premium, statutory reserve and retained earnings and other reserves. By the end of the year 2016, total shareholder's equity increased by 0.65 percent and stood at BDT 25,756.32 million as against BDT 25,588.82 million of 2015. The growth was only 13.77 percent in the previous year, which indicates stable growth of the bank in the coming days.

Shareholders' Equity	2016	2015	Growth (%)
Paid up Capital	10,541.31	10,039.34	5.00
Share Premium	1,454.98	1,454.98	-
Statutory Reserve	9,375.13	8,337.16	12.45
General Reserve	26.58	26.58	-
Other Reserve	2,729.34	3,182.61	(14.24)
Retained Earnings	1,628.98	2,548.15	(36.07)
Total	25,756.32	25,588.82	0.65



Analysis of operating results of UCBL

In 2016, operating income was BDT 16,342.08 million against BDT 15,548.00 million in 2015 recording a growth of 5.11 percent whereas operating expense was BDT 8,754.70 million in 2016 against BDT 7,145.66 million in 2015 recording a growth of 22.52 percent. Profit before provision and taxes decreased by 9.70 percent due to decrease of non interest income by 1.54 percent. Profit after tax decreased to BDT 2,628.63 million in 2016 with a fall by 33.91 percent from previous year. Due to rise of provision expenses by 108.48 percent of the bank, the net profit after tax has decreased by 33.91 percent in 2016 from the previous year.

	2016	2015	Change (%)
Interest Income	20,832.15	22,434.57	(7.14)
Interest Expense	12,194.04	14,711.18	(17.11)
Net Interest Income	8,638.11	7,723.38	11.84
Non-Interest Income	7,703.97	7,824.62	(1.54)
Operating Income	16,342.08	15,548.00	5.11
Operating Expenses	8,754.70	7,145.66	22.52
Profit before Provision	7,587.38	8,402.34	(9.70)
Total Provision	2,397.50	1,150.00	108.48
Profit before Taxes	5,189.88	7,252.34	(28.44)
Net Profit after Taxes	2,628.63	3,977.34	(33.91)

Interest Income

UCBL earned total BDT 20,832.15 million as interest income during the year 2016 registering a decrease by BDT 1,602.42 million, 7.14 percent less from the previous year. This trend in interest income resulted from relatively lower rate of loans and advances along with lower rate of deposit of the bank. The major interest earnings came from follows:

	2016	2015	Growth (%)
Interest on loans and advances	20,410.44	21,992.04	(7.19)
Interest on Balances with other Banks & FIs	336.87	309.45	8.86
Interest on money at call on short notice	84.18	132.90	(36.66)
Interest on Balance with Foreign Bank	0.65	0.18	269.07
Total Interest Income	20,832.15	22,434.57	(7.14)

Interest Expense

UCBL paid BDT 12,194.04 million as interest expense during the year 2016 recording a decrease of BDT 2,517.14 million (17.11 percent) from previous year. Due to liquidity surplus prevailed in the money market, the bank was able to continue procuring deposits at lower cost. Our average cost of deposits in 2016 was 4.76 percent which was 6.61 percent in 2015. Among interest expenses, the Bank mostly paid interest on deposits which was BDT 11,039.68 million in 2016 against BDT 13,934.77 million in 2015. Interest paid on borrowings was BDT 1,154.36 million in 2016 which was BDT 776.41 million in 2015. Interest paid on borrowings increased due to substantial increase of EDF borrowings from Bangladesh Bank and borrowing from other banks outside Bangladesh in 2016.

Product wise Interest Expense Analysis

In 2016, the Bank paid highest amount of interest on fixed deposits which was BDT 5,212.23 million against BDT 8,053.20 million in 2015. Interest expense on fixed deposits was declined substantially by 35.28 percent in 2016 over 2015 whereas growth of fixed deposits amount was (9.27) percent. In same way, growth of interest expense on SND and scheme deposits were (45.17) percent and 12.33 percent whereas growth of SND and scheme deposits amount were 75.32 percent and 10.57 percent respectively. On the other hand, growth of interest expense on saving deposits and growth of amount same deposits near close in 2016 were 24.90 percent and 35.79 percent respectively. Due to liquidity surplus prevailed in the money market during 2016, the Bank emphasized on acquiring no & low cost deposits in exchange of high cost deposits.

In this respect, the growth of interest expenses in deposits like savings and short term have increased contrary to the decrease of interest expenses of fixed deposits over the same period. Moreover, the Bank has borrowed in foreign currency from Bangladesh Bank under EDF refinance facilities and from other banks and financial institutions for its OBU operations, which resulted in the increase of interest expense for borrowings.

Interest Paid on Deposits (%)



Interest Paid on Deposits (%)

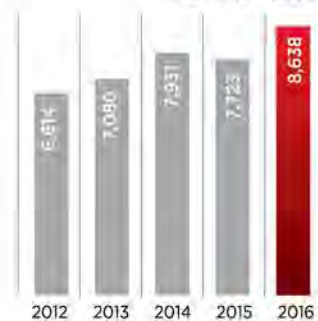


	BDT in million		
Interests Paid on deposits and borrowings	2016	2015	Growth (%)
Fixed Deposits	5,212.23	8,053.20	(35.28)
Scheme Deposits	3,597.03	3,202.25	12.33
Short Term Deposits	873.25	1,592.69	(45.17)
Savings Deposits	1,357.17	1,086.63	24.90
Interest Paid on Borrowings	1,154.36	776.41	48.68
Total	12,194.04	14,711.18	(17.11)

Net Interest Income

Net interest income (NII) during the year stood at BDT 8,638.11 million recording a moderate positive growth of BDT 914.73 million which is equivalent to 11.84 percent growth over previous year.

Net interest income (BDT in million)



Income from investment

Investment income during 2016 was recorded BDT 4,140.57 million which was BDT 4,228.59 million in previous year. The income decreased by BDT 88.02 million mainly attributed to lower discount income and revaluation loss on Treasury Bills & Bonds. Interest income from investment has decreased by 4.76 percent in 2016, which is mainly earned from government treasury bills and bonds. Non-interest income from investment increased to BDT 292.72 million in 2016 from BDT 188.60 million in previous year mainly due to dividend income and capital gain on sale of share.

	BDT in million		
Income from investments	2016	2015	Growth (%)
Government Treasury bills and bond	2,756.02	2,645.39	4.18
Discount on Bill/Bond Purchase	623.92	945.21	(33.99)
Interest on Bangladesh Bank bill, bond, debenture & reverse repo	334.39	208.46	60.41
Gain(loss) on revaluation on govt. securities	133.51	240.94	(44.59)
Interest income from investments	3,847.84	4,039.99	(4.76)
Prize money on prize bond	0.05	0.01	525.00
Dividend on shares	181.36	114.38	58.55
Gain on sale of share	111.32	74.21	50.01
Non-interest income from investments	292.72	188.60	55.21
Total	4,140.57	4,228.59	(2.08)

Investment income consists of investment in money market and capital market. Income from money market operation in 2016 was BDT 3,847.89 million registering a decrease of BDT 192.10 million equivalents to a negative growth of 4.76 percent. Income from capital market operation was BDT 292.67 million in 2016 registering an increase of BDT 104.08 million, which represents 55.21 percent growth over the year 2015. The following graph shows the income from investment;

FINANCIAL REVIEW

The decline in Money market income is attributed to the decrease of interest income and discount income of Government bills and bonds by BDT 210.65 million in 2016 accounting a negative growth of 5.87 percent over 2015. The gain on revaluation of government securities has experienced a moderate negative growth of 44.59 percent over previous year. However, income from capital market has substantially increased to BDT 292.67 million in 2016 from BDT 188.59 million in previous year. Gain on sale of share increased to BDT 111.32 million in 2016 from BDT 74.21 million in 2015 and dividend on shares increased to BDT 181.36 million in 2016 from BDT 114.38 million in 2015.

Investment income from
■ capital market
■ money market



Commission, Fees, Exchange & Brokerage

Commission, fees, exchange & brokerage income during 2016 was recorded BDT 3,201.27 million which was BDT 3,110.27 million in previous year and the income increased by BDT 90.84 million which equivalent to a growth of 2.92 percent, while commission income decreased by BDT 4.56 million (equivalent to negative growth of 0.36 percent), fees income increased by BDT 103.71 million (equivalent to positive growth of 14.37 percent) and exchange earnings decreased by BDT 8.31 million (equivalent to negative growth of 0.73 percent) over previous year.

Commission, Fees & Exchange
■ 2016 ■ 2015



Other operating income

Other operating income during 2016 was BDT 362.13 million which was BDT 485.60 million in previous year and the income decreased by BDT 123.47 million i.e. a negative growth of 25.43 percent over the year 2015. The main components of other operating income were recoveries from previously written off loan BDT 200.76 million decreased by 29.85 percent, swift charge recoveries BDT 72.18 million increased by 46.57 percent and other miscellaneous earning BDT 83.44 million decreased by 38.22 percent.

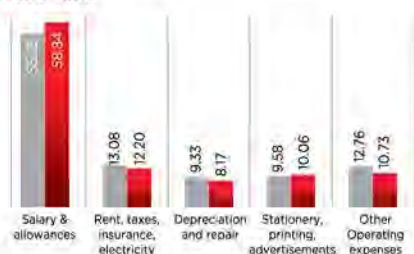
Other Operating Income	2016	2015	Growth (%)
Recoveries from previously written off loan	200.76	286.18	(29.85)
Swift charges	72.18	49.25	46.57
Gain on sale of assets	-	9.36	(100.00)
Locker	5.74	5.75	(0.16)
Miscellaneous earning	83.44	135.06	(38.22)
Total	362.13	485.60	(25.43)

Operating expense

Total operating expense during 2016 was recorded at BDT 8,772.29 million which was BDT 7,145.66 million in previous year accounting an increase of BDT 1,626.63 million which is equivalent to 22.76 percent over last year. The main components of the operating expenses are mentioned below:

Operating Expenses	2016	2015	Growth (%)
Salary and allowances	5,161.51	3,947.66	30.75
Rent, taxes, insurance, electricity etc.	1,070.59	934.54	14.56
Depreciation and repair of banks assets	716.75	666.64	7.52
Stationery, printing, advertisements etc.	882.43	684.87	28.85
Petrol, oil & lubricant	115.49	106.52	6.34
Postage, stamps, telecommunications etc.	122.07	112.89	8.13
Medical expenses	154.03	116.42	32.31
Car expenses	112.33	97.37	15.37
Traveling	73.60	71.38	3.11
Fees commission & charges	35.48	75.56	(53.04)
Entertainment	60.47	106.52	(43.23)
Other expenses	249.94	225.30	10.94
Total	8,754.70	7,145.66	22.52

Operating Expenses (%)
■ 2016 ■ 2015



In operating expenses, salary and allowances for the employees covered about 59 percent of total expenses which record a growth of 30.75 percent. The reasons for this moderate increase of salary and allowances were the revision of salary as well as increment added over the last year and increase of number of employees by 315. Expenses for rent, taxes, insurance, electricity etc. increased by 14.56 percent and depreciation & repair of bank's assets increased 7.52 percent mainly due to expansion of branch network to 168 from 158 and ATM booth to 164 from 151.

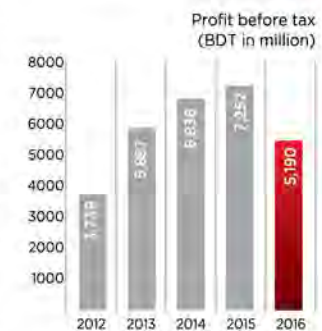
Operating Profit

The total operating profit of the bank for the year 2016 stood at BDT 7,587.38 million in comparison to BDT 8,402.34 million of 2015. A moderate growth of net interest income contributed to reach at the operating profit of 2016. Net-interest income was BDT 8,638.11 million which was 11.84 percent higher than previous year and operating expense was BDT 8,754.70 million which is 22.52 percent higher than previous year. This higher growth rate of operating expenses accompanied with a slightly negative growth of non funded income (negative growth of 1.54 percent) resulted in the negative growth of operating profit by 9.70 percent over the year of 2015.



Profit before tax

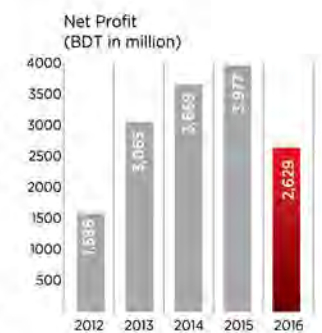
Profit before tax of the bank stood at BDT 5,189.88 million in 2016 compared to BDT 7,252.34 million of previous year. The bank maintained sufficient amount of provision against loans & advances, investments and off-balance sheet exposures in 2016, which was BDT 2,397.50 million against BDT 1,150.00 million in previous year. The bank maintained more than 100 percent provision against requirement in 2016. However, with a negative growth of operating profit, the bank has experienced a negative growth of profit before tax by 28.44 percent over 2015.



	(BDT in million)		
	2016	2015	Growth (%)
Profit before provision/ operating profit	7,587.38	8,402.34	(9.70)
Provision for loans & advances	2,067.37	914.31	126.11
Other provision	330.13	235.69	40.07
Total provision	2,397.50	1,150.00	108.48
Profit before tax	5,189.88	8,402.34	(28.44)

Net profit

In 2016, bank's net profit after tax decreased by BDT 1,348.71 million which equivalent to 33.91 percent less than that of the year 2015. As at 31 December 2016, net profit after tax stood at BDT 2,628.63 million. Net profit decreased slightly in 2016 mainly due to significant increase in the operating expenses, which is 22.52 percent higher than that of the year 2015. The bank maintained substantial amount of provision for payment of tax on its income for the year 2015, which was BDT 2,561.25 million against BDT 3,275.00 million in previous year.



Earnings per share (Restated):

In the year under review, Earnings per share (EPS) stood at BDT 2.49 which was BDT 3.77 (restated) in previous year. Bank's EPS decreased during the year 2016 due to increase in the number of common share outstanding as well as decrease of the net profit of the bank.



UCB is making progress on embedding sustainability into business. We realize we have a long way to go and will continue to build our program in the year ahead. Market conditions for our industry are as challenging and volatile as we have seen in recent times. We have a strong capital position and we have accumulated a good size of quality portfolio and diversity in our revenue and earning streams. Our presence in the market is growing steadily and we have improved our presence in all areas of operations. We have professionals with profound managerial talents and perhaps most importantly, we have a hard earned reputation as one of the longest and top financial service providers in our industry. We are convinced of our ability to continue to thrive in all areas of our business backed by around three decade of experience and driven by the ambition to continue reaching new heights in performance.

SEGMENTAL BUSINESS ANALYSIS

UCB is committed to serve all strata of society through careful customer segmentation considering access to financial services across the continuum of socio-demographic groups. From very beginning of its inception, UCB is offering ample financial products and services considering the needs of different segments of people and enterprises.

United Commercial Bank and its Subsidiaries

With the aim to diversify the business, United Commercial Bank Limited has extended its operation to capital market in 2010 by its two subsidiaries namely UCB Capital Management Limited and UCB Investment Limited.

UCB Capital Management Limited

The activities of the company include brokerage service, margin loan etc. As of now the company is carrying out its activities under the license of Dhaka Stock Exchange Ltd. only, the company has also a license of Chittagong Stock Exchange Limited which is not in operative yet. UCBL holds 51,34,999 nos. of shares of UCB Capital Management Limited with face value of Tk. 100 each which equivalent to 99.99998% of total shares of the company.

UCB Investment Limited

UCB Investment Limited was incorporated in Bangladesh as a private limited company with limited liability as on 3 August of 2011 under Companies Act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities. The company is yet to get permission from regulatory authorities to operate its full-fledged business.

Assets of UCBL and its Subsidiaries

(BDT in million)

Year	United Commercial Bank Limited	UCB Capital Management Limited	UCB Investment Limited
2014	266,100.74	1,145.93	254.97
2015	293,847.23	1,094.52	276.03
2016	329,720.78	2,424.55	296.09

Total assets of United Commercial Bank Limited was BDT 329,720.78 million at the end of 2016 which was BDT 293,847.23 million in 2015. Total assets of main subsidiary of the Bank, UCB Capital Management Limited were BDT 2,424.55 million at the end of 2016 which was BDT 1,094.52 million in 2015. The main assets of UCB Investment Limited was balance with bank which was mainly sourced by equity capital. Total assets of UCB Investment Limited was BDT 296.09 million in 2016 against BDT 276.03 million in 2015.



Operating Income of UCBL and its Subsidiaries

(BDT in million)

Year	United Commercial Bank Limited	UCB Capital Management Limited	UCB Investment Limited
2014	15,209.39	55.08	5.00
2015	15,548.00	58.78	21.08
2016	16,342.08	90.88	20.10

Most of the operating income earned by United Commercial Bank Limited which was BDT 16,342.08 million in 2016 against BDT 15,548.00 million in 2015. UCB Capital Management Limited, main subsidiary of the Bank earned BDT 90.88 million in 2016 against BDT 58.78 million in 2015 registering a growth of 54.61 percent. UCB Investment Limited mainly earned from interest income from balance with bank. Operating Income of UCB Investment Limited was BDT 20.10 million in 2016 against BDT 21.08 million in 2015.

UCB Capital Management Limited (BDT in million)
■ 2016 ■ 2015

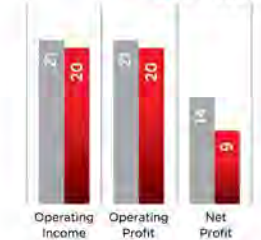


Operating Profit & Net Profit of UCBL and its Subsidiaries

(BDT in million)

Year	United Commercial Bank Limited	UCB Capital Management Limited	UCB Investment Limited
Operating Profit			
2014	8,719.46	41.32	4.95
2015	8,402.34	40.36	21.05
2016	7,587.38	48.25	20.03
Net Profit			
2014	3,668.73	28.39	3.22
2015	3,977.34	25.02	13.68
2016	2,628.63	-10.10	9.42

UCB Investment Limited (BDT in million)
■ 2016 ■ 2015



In 2016, the Bank earned operating profit of BDT 7,587.38 million against BDT 8,402.34 million in 2015. UCB Capital Management Limited also earned BDT 48.25 as operating profit and incurred BDT 10.10 million as net loss in 2016. This is due to 100% provision made against negative equity of margin loan accounts and unrealized loss of dealer account. UCB Investment Limited also earned BDT 20.03 million as operating profit and BDT 9.42 million as net profit in 2016.

Segment wise Distribution of Loans and Advance of United Commercial Bank Limited

Among total assets of BDT 329,720.78 million of United Commercial Bank Limited, loans and advances was BDT 223,697.18 million which was 67.84 percent of total assets. Below table shows the distribution of loans and advances different segments.

Segment wise Loans and advances (%)



SEGMENTAL BUSINESS ANALYSIS

(BDT in million)

	Dec 31, 2016	Dec 31, 2015	Growth (%)
Industrial Loan	85,329.90	76,068.92	12.17
Commercial Lending	52,971.62	51,245.01	3.37
Import-Export Finance	17,696.47	24,151.00	(26.73)
Retail Loan	33,322.65	22,302.16	49.41
Agricultural Loan	2,608.06	2,787.20	(6.43)
Others	31,768.48	20,859.34	52.30
	223,697.18	197,413.64	13.31

Among loans and advances, 38.14 percent were distributed in industrial area followed by 23.68 percent in commercial area. Others area of distribution of loans and advances were import-export, retail, agriculture and others where were 7.91 percent, 14.90 percent, 1.17 percent and 14.20 percent respectively.

Segment wise Distribution of Deposit of United Commercial Bank Limited

In total liabilities of BDT 303,259.82 million, 84.98 percent liabilities were in the form of deposits which were BDT 257,704.30 million. Below table shows segment wise distribution of deposit of the bank as on December 31, 2016.

Sector-wise deposits (%)



BDT in Million

(BDT in million)

	Dec 31, 2016	Dec 31, 2017	Growth (%)
Government	651.87	391.26	66.61
Public	38,719.98	23,326.93	65.99
Semi-Government	3,564.47	2,550.71	39.74
FCY Deposits	1,851.44	1,261.95	46.71
Private	212,916.55	193,335.62	10.13
	257,704.30	220,866.48	16.68

At the end of 2016, total deposits of the bank stood BDT 257,704.30 million against BDT 220,866.48 million at the end of 2015 registering a growth of 16.68 percent. The bank is mostly concentrated to private deposit which was BDT 212,916.55 million at the end of 2016 against BDT 193,335.62 million at the end of 2015. Others area of concentration of deposits were Government, Public, Semi-Government and FCY Deposits which were respectively 0.26 percent, 15.02 percent, 1.38 percent and 0.72 percent of total deposits.

Geographical Distribution of Loans & Advances and Deposit of United Commercial Bank Limited:

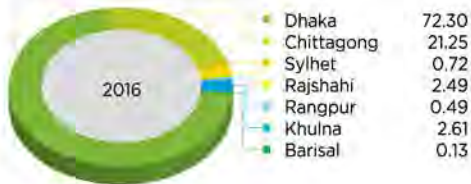
In the context of socio-economic scenario of most of the economic activities of the country is concentrated urban area especially in Dhaka and Chittagong region. At the end of 2016, 93.60 percent of advance was in urban area where as 6.40 percent was in rural area. Among 93.60 percent of urban area, 67.32 percent and 20.30 percent was in Dhaka and Chittagong division respectively. The below graphs and tables shows the geographical distribution of banks major assets and liabilities i.e. loans & advances and deposits.

SEGMENTAL BUSINESS ANALYSIS

Division wise Deposit (%)



Division wise Loans & Advances (%)



Loans & Advances (%)



Deposit (%)



(BDT in million)

	No. of Branch	Loans and Advances (December 31, 2016)		Deposits (December 31, 2016)	
		Amount	% of Total	Amount	% of Total
Urban Branches					
Dhaka Division	46	150,591.90	67.32	145,213.45	56.35
Chittagong Division	32	45,401.08	20.30	45,343.95	17.60
Sylhet Division	7	1,291.50	0.58	5,968.65	2.32
Rajshahi Division	9	5,139.40	2.30	7,097.45	2.75
Rangpur Division	2	1,098.62	0.49	1,682.45	0.65
Khulna Division	6	5,570.01	2.49	6,211.95	2.41
Barisal Division	2	291.51	0.13	1,005.30	0.39
Subtotal	104	209,384.02	93.60	212,523.21	82.47
Rural Branches					
Dhaka Division	32	11,139.90	4.98	21,645.91	8.40
Chittagong Division	21	2,143.57	0.96	18,061.13	7.01
Sylhet Division	8	320.83	0.14	4,487.00	1.74
Rajshahi Division	2	430.42	0.19	423.26	0.16
Khulna Division	1	278.44	0.12	563.78	0.22
Subtotal	64	14,313.16	6.40	45,181.09	17.53
Total	168	223,697.18	100	257,704.30	100

The bank has diversified its operation and major activities in different area of business including capital market. Geographically, bank has vast network across the country which cover all divisions and major business hub of the country. Moreover, bank has 548 correspondents all over the continents which cover 60 countries. The bank mainly focused on industrial and commercial lending. In recent years, the bank has also concentrated on import-export and retail business.



REPORT ON HUMAN RESOURCES MANAGEMENT



UCB's Human Resources Management Division (HRMD) plays an instrumental role in creating an atmosphere for sustainable banking operation. With that vision in mind, HRMD is persistently seeking for long term partnership with its employees and an atmosphere where they can thrive and are enabled to deliver organisational goal congruence performance. Following strategic priorities have been aimed for HRMD:

- ❑ to utilize human capital expertise more assertively to support the business divisions and infrastructure functions in order to deliver results;
- ❑ to strengthen its role as a control function for the Bank for human capital risks;
- ❑ to build the capabilities of managers and staff;

This year's annual report focuses on performance reporting, which provides the structure for the Department to measure progress on meeting its goals, in alignment with the strategic themes of the focus areas. Over the past year, Human Resources Management Division has focused on continuous improvement to increase efficiency and accountability, while improving services to our clients and streamlining the overall management process.

This Human Resource report provides transparency on the Bank's employee metrics and how we are streamlining our strategic priorities into action. It provides examples of what we achieved in 2016 in organizational culture, diversity and inclusion, talent and development, talent acquisition, compensation and benefits, managing change and collaboration with our stakeholders.

Considering these long-term visions, UCB is energetically forming a professional team. HR believes "Great Vision without Great People Is Irrelevant". Continuous professional development of employees is one of our key objectives. This is the only way to create a team of specialists capable to face upcoming challenges, solving complex problems and achieving goals by means of professionalism and motivation of every person, instead of just having a large staff. Those who like to win and to set and achieve goals, those who are ready for professional and personal development, and who enjoy their work and its outcomes, are the most successful. This is important not only from the angle of efficiency of every manager but also for service quality: the more an employee knows, the more he or she gets involved, and the more chances he or she has to help a client by identifying its needs and resolving its problems.



As a control function of United Commercial Bank, the role of HR has changed in recent years. Key to this role has been its continued focus on bringing the Bank's values and beliefs to life through a long-term vision for the HR function, and specific commitments underpinning that vision.

In 2016, our HR activities were in line with some priorities, which have come into particular focus with UCB Strategy and its execution over the coming years. HR has concentrated on anchoring the values and beliefs in all people processes - from recruitment to performance management, talent development, promotions and remuneration. In 2015, recruitment and referral processes and policies were strengthened to ensure new employees fulfil the Bank's requirements on our Code of Conduct and living with the Corporate Values.

Our people are our greatest asset - flexible, passionate and determined to win. The year 2016 was arguably a difficult year for the industry, we challenged our capacity to innovate, putting forward new ways of carrying out daily operations to achieve improved productivity, customer intimacy and ultimately, stronger results. We have an exceptional management team and a strong corporate culture that continue to promote alignment among the diverse groups within our firm, empower employees with the tools required to fulfil their personal development objectives and enable the clear communication of our objectives and priorities to produce better results. We would like to thank everyone for their strong support in 2016, and for their unwavering commitment to the Bank's core values and the attainment of its strategic goals.



UCB's focus is to ensure effective utilization of Human Resources. In order to increase efficiency in hiring and retention and to ensure consistency and compliance in the recruitment and selection process UCB recruited a good number of Probationary Officers through competitive exams conducted by externally renowned professional organizations in a complete transparent manner. UCB's employee retention program focuses on:

Market response from potential job seekers showed a very positive trend with 14,472 applications hitting our Job Portal in just 30 days for our Probationary Officer positions. This massive and positive market response boosted the message on our growth and acceptability in the market sector.

Technology historically played a significant role in the transformation of banks for last few decades and will continue to do so now and in the future. The Bank spent a significant training hours to prepare the employees on changes to our core banking application and enhancing their digital banking capabilities.

Our employees remain pivotal to meeting our brand promise of delivering 'Quality Service' to our valued clients. Continuous innovation is a cornerstone of the ability to explore new frontiers, and we continue to invest in the future. In 2016, the Bank arranged robust training on different issues that will help employees to enable to generate, share, collaborate and execute ideas that solve organizational challenges. Various discussion sessions between senior management & others arranged during 2016 helped to reinforce a key element of the Bank's culture and created a platform for employees to articulate their views on what the Bank should be doing to become one of the top ranked banks in the country.

Human Resources Department partners with all its stakeholders to provide timely support and state-of-the-art HR solutions which address the Bank's needs with the view to enhance organizational performance and strategy achievement.

In keeping pace with the growing demands of Human Resources Management, UCB in 2016 implemented its own state of the art Human Resources Information System (HRIS) targeting on further developing major HR functions relating to staff records, performance management, leave management, payroll and other essentials relating to HRM. This major decision by the UCB Board is in recognition of its vision and commitment towards continuously developing its workforce - its biggest asset.

REPORT ON HUMAN RESOURCES MANAGEMENT

Major awareness sessions were conducted to familiarize the system to all employees. It may also be noted in implementation of this HRIS, UCB HRMD in future aims at saving on resources and manpower and also emphasize on data safety due to digitalization of most of its activities.

A key thrust of the Bank's learning and development initiatives in 2016 was the preparation of employees for the challenges ahead, particularly the nurturing of middle management. The Bank is focused on building a pool of future front-runners who can easily become cross-functional leaders in a dynamic environment. As part of this development program, we ensured participants were exposed to minimum standards and diverse cultures.

UCB's Learning and Development Centre (LDC): A great way towards employees' excellence:

LDC believes that skilled manpower is the major driving force that can lead the Bank to sustainable growth. It regularly organizes programs for newly joined Officers, prolonged foundation training & also stresses upon refreshers sessions for existing employees.

As part of its continuous development process, LDC reviews job responsibilities of staff and provides job specific training and workshops for them. To cater to different stages of staff development comprehensive programs with extensive case studies including review and discussions are also arranged so as to keep staff tuned with present market practices.

Our HR strategy is to describe the general intentions of the organization about how people should be managed and developed and what steps should be taken to ensure that the organization can attract and retain the people it needs; and ensure that employees are committed, motivated, engaged.

In 2016 LDC achieved its major milestone by launching a major series of online training programs through its designed state of the art "LDC Online" facility which aims at reaching learning to all corners of the country & thus saving time & energy in the learning process. Last year a total of 2,649 employees enrolled and completed online training on various courses relating to the banking and financial sector.

LDC conducted online certification examination on core banking system (CBS) for all staff of UCB branches. Around 1,900 employees successfully went through different online examinations which helped staff foster awareness of our in house banking system & were also made aware of improvements accordingly. LDC also provided online queries to users on various issues through teleconferencing.



One of the LDC rooms with all modern amenities including latest configured computers for our employees



Complete view of UCB's Learning and Development Centre



Side view of UCB Library

A brief detail of LDC accomplishments in 2016 may be summarized as follows:

SL	Training Course	Venue	No of Courses	No of Participation
1	LDC (In house) Training Programs	LDC, CHO; Zonal Office (CTG & Rajshahi) & different branches.	62	1,980
2	External Training Programs (Local)	BIBM, BBTA, BB, others external venues.	87	245
3	External Training Programs (Foreign)	NIBM, Pune, India; Frankfurt, Germany; Milan, Italy; Sheraton Kuta, Bali, Indonesia; Jaipur, India; Merrakech, Morocco	7	8
4	CBS End User Training Programs	LDC, Regional Branches etc.	60	2,034

HR believes the productivity and profitability of an organisation largely depends on the contribution of human assets. If the value of human assets is ignored, the total valuation of the firm becomes difficult. Considering this from 2017 onwards LDC aims at focusing on E-learning and leadership/soft skill training to develop the human capital of the Bank. Further in maintaining its position as one of the leading Banks of Bangladesh LDC aims at conducting service culture improvement programs so as to further improve our service standards to our Customers.

Our specific HR strategy



Our approaches to achieve HR commitment

- Career ladders and emphasis on trainability
- Functional flexibility
- Reduction of hierarchy, ending of status differentials
- Reliance on teams: dissemination, structuring work, problem solving
- Intrinsic satisfaction via job design
- Involvement in quality management



Our Slogan

High Commitment Management aimed at eliciting a commitment so that behavior is primarily self-regulated rather than controlled. Organizational relations based on trust. HR believes in team building.



Our Slogan

Targeting to enhance UCB's strategy of "United We Achieve" LDC in 2017 will conduct departmental and inter-departmental team building workshops so as to further strengthen cohesiveness and synergy amongst teams.

PRODUCTS AND SERVICES

LIABILITY PRODUCTS

- Current Deposit Account
- Sonirvor Current Account
- Sabolombi Easy Account
- Savings Deposit Account
- UCB Youngsters' Saving Deposit
- UCB Women's Savings
- UCB NRB Savings
- UCB Imperial Savings
- UCB Student Account
- Dynamic Benefit Savings Account
- Salary Account Corporate Bodies
- Special Notice Deposit
- Fixed Deposit
- UCB Money Maximizer
- UCB Earning Plus (Monthly/Quarterly)
- Prottoyoi Monthly Deposit
- UCB Multi Millionaire (One to ten million)
- UCB Women DPS Plus
- NRB DPS Plus
- UCB Youngsters DPS
- RMG DPS Plus
- UCB DPS Plus (Monthly Saving Scheme)
- Private FC Deposit Account
- Non Resident FC Deposit (NFCD) Account
- Resident FC Deposit (RFCD) Account
- Exporters Retention Quota Account

ASSET (FUNDED) PRODUCTS

- Continuous Loan Products
 - Cash Credit Hypothecation
 - Cash Credit Pledge
 - Overdraft (General)
 - Secured Overdraft
- Demand Loan Products
 - Payment against Document (PAD)
 - Loan against EDF
 - Loan against Trust Receipt (LTR)
 - Loan against Imported Merchandize (LIM)
 - Work Order Finance
 - Earnest Money Finance
 - Packing Credit
 - Export Credit
 - Loan under Cash Assistance
 - Export Bill Purchase and Discounting
 - Time Loan
- Term Loan Products
 - Term Loan
 - Hire Purchase Loan
 - Lease Finance
 - Transport Loan
 - House Building Loan
 - Home Loan
 - Home Mortgage Loan
 - Auto Loan
 - Doctors Loan
 - Marriage Loan
 - Education Loan
 - Advance against Salary
 - Travel Loan
 - House Hold Durable Loan
 - Cash Secured Loan
 - Bridge Financing Loan
 - Syndicated loan financing
- Short Term Agricultural and Micro Credit Products
 - Agro Overdraft
 - Agro Time Loan
 - Agro Short Term Loan
 - Agro Term Loan

NON FUNDED PRODUCTS

- Letter of Guarantee
- Letter of Credit (Sight/Deferred/UPAS/EDF)
- Back to back Letter of Credit
- Acceptance of letter of credit
- Bills for collection

TREASURY PRODUCTS

- Money Market
 - Overnight Lending and Borrowing
 - Term borrowing and term lending
- Securities
 - Sale and Purchase of Govt. Treasury Bill and Bond and Bangladesh Bank Bills
 - Repo and Reverse Repo
- Foreign Exchange
 - Swap
 - Spot
 - Forward

FOREIGN REMITTANCE SERVICES

- Inward Foreign Remittances
- Outward Foreign Remittances

CREDIT CARD PRODUCTS

- VISA Credit Card: Classic
- VISA Credit Card: Gold
- VISA Credit Card: Platinum
- MASTER Credit Card: Classic
- MASTER Credit Card: Gold
- MASTER Credit Card: Platinum



DEBIT CARD PRODUCTS

- VISA Debit Card: Classic
- MASTER Debit Card: Platinum



OFF-SHORE BANKING UNIT (OBU) PRODUCTS

- Placement with banks
- Bill purchase and discount
- Term loan
- Borrowing from banks

OTHER SERVICES

- ATM Services
- UCB Express
- Internet banking services
- SMS banking services
- Online Banking
- Call Centre (16419)
- Electronic Fund Transfer (EFT)
- Real Time Gross Settlement (RTGS)
- Utility bill/fees payment
- Inward and outward remittances
- Travelers cheque
- Locker services
- Corporate cash management services
- Mobile Financial Services: UCash and EBK
- Underwriting and bridge financing
- Loan syndication

CAPITAL MARKET SERVICES

- Securities Trading (Buy-Sell)
- Margin Loan
- CDBL Services

UCB has a set of versatile products & services:

VISA Debit Card

Withdraw money with absolutely no charge from any UCB and Dutch Bangla ATM 24/7 with this card. Transferring and withdrawing money from different personal accounts can be made with the same card. It also gives access to the largest network of VISA POS terminal at different shops.



VISA Credit Card

Shop, dine and travel with UCB VISA Credit Card and get discounts. Only 18 transactions can waive annual fees. The card comes along with 3 supplementary cards with no annual fees.



Youngsters Savings

Account 'UCB Youngsters Savings Account' is a condition free Savings Account for students which offers daily product basis interest, where no conditions will apply on transactions and amounts.

Car Loan

Get 50% of the total value of a car as loan and repay within upto 60 installments.



NRB Savings & DPS

This is a recurring monthly savings scheme for Non-Resident Bangladeshi Citizen. It is a monthly savings plan designed for developing the savings habit of NRB citizens and turn small savings into a large amount of money over a certain period of time.



Women's Savings & DPS

This product has been designed with special interest rate to encourage women to develop savings habit for their better future and turn small savings into a large amount over a certain period of time.



Travel Loan

Discovering new places is now more possible with UCB Travel Loan. With a repayment period of 36 months new destinations just got closer.



RMG DPS Plus

UCB has designed to provide the opportunity of your better future by developing savings habit and turn your small savings in to a large amount after a certain period of time.



UCB Money Maximizer

Deposit Tk. 25,000 to Tk. 25,00,000 and get double the amount just after 11 years 10 months. Avail loan facility upto 90% instantly.

UCB DPS Plus

Save Tk. 500 to Tk. 25,000 for the period of 5 to 10 years and earn huge profit at the time of maturity. Avail loan facility upto 90% of deposited amount instantly.

UCB Multi- Millionaire Scheme

Be a multi millionaire within a period of 5 to 10 years and earn Tk. 10 lacs to Tk 1 crore at the end of maturity. Avail loan facility upto 90% of the deposited amount instantly.

UCB Earning Plus

Make a deposit of Tk. 50,000 or its multiple for 3 or 5 years' term and get extra amount monthly or quarterly. Avail loan facility upto 90% instantly.



Remittance

Centralized Foreign Remittance Centre, located at the central branch of UCB, delivers money to the clients very efficiently. UCB Remittance has extremely competitive exchange rate, fastest delivery time and online banking facilities.

Offshore Banking

No matter how far the distance is or how complex the process might be, we will be there to cater all your Offshore Banking needs. Navigating your international trade across the globe will be much easier from now on.

UCash

UCash is the Mobile Financial Service offered by UCB. UCash offers customers to use their mobile phone as a bank account, which can be used to deposit money, transfer money to other UCash accounts or withdraw money from any of the agent points. UCash revolutionized the mobile financial services sector by being the first to offer interest on customer deposits.



UCB Express

'UCB Express is a new digital service point ensuring end to end service except direct cash dealing for the first time of its nature in the banking arena. This has been initiated as a part of inclusive banking services through digitalized process across the country. All sort of banking services except direct cash dealing will be available through UCB Express such as Account opening, loan processing, card service (Debit, Credit), cheque book requisition & delivery, account statement, utility bill payment, Ucash, Fund transfer and many more.'

REPORT ON ASSET LIABILITY MANAGEMENT

Banks provide services which expose them to various kinds of risks like credit risk, interest risk, and liquidity risk. Asset-liability management enable Banks to measure and monitor risk, and provide suitable strategies for their management

The central theme of (ALM) is the management of a bank's entire balance sheet on continuous basis with a view to ensure a proper balance between funds mobilization and their deployment with respect to their maturity profiles, cost and yield as well as risk exposure so as to improve profitability, ensure adequate liquidity, manage risks and ensure long term viability.

So, it is essential to have a structured and systematic process to manage the Balance Sheet. UCB has an Asset Liability Committee (ALCO) comprised with senior management (including Managing Director). This committee meets at least once in every month to analyze, review and formulate strategy to manage the Asset and Liability of the Bank.

The ALCO is the decision making unit responsible for balance sheet planning from a risk return perspective. The following risks are typically managed by ALM:



ALM at a glance



Liquidity Risk

Liquidity is a banks capacity to fund increase in assets and meet both expected and unexpected cash and collateral obligations at reasonable cost and without incurring unacceptable losses. Liquidity risk is the inability of a bank to meet such obligations as they become due, without adversely affecting the banks financial condition.

Measurement

Liquidity (risks) can be measured through flow and stock approaches.

Flow Approach

Flow approach measurement involves comprehensive tracking of cash flow mismatches for measuring and managing net funding requirements. This measurement approach is also called Structural Liquidity Profile; in this Bank prepare a Statement by placing all cash flows in the maturity ladder according to the expected timing of the cash flows, based on the projected future behavior of assets, liabilities and off balance sheet items. The Bank analyzes the behavioral maturity profile of various on and off balance sheet items on the basis of assumptions and trend analysis. Assets and liabilities are grouped into their appropriate maturity or repricing categories

REPORT ON ASSET LIABILITY MANAGEMENT

Structural Liquidity Profile

BDT in million

Particulars	Upto 1 Month	Over 1 Month upto 3 Month	Over 3 Months upto 12 months	Over 1 year upto 5 Years	Over 5 years	Total
Assets						
Cash in hand	3,985.40	-	-	-	17,117.34	21,102.74
Balance with other banks & Fis	10,177.99	2,490.00	1,500.00	-	-	14,167.99
Money at call on short notice	950.00	-	-	-	-	950.00
Investment	23,234.77	21.70	7,034.29	8,885.72	16,299.16	55,475.64
Loan and Advance	29,685.60	51,355.06	64,814.42	50,092.62	27,749.48	223,697.18
Fixed assets	50.00	100.00	450.00	2,400.00	5,380.18	8,380.18
Other Assets	224.74	966.52	302.38	1,979.97	2,473.44	5,947.05
Non banking assets	-	-	-	-	-	-
Total Assets (A)	68,308.50	54,933.28	74,101.09	63,358.31	69,019.60	329,720.78
Liabilities						
Borrowing	855.40	4,581.13	10,048.92	6,816.05	3,263.60	25,565.10
Deposits	39,163.45	51,660.09	60,067.41	53,685.43	53,127.92	257,704.30
Other liabilities	1,422.01	1,655.30	2,018.53	7,525.75	8,073.47	20,695.06
Total Liabilities (B)	41,440.86	57,896.52	72,134.86	68,027.23	64,464.99	303,964.46
Net Liquidity Gap (A-B)	26,867.64	-2,963.24	1,966.23	-4,668.92	4,554.61	25,756.32
Cumulative Maturity Mismatch	26,867.64	23,904.39	25,870.62	21,201.70	25,756.32	

Maturity Analysis

Above statement transpire that out of total deposit of BDT 257,704.30 million, contractual maturity of deposit within 1 year is BDT 150,890.95 million. In the liquidity statement it is apparent that UCB has BDT 26,867.64 million positive Gap in 1 month bucket, BDT 2,963.24 million negative Gap in 1-3 months, BDT 1,966.23 million positive Gap 3 to 12 month, BDT 4,668.92 million negative Gap in 1 to 5 years and BDT 4554.61 million positive gap over 5 years bucket i.e. in this bucket UCB has more assets maturity than liabilities.

In the flow approach Bank also prepare following statement to access liquidity risk

- ❑ Short Term Dynamic Liquidity -To monitor the Bank's short term liquidity position on a dynamic basis in a time horizon spanning 1 - 90 days.
- ❑ Cash flow Forecasting: The cash forecasting component of financial planning is an essential activity in the bank's utilization of its cash resources. Cash flow is most often used by bank to provide a short term measure of liquidity to meet expenditure requirements. It helps the ALCO to make better investment decisions, identify potential cash shortfalls and ensure stable cash management. UCB prepare cash flow forecast for next three month on monthly basis.

Stock Approach:

In this UCB have identified several key liquidity risk indicators, which are monitored on a regular basis to ensure healthy liquidity position. The ratios and its limits are:

Name of the Ratios	Limits	Ratios based on December 31, 2016
Loan Deposit Ratio	Loan Deposit Ratio should not exceed 85% Trigger 83%	80.54%
Maximum Cumulative Outflow (MCO)	MCO should not exceed 20% of Balance sheet	17.05%
CRR	6.50% of Average time & demand liabilities	6.87%
SLR	13.00% of Average time & demand liabilities	22.11%
Liquidity Coverage Ratio (LCR)	≥ 100%	160.34%
Net Stable funding Ratio (NSFR)	>100%	110.83%
Leverage Ratio	>3.00%	5.48%

REPORT ON ASSET LIABILITY MANAGEMENT

Some other ratios which ALCO continuously monitors are as follows:

- Snap Liquidity Ratio
- Borrowing Ratio
- Volatility liability dependency Ratio

Contingency Funding Plan (CFP)

In order to develop comprehensive liquidity risk management framework, we have Contingency Funding Plan (CFP), which is a set of policies and procedures that serves as a blueprint for the bank to meet its funding needs in a timely manner and at a reasonable cost. For day-to-day liquidity risk management, CFP ensures that the bank is best prepared to respond to an unexpected situation. In this sense, a CFP is an extension of ongoing liquidity management that formalizes the objectives of liquidity management. CFP also provides directions for plausible actions in distress and emergency situations. In case of a sudden liquidity stress, it is important for the bank to be organized, candid, and efficient to meet its obligations to the stakeholders. Since such a situation requires a spontaneous action, CFP will put the bank in a better position to address the liquidity problem more efficiently and effectively.

Interest Rate Risk Management

Interest rate risk is the risk where changes in market interest rates affect a bank's financial position. Changes in interest rates impact a bank's earnings (i.e. reported profits) through changes in its Net Interest Income (NII). Changes in interest rates also impact a bank's Market Value of Equity (MVE) or Net Worth through changes in the economic value of its rate sensitive assets, liabilities and off-balance sheet positions. The interest rate risk, when viewed from these two perspectives, is known as 'earnings perspective' and 'economic value perspective', respectively.

Measurement: Earnings Perspective -

Traditional Gap Analysis (TGA) for short term:

TGA is to measure the level of a bank's exposure to interest rate risk in terms of sensitivity of its NII to interest rate movements over the horizon of analysis which is usually one year. It involves bucketing of all RSA and RSL and off balance sheet items computing Earnings at Risk (EaR) i.e. loss of income under different interest rate scenarios over a time horizon of one year. To evaluate the extent of Interest Rate Risk UCB prepares following Gap Report

Particulars	BDT in million			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total Rate Sensitive Assets (RSA)	104,358.90	40,994.10	15,246.10	12,616.30
Total Rate Sensitive Liabilities (RSL)	118,635.75	50,119.57	9,081.70	5,283.40
Gap (RSA-RSL)	-14,276.85	-9,125.47	6164.40	7,332.90
Cumulative Gap	-14,276.85	-23,402.32	-17,237.92	-9,905.02
Adjusted Interest Rate Change (IRC)	-1.00%	-1.00%	-1.00%	-1.00%
Earning Impact (Cumulative Gap x IRC)	35.69	58.51	43.09	24.76
Accumulated Earning Impact to date	35.69	94.20	137.29	162.06
Earning Impact / Avg. Quarterly Operating Profit	1.78%	4.69%	6.83%	8.06%
Limit	10%	10%	10%	10%

To summarize, the above statement indicates that UCB will suffer a positive earnings impact (profit) of BDT 35.69 million in the first quarter, BDT 58.51 million in second quarter, BDT 43.09 million in third quarter and BDT 24.76 million in fourth quarter. The total year-to-date accumulated earnings impact continues to be positive. So, the accumulated earnings impact for the year owing to a 1% decrease in interest rates is a profit of BDT 162.06 million and vice versa. The earnings impact of UCB from the first to the fourth quarter of the one-year out period does not reach 10.00% of average quarterly operating profit.

Traditional Gap Analysis (TGA) of Total Balance sheet:

Gap schedules can provide an estimate of changes in bank's net interest income given changes in interest rates. The gap for particular time band can be multiplied by a hypothetical change in interest rate to obtain an approximate change in net interest income

Impact of Interest rate volatility on the Net Interest Income (1% changes in market interest rate)

BDT in million				
Maturity bucket	RSA	RSL	GAP(RSA-RSL)	Change in
Call	2,219.22	1,054.86	1,164.36	- 11.64
2-7 Days	18,781.08	8,215.27	10,565.81	- 105.66
8 days to 1 month	40,203.03	22,130.81	18,072.22	- 180.72
1-3 Month	47,601.43	50,829.61	- 3,228.18	32.28
3-12 months	49,056.84	35,553.16	13,503.68	- 135.04
1-5 year	81,807.54	109,432.65	- 27,625.11	276.25
Over 5 years	50,097.56	11,092.74	39,004.82	- 390.05
Total	289,766.70	238,309.10	51,457.60	- 514.58

The Rate Sensitive Assets and Liabilities maturity grouping of the bank as on December 31, 2016 transpires that if market interest rate shift decreased by 1.00% we will have a cumulative negative earnings impact of Tk. 514.58 million over the period and vice versa.

Value at Risk Analysis (ALM VaR)

VaR (Value at Risk) is a statistical tool to derive a result that tells us how much money one can lose over a given time period and for a given level of confidence from the positions held. Specifically, it is a measure of potential loss from an event in a normal, everyday market environment. VaR is measured in an absolute figure and denominated in a currency. It measures the amount of money at stake due to a movement in interest rates for a given balance sheet scenario.

ALM VaR Calculation Method:

We will be using the 'Absolute Volatility of Interest Rate' method as is cited in the ALM Guidelines of Bangladesh Bank.

Key Factors considered calculating the VaR on Asset Liability Management

Method	Absolute Volatility of Interest Rate
Sample Taken	Interest Rate of last 1 year of Call Money & Market Yield of B-Bill, T Bill and T Bond of 30 days, 364 days, 5 years & 10 years
Confidence Interval	97.50%
Standard Deviation	2.0
VaR as on 31.12.2016	BDT 1,249,404.75
MAT	BDT 86,830,646.79

REPORT ON ASSET LIABILITY MANAGEMENT

Stress Testing

Bank's risk measurement system should support a meaningful evaluation of the effect of stressful market conditions on the bank. Stress testing should be designed to provide information on the kinds of conditions under which strategies or positions would be most vulnerable, and thus may be tailored to the risk characteristics of the bank. UCB performed stress testing on quarterly basis following is the result of stress testing based on December 31,2016.

Particular	Minor 1%	Moderate 2%	Major 3%
Present CRAR %	11.39	11.39	11.39
Overall change in CRAR (NII & re-pricing impact in %)	-0.41	-0.81	-1.22
CRAR aftershock %	10.98	10.57	10.17

In the above statement it is transpire that if market interest rate goes up by 1%,2% and 3% then the CRAR will reduce and stood at 10.98%, 10.57% and 10.17% respectively and vise versa.

Economic Value Perspective Duration Gap Analysis (DGA):

DGA is to measure the level of a bank's exposure to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements. The DGA involves bucketing of all RSA and RSL as per residual maturity/ re-pricing dates in various time bands and computing the Modified Duration Gap (MDG). The RSA and RSL include the rate sensitive off balance sheet asset and liabilities. MDG can be used to evaluate the impact on the MVE of the bank under different interest rate scenarios. UCBL observed Duration Gap Analysis (DGA) on quarterly basis as following:

Particulars	Amount in BDT million
Equity as on date	25,756.32
RSA as on date	289,766.70
RSL as on date	238,309.10
MDA (Modified duration of Assets)	1.19
MDL (Modified duration of Liabilities)	0.74
MDG ={MDA-[MDL*(RSL/RSA)]}	0.58
$\Delta E = -MDG * RSA * \Delta i$	(3,369.47)
for 200 bps rise in interest MVE will fall by	(13.08%)

Above duration analysis transpire that UCB market value of equity (MVE) will decline by (13.08%) on a standardized interest rate shock of 200 basis points based on December 31, 2016 against limit 20% Market value of equity (MEV) set by the Board of Directors of UCB.

Currency Risk

It is the risk that the Bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position in an individual foreign currency.

REPORT ON ASSET LIABILITY MANAGEMENT

Measuring Risk:

Currency wise Exposure:

A common approach to measuring and monitoring exchange rate risk is to limit the size of open positions (whether positive or negative) in each currency as of the close of each business day. UCB prepare following report to evaluate the extent of currency risk arising from its positions in a variety of currencies.

Measuring Bank Exposure to Foreign Exchange Risk as on 31-12-2016								
In Bangladesh Taka (Figure in Million)								
Currency	Short Term Foreign Currency			Long Term Foreign Currency Holdings			Overall Net Position	Overall Net Position*/ Total Capital**
	Assets in FCY	Liabilities in FCY	Net Short Term Position	Assets In FCY	Liabilities In FCY	Long Term Net Position		
	1	2	3=1-2	4	5	6=4-5	7=3+6	8
USD	29,255.90	28,716.20	539.70		393.60	-393.60	146.10	
EUR	23.90	22.10	1.80				1.80	
GBP	2.60	0.90	1.70				1.70	
CHF	0.40		0.40				0.40	
JPY	2.10		2.10				2.10	
AED	0.10		0.10				0.10	
SAR	24.60		24.60				24.60	
Total	29,309.60	28,739.20	570.44		393.60	-393.60	176.80	0.53%
** Total Capital =		33,521.90						

Currency wise exposure shows that UCB has maximum exposure in US dollar and SAR in second position. Overall exposure of UCB is BDT 176.80 million against open position limit is +/- BDT 6,309.48 million which was insignificant in relation to Total capital,

Value at Risk Analysis

Value at Risk tells us how much money one can lose over a given time period and for a given level of confidence from the positions held. Foreign Exchange positions could lose a lot more than VaR indicates based on the volatility within the time frame.

Foreign Exchange VaR Calculation Method

We have used Variance & Covariance approach as per Foreign Exchange Risk Management Guideline of Bangladesh Bank for calculating the VaR.

Key Factors considered calculating the VaR on Foreign Exchange Position:

Method	: Variance Covariance Approach
Sample Taken	: 250 Observations of Last One Year
Confidence Interval	: 97.50
Standard Deviation	: 2.243

FX VaR during 2016	Amount in BDT
High	136,116.27
Low	1,459.11
Average	28,594.10
VaR as on Dec. 31,2016	5,773.56

UCB FX 1 day VaR at 97.50 confidence level with the stipulated limit (20% of last month exchange gain) given by the Board of Directors of the Bank.

UCBL ALM

On the basis of the market outlooks UCB ALCO continued to take exposure on falling interest rate by cutting rate by 1.25% on different buckets. As desired by ALM desk, BDT 9139.00 crore high-cost fund was re-priced during 2016. UCBL was able to reduce the cost of deposit by 1.85%. High concentration of Term deposit on 3 months bucket was a major challenge for us. However, because of active product pricing and offering of new deposit products, we were able to decrease the high cost deposit to 44.83% on 31 December, 2016 from 54.73%. During the period UCB ALCO gave more emphasis on deposit cost, in relation to that UCB achieved tremendous growth (of) 25.74% over 2015 on CASA deposit. On the asset side, bank maintained sufficient liquid asset as it bought large amount of bills/bonds to take exposure on interest rate and to utilize excess fund.

Overall, 2016 was a good years on balance sheet management as all the interest rate and macro bet from ALM desk was accurate and bank was able to keep the balance sheet composition close to desired level.

REPORT ON INTERNAL CONTROL & COMPLIANCE

UCB's internal audit is designed as an independent, objective assurance and consulting activity to add value and improve an organization's operations. This aims to accomplish organizational objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Over the last decade, the business world has faced unprecedented changes and challenges, resulting in a slew of compliance regulations. Banks of all sizes are now more concerned than ever about compliance risk management. New banking products, increased government scrutiny and intense focus on compliance requirements bring forth greater risks and a larger set of rules and regulations. Banks are forced to take a fresh look at their compliance practices and the technology infrastructure that supports them and to pursue a broad range of compliance and risk initiatives across the organization.

A system of effective controls is a critical component of bank management and a foundation for the safe and sound operation of banking organizations. A system of strong internal controls can help to ensure that the goals and objectives of a banking organization will be met, that the bank will achieve long-term profitability targets, sustainable growth and maintain reliable financial & managerial reporting. Such a system can also help to ensure that the bank will comply with laws and regulations as well as policies, plans, internal rules and procedures, and decrease the risk of unexpected losses or damage to the bank's reputation. An essential element of a strong internal control system is the recognition by all employees of the need to carry out their responsibilities effectively and to communicate to the appropriate level of management any problems in operations, instances of non-compliance with any code of conduct, or other policy violations or illegal actions that are noticed.

In this context Bangladesh Bank issued new 'Guidelines on Internal Control & Compliance in Banks' on March 08, 2016 with an amendment on September 04, 2016. As per that guidelines Audit activities should be independent and sovereign. It will act independently without internal influence of Management and Head of Audit will directly report to Audit Committee of Board with an administrative reporting line to Head of ICCD. Board of Directors of the bank has already approved the new Organogram of ICCD in light of Bangladesh Bank guidelines and the management also circulated the same for immediate effect. UCB's internal audit is designed as an independent, objective assurance and consulting activity to add value and improve an organization's operations. This aims to accomplish organizational objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

ICCD mainly deals with following 3 (three) areas:

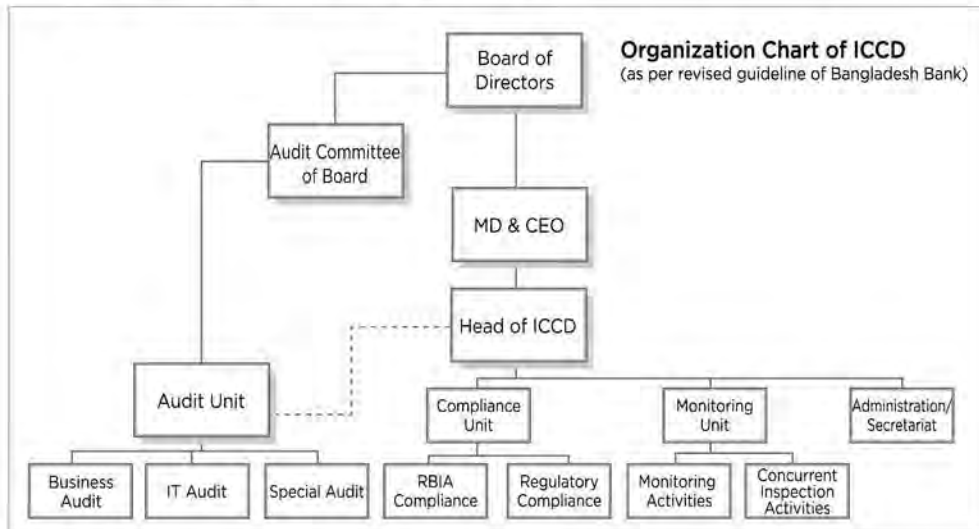
- (i) Effectiveness & efficiency of operations
- (ii) Reliability of financial reporting, and
- (iii) Compliance with applicable laws and regulations.

The main focus of ICCD is to ensure an effective internal control and compliance system of the bank. The scope of internal control is not limited to audit activities. Internal control by its own merit identifies the risks associated with the process and adopts measures to mitigate or eliminate those risks. Internal audit, on the other hand, reinforces the control system through regular review of the effectiveness of the controls.

REPORT ON INTERNAL CONTROL & COMPLIANCE

ICCD has already introduced following initiatives for strengthening pre-audit activities and strong monitoring as well as ensuring meticulous compliance at branch level:

- Guest Auditor Program
- Rotational Program
- Development of various MIS
- Arrangement of various trainings/workshops



ICCD has conducted Risk Based Internal Audit & IT System Audit of 158 (One Hundred Fifty Eight) branches during the year 2016 and major divisions of corporate office. Beside that ICCD also conducted surprise inspection, inspection on AML/CFT issue on the basis of Bangladesh Bank checklist, special investigation, post facto inspection of cash incentive etc. during the year 2016. ICCD has given emphasis on spot rectification during audit period.

ICCD recommends & deliberate on three fundamental elements for Anti Fraud & Forgery management:

- Create and maintain a culture of honesty and high ethics, including understanding and awareness of risks and controls;
- Identify and assess the risks of fraud, implement the processes / procedures of controls to mitigate the risks and reduce the opportunities for fraud;
- Develop an appropriate off-site monitoring process.

Anti fraud Programs & Controls (Crime)



As per 'Guidelines to FX Audit Team' of Bangladesh Bank issued on December 12, 2016 ICCD under proper guidance of the management has taken necessary initiative to form a 'FX Audit Team' immediately to monitor, supervise & audit of all reported transactions of online reporting system of Bangladesh Bank by Authorized Dealer (AD) branches. This will help to ensure proper & authentic reporting to regulatory body as well as concerned division(s) of corporate office by AD branches.

ICCD has already recruited some general & IT auditors to strengthening the audit activities. Beside that recruitment of some auditors with professional experience is also under process which will help ICCD to cope with the changing environment of banking operations. ICCD has given emphasis on IT based audit activities and proper MIS report for conducting effective audit as well as identifying risk factors of banking operations. In this backdrop, ICCD is trying to ensure adequate IT knowledge of all auditors and other officials for effective on & off-site monitoring through vigorous training.

Summary of major initiatives in 2016:

- Approval & implementation of new Organogram of ICCD in light of regulatory guidelines;
- Review of existing 'ICC Guidelines', Internal Audit Charter, IT System Audit Policy, Compliance Policy, Audit & Inspection Process Manual etc.;
- Arranging adequate training for internal auditors including enhancement of IT knowledge;
- Hands on training & workshop on 'Risk Based Internal Audit and Compliance activities' of Branch Compliance officers and department Head of Credit & Customer Services';
- Strengthening Monitoring functionalities introducing 'CONCURRENT AUDITING' as a part of off-site supervision;
- Updated Information Systems Security Audit checklist;
- Continuous review of Audit Report Format, Audit Checklist & Branch Risks Scoring Sheet etc.
- Recruitment of professional auditors and placement of sufficient manpower with adequate knowledge;
- Formation of 'FX Audit Team' as per guidelines of Bangladesh Bank.



ICCD focuses for the year 2017 on:



ICCD highly endorses on CARES







RISK MANAGEMENT AND CONTROL ENVIRONMENT



Report on Risk Management Framework

Report on Risk Identification & Mitigation Methodology

Risk Reporting

Disclosure on Risk Based Capital Adequacy (Basel III)

Statement of Non-performing Loans (NPLs) Management

12





RISK MANAGEMENT FRAMEWORK

1.1.0 RISK AND RISK MANAGEMENT

1.1.1 DEFINITION OF RISK

Intuitively, 'Risk' is something regarding a damage or threat that might occur in future and, eventually, that may result in some type of negative financial outcome wherever financial affair is involved. According to Oxford Dictionary, Risk is- 1. A situation involving exposure to danger 2. The possibility that something unpleasant or unwelcome will happen and 3. The possibility of financial loss. One commendable risk definition is found in the Wikipedia, which is as follows: 'The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action'.

1.1.2 RELEVANCE OF RISK IN BANKING BUSINESS

'Risk' is an inherent element in all walks of life ranging over a multitude of variables like; type and form of impact, degree of severity, probability of occurrence, etc. Besides, all these risk variables may have different implications for different entities based on their risk appetite and resilience capacity.

In the Financial Sector, risk is more prevalent as it basically trades in risk-taking. For this reason and for its being the key driving force of an economy, this sector, particularly the Banking Sector, is subject to extreme regulation. Thereby, banks cannot afford to take redundant risks at their will and there comes the issue of Risk Management.

In a nutshell, Risk, as relevant to a Bank, is the probability of damage or loss of asset, profitability, capital, reputation and other such elements that eventually affect its long-term sustainability.

However, the modern approach views Risk as both threat and opportunity. As a Bank's business is largely about 'Risk Taking', or in other words, 'Risk Management', identifying of available opportunities within these risk ventures and tapping of the same may make a huge difference for a Bank from another.

1.1.3 Management of Risk in Banks

Although, Banks, for their own sake, have been managing their risks since time immemorial, the present day's structured Risk Management Regime is a very new approach, started basically with the introduction of Basel Accord (the initial version i.e. Basel I) internationally in 1988 and locally in 1996. Initially, though, it was concentrated in Liquidity and Credit Risks.

Following the implementation of Basel I, from 2003, Bangladesh Bank expanded the discipline of Risk Management further through defining 'Core Risks' in Banking business and introducing respective Guidelines for managing those risks to introduce the internationally accepted risk management practices in the local banking industry explicitly, Bangladesh Bank started off with the issuance of guidelines for 5 core risks, namely; CRM, ALM, ICC, FEX, & AML, in the year 2003.

Later, in 2004, they issued another guideline for ICT risk management after recognizing it as the 6th core risk. Accordingly, UCB adopted the guidelines and prepared its own versions of risk management policies on each of the core risks.

Thereafter, in 2009, a comprehensive approach to manage the entire Banking risks was initiated by Bangladesh Bank. Since then the Risk Management regime has gone through many changes and adjustments to bring about the international standard in the industry.

Objectives of Risk Management

Risk Management (RM) is an integrated, holistic (bank-wide) approach for consolidating all individual risk management functions. It adopts/formulates contemporary risk management methods to identify, measure, monitor, and control risks throughout the banking organization. The objective(s) of Risk Management is/are to ensure that;

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

1.2.0 RISK MANAGEMENT IN UCB

Although the introduction and subsequent evolution of Risk Management structure in the domestic Banking industry were rapid and hectic, and the industry was not very much conducive for incorporating such structure. In UCB, we have been maintaining our focus on it and successfully keeping ourselves in the right track.

Our risk management approach includes minimizing concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources. Management remained closely involved in important risk management initiatives, which have focused particularly on managing adequate liquidity and capital, and effectively managing the risk portfolios. Responsibility and accountability for risk management exist in at all levels within the bank, from the Board down through the Management. Risks are controlled at the level of individual exposures and at portfolio level, as well as in aggregate across all businesses and risk types.

1.2.1 ESTABLISHMENT OF RISK MANAGEMENT UNIT

We established our first independent Risk Management Unit, in compliance to the then Bangladesh Bank regulation in July, 2009. Since then, we have been practicing Risk Management regime on proactive basis rather than on traditional post-facto basis. Of course, we always remain committed to our goal of increasing shareholder value but we do not overdo that. We operate within the threshold (which is presently called Risk Appetite) set by our ever prudent Board of Directors upon consideration of the Bank's own strength and weaknesses, market opportunity and threats, regulatory directives, and many other variables.

1.2.2 ESCALATION OF THE RISK MANAGEMENT UNIT TO A FULL-FLEDGED DIVISION

In February, 2012, Bangladesh Bank issued a separate and comprehensive Risk Management Guideline, in compliance with which we reconstituted the RMU along with the 'All Risk Committee' and appointed a DMD as Chief Risk Officer (CRO).

Later, in compliance with the Bangladesh Bank DOS letter No. DOS (RMMS)/1154/1/2013-24 dated 24.01.2013, we converted the then Risk Management Unit into 'Risk Management Division (RMD)' in 2013.

RISK MANAGEMENT FRAMEWORK

1.2.3 SUBSEQUENT FORMATION OF DIFFERENT RISK MANAGEMENT COMMITTEES

RISK MANAGEMENT COMMITTEE OF THE BOARD (RMCB)

To facilitate risk management activities through highest level monitoring and supervision, Bangladesh Bank vide its BRPD Circular No.11 dated 27.10.2013 made formation of a new sub-Committee of the Board in the name of 'Risk Management Committee', with the following features, mandatory:

Name of the Committee	Risk Management Committee of the Board (RMCB)	
Organization of the Committee	Eligibility of Members	Any competent Director of the Board
	No. of Members	Maximum 05 Nos.
	Tenure of Committee	3 Years
	Secretarial Role	Company Secretary
	Meeting of Committee	Minimum 04 Meetings a year
	Others	The Committee can call the CEO, CRO and other Officials to the Meeting.

In compliance to that directive, the 1st RMCB of UCB was formed on January 09, 2014. Presently, the 2nd RMCB, formed on April 07, 2016, is running with the following Directors of the Bank:

Name of the Directors	Status in the Committee
Mr. Md. Jahangir Alam Khan	Chairman
Mr. Sharif Zahir	Member
Hajee Yunus Ahmed	Member
Mr. Nurul Islam Chowdhury	Member
Mr. Bazal Ahmed	Member

Roles & Responsibilities of the RMCB

- i) To formulate and implement strategies/ policies/ guidelines/ processes/ procedures for risk assessment and control.
- ii) To ensure that proper organizational structure and adequate trained manpower for risk management are in place. Also to supervise formation and activities of different Management level committees.
- iii) To review existing strategies/ policies/ guidelines/ processes/ procedure as well as different internal limits and suggest/ make necessary amendments.
- iv) To monitor and oversee; (i) implementation of risk management strategies/ policies/ guidelines/ processes/ procedures, (ii) steps taken to mitigate the weaknesses in different areas identified by Management or external bodies/organizations, (iii) proper record keeping and reporting methods, (iv) maintenance of provision adequacy, (v) maintenance of capital adequacy.
- v) To summon and scrutinize evaluation reports of internal/external auditors, if deemed necessary, and take measures accordingly.
- vi) To report the Committee's decisions and suggestions to Board of Directors.

SRP (SUPERVISORY REVIEW PROCESS) TEAM:

This is a high level Management team formed in compliance with the Bangladesh Bank directive i.e. 'Revised Process Document for SRP-SREP Dialogue on Internal Capital Adequacy Assessment Process (ICAAP)', we formed a Supervisory Review Process (SRP) Team for taking part in the SRP-SRE dialogue and maintaining the ICAAP framework. The Managing Director himself heads this Team.

Roles & Responsibilities of SRP Team:

- i) SRP Team is responsible for ensuring that there are a functioning framework and an operational unit for assessing the overall capital adequacy of a Bank in relation to its risk profile and there is a Strategic Plan for maintaining its capital at an adequate level.
- ii) Monitoring of Management and Assessment of risks covered under SRP i.e. Residual Risk, Concentration Risk, Interest Rate Risk in the Banking Book, Liquidity Risk, Reputation Risk, Strategic Risk, Settlement Risk, Appraisal of Core Risk Management practice, Environmental and Climate Change Risk as well as other material risks that are not already covered under Pillar 1 of Basel III regime.
- iii) The SRP Team must meet at least bi-monthly to monitor the implementation of SRP (the Process for assessing overall capital adequacy and Strategic Planning for capital maintenance).
- iv) Representing the Bank in the SRP-SREP dialogue, an exclusive meeting between the SREP team of Bangladesh Bank and the SRP team of a bank, to determine the adequate level of capital needed for a bank by reviewing the Bank's ICAAP (Internal Capital Adequacy Assessment Process).

RISK MANAGEMENT COMMITTEE AT THE MANAGEMENT LEVEL (RMCML):

The Department of Off-site Supervision (DOS) of Bangladesh Bank, meanwhile, issued a Circular Letter regarding 'Strengthening and updating the Risk Management System in banks' on 09.09.2015 outlining a list of reforms and reorganizations in the Risk Management framework of all the Scheduled Banks in Bangladesh. Among others, the Circular Letter stated that "Banks shall form a Risk Management Committee at Management Level (RMCML) with the CRO as the head. They also suggested the probable constituents and structure of the Committee.

In compliance with this instruction, we formed our RMCML having due approval from the Managing Director on October 11, 2015 and subsequently obtained endorsement of the Risk Management Committee of the Board (in its 8th meeting held on 26.10.2015) as well as the Board of Directors (in its 385th meeting held on 27.10.2015 & adjourned meeting held on 28.10.2015)

However, as Bangladesh Bank has made the number of constituents limited; we co-opted Heads of few other Divisions key to the activities of Risk Management

Roles & Responsibilities of RMCML

- i) Identification of high-risk related matters that will be directly reported (by the RMD) to the Risk Management Committee of the Board with a copy to the Managing Director/CEO for acknowledgement.
- ii) Reviewing of the Half-yearly Comprehensive Risk Management Report that will be submitted to DOS.
- iii) Reviewing of the Monthly/Quarterly Risk Management Report that will be submitted to DOS.
- iv) Determination (through its Secretariat, RMD) of the Risk Appetites for all possible measurable Risk Areas on yearly basis and obtaining due approval from the Board of Directors for onward submission to the DOS.
- v) Determination of general principles for measuring, managing, and reporting the Bank's risks;
- vi) Development of Risk Policies for Business Units;
- vii) Identification, monitoring, and management of Bank's current and potential Operational Risk Exposures;
- viii) Following up of the reviews by and reports from Bangladesh Bank and informing the Senior Management of issues affecting the Bank's Operational Risks;

BASEL IMPLEMENTATION UNIT (BIU):

Another Committee (Called a 'Unit') was constituted in response to the Letter No.DOS (CAMS) 1157/01 (II)-A-2015-9344 dated June 25, 2015 of DOS, Bangladesh Bank; the 'Basel Implementation Unit (BIU)' of the Bank (along with a working team) was constituted to oversee the overall activities regarding Basel Framework.

RISK MANAGEMENT FRAMEWORK

Roles & Responsibilities of Basel Implementation Unit (BIU):

- i) Implementation of the Action Plan of Basel Accords in the Bank
- ii) Communicating issues related to Basel implementations to the Bank Management
- iii) Attending QIS (Quantitative Impact Study) and Accountability for the compliance with Basel Accords
- iv) Arranging customized training programs according to Training Need Assessment

CREDIT RISK MANAGEMENT COMMITTEE (CRMC) OF THE BANK:

Following the directives of Bangladesh Bank enumerated in the 'Risk Management Guidelines for Banks' published through DOS Circular no. 02 dated February 15, 2012, the Credit Risk Management Committee (CRMC) of the Bank has been reconstituted on February 24, 2016. This Committee shall report to the RMCML.

Roles & Responsibilities of 'Credit Risk Management Committee (CRMC):

- i) Overseeing of Credit Risk taking activities and overall Credit Risk Management function;
- ii) Implementation of the credit risk policy/strategy approved by the Board;
- iii) Monitoring of credit risk on a bank-wide basis and ensure compliance with limits approved by the Board;
- iv) Making of recommendations to the Board, for its approval, clear policies on standards for presentation of credit proposals, financial covenants, rating standards and benchmarks;
- v) Proposing the delegation of the Credit Approval Authority, prudential limits on large credit exposures, standards for loan collateral, portfolio management, loan review mechanism, risk concentrations, risk monitoring and evaluation, pricing of loans, provisioning, regulatory/legal compliance, etc.;
- vi) Other functions as delegated by the Authority from time to time basis;

1.2.4 ORGANOGRAM OF RISK MANAGEMENT DIVISION:

Following is the latest Organogram of Risk Management Division as directed by Bangladesh Bank and as approved by the Board of Directors of the Bank in its 385th meeting held on October 27, 2015 (adjourned meeting held on October 28, 2015).



Presently, UCB has a fully functional Risk Management Division having all the above desks at its Corporate Office. The Division is functioning under the supervision of the Bank's Chief Risk Officer, who is also an Additional Managing Director.

1.2.5 RESPONSIBILITIES OF RISK MANAGEMENT DIVISION:

As per the Bangladesh Bank Circular Letter No #13 dated 09.09.2015 of Department of Off-site Supervision and prior Risk Management Guideline issued in February, 2012 as well as other prior Bangladesh Bank letters and guidance followings are the roles & responsibilities of the Risk Management Division:

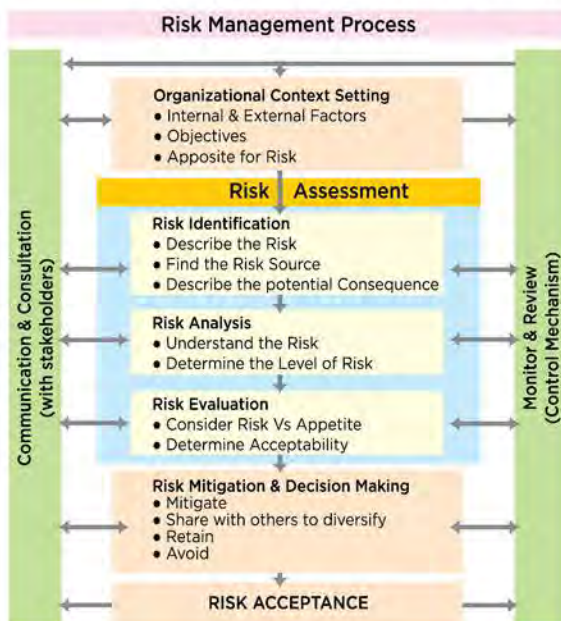
- Designing Bank's overall risk management strategy;
- Developing and overseeing implementation of Stress Tests;

- Measuring Capital Adequacy and evaluating risk under Risk Based Capital Adequacy Framework;
- Developing, testing, and observing use of models for measuring and monitoring risks;
- Informing the Board, Senior Management and RMC at the Management level about the appetite for risk across the Bank;
- Communicating views of the Board, Senior Management and RMC at the Management level throughout the Bank;
- Independently monitoring limits, in addition to the monitoring by the business units;
- Establishing risk management policies and procedures;
- Formulating guidelines on the handling of all property and liability claims involving the organization;
- Developing and implementing loss prevention/loss retention programs;
- Identifying and quantifying Bank's exposures to material loss;
- Securing and maintaining adequate loss coverage at the most reasonable cost;
- Adopting proper financial protection measures through risk transfer, risk avoidance, and risk retention programs;
- Determining the most cost-effective way to construct, refurbish, or improve the loss protection system of any facility leased, rented, purchased, or constructed by the Bank;
- Managing claims for insured and uninsured losses; and
- Participating on all contract negotiations involving insurance, indemnity, or other pure risk assumptions or provisions prior to the execution of the contracts.
- Collecting and assessing the quality, completeness and correctness of all relevant data/ information needed to analyze risk.
- Highlighting risky portfolios and deficiencies of the bank on timely manner with recommendations and suggestions.
- Analyzing data/information through preparation of report named Risk Management Report.
- Identifying, evaluating/measuring, controlling and monitoring major risks in line with standard set in the policy guideline to avoid unnecessary loss and ensure the banks in pricing all risk correctly.
- Overseeing capital Management function of the bank in consistency with the Risk Basel Capital Adequacy Measurement Accord (Basel-III)
- Identifying, assessing and quantifying key transaction risks; inherent in a given transaction to ensure that the quality to the assumption are tested against due diligence carried out by different operational business units.
- Reviewing market condition and taking precautionary measures towards facing abnormal market situation and vulnerability of investment of the bank.
- Analyzing the bank's own resilience capacity towards facing financial defaulters of the bank.
- Ensuring through independent oversight, that different risks are identified, evaluated, monitored and reported within the established risk management framework.
- Taking necessary steps to bring the position within limit and also assess and measure volatility of market and vulnerability of investment from time to time.
- Conducting periodic stress tests so that any errors/mistakes/lapses are eliminated gradually during daily operation of the Bank.
- Exercising governance and oversight over the bank's risk rating system to ensure that they are fit for purpose and adequately utilized to control risks in the bank.
- Applying the action plan to keep out the bank from indulging in excessive risky business.
- Identifying the officers concerned who are unable to duly discharge their responsibility in implementing risk management framework in the bank and ensuring action taken against them.
- Reporting of high-risk related matters, identified by the Risk Management Committee at management level of the Bank and report directly to the Board Risk Management Committee, and provide a copy to the MD/CEO for acknowledgement;
- Monitoring implementation of required corrective action, related to objections revealed in the inspections conducted on the basis of the core risk management guidelines;
- Acting as a member (to be represented by the Head of Division) in all important committees of the bank related to risks (such as Credit Risk Committee, ALCO, Basel Implementation Unit, etc);
- Serving as secretariat of Risk Management Committee at the Management Level/ Risk Management Committee of the Board of Directors ;
- Determining Risk Appetites for all possible measurable risk areas.

REPORT ON RISK IDENTIFICATION & MITIGATION METHODOLOGY

2.1.0 RISK MANAGEMENT PROCESS

The success of banking operation largely depends on choosing the best equation between risk and return. This implies that by nature the banking operation is subject to various risks, however to ensure the sustainability of the bank, among all other factors creating value (i.e. return/profit) is a basic requirement for any financial organization. Keeping the uncertainty factor in mind each bank needs to adopt a risk management framework that should be effective enough to manage all material uncertainties to achieve the goal of the organization. The foundation of risk management consists of following processes:



2.2.0 RISK APPETITE/KEY RISK INDICATORS FRAMEWORK:

A fundamental principle underpinning both risk management and strategy formulation is that the Bank Governance must be aware with the risk to which the institution is exposed and establish Risk Appetite Framework (RAF) for the institution.

The RAF is the overall approach, including policies, controls and systems, through which the Risk Appetite is established, communicated and monitored. The RAF demonstrates the implicit link between appetite and strategy. In doing so, it defines risk limits and tolerances around those limits. The RAF also clarifies the actions required in the event of breach of risk limits and risk tolerance. Finally it specifies the roles and responsibilities of the officers who are responsible for the implementation of the RAF.

The 'Risk Appetite/Key Risk Indicators' is the cornerstone of this regime as it is the core instrument for better aligning overall corporate strategy, capital allocation, and risk profile; hence, under continuous demand from different stakeholders, Banks around the world, are adopting this new Risk Management approach to safeguard themselves from similar crises.

The risk appetite of an organization must express the strategy of that organization through desirable and undesirable risk exposure. The strategy and Risk Appetite of an organization are interlinked. Risk Appetite is as much about enabling an organization to take on calculated risks, in pursuit of short and long term strategy. The strategic goals achieved and the risks undertaken to achieve them should be demonstrable to stakeholders. The Risk Appetite Statement (RAS) enables the organization to demonstrate that the achievement of its strategic goals has not been the result of luck.

Setting a Risk Appetite is not about elimination of all risks; rather it is about embracing risks in areas in which the Management has the appropriate skill, knowledge and experience to take advantage of the opportunities presented whilst limiting risks in other areas.

A clearly defined Risk Appetite provides the Directors, Management and staffs with a framework which facilitates the identification & management of both risk and opportunities. Clear and concise strategic objectives should underpin the RAS. Even though this implies that Risk Appetite and strategy are interlinked, it is clear that one does not lead the other; Risk Appetite and Strategic Planning occur and evolve in parallel.

An effective RAF is empowering in that it enables the decisive accumulation of risk in line with the strategic objectives of the organization while giving the Board & Management confidence to avoid risks that are not in keeping with the strategic objectives.

2.2.1 RISK PARAMETERS CONSIDERED IN THE RISK APPETITE/KRI FRAMEWORK:

i) Risk Capacity:

The broad based amount of risk an organization *is able to accept* in pursuit of its mission, vision, business objectives and overall strategic goals - it is directly related to the entity's capital, liquidity and external stakeholder influences.

ii) Risk Appetite:

The broad based aggregate amount of risk an organization *is willing to accept* in pursuit of its mission, vision, business objectives and overall strategic goals - it is directly related to the entity's risk capacity as well as its culture, desired level of risk, risk management capability and business strategy.

iii) Risk Tolerance:

The specific maximum and/or minimum magnitude of risk in each category that the organization *is willing to take* to achieve its strategy and objectives -it is set, so that the aggregation of risk tolerances ensures - the organization operates within its Risk Appetite.

iv) Risk Target/Limit:

The optimal level of risk that the organization *desires to take* to achieve specific business objectives and operates within its appetite/tolerance for risk - it is the balance between risk and reward i.e. risk target/limit is set on the basis of the desired returns, the role and amount of risk to achieve those returns and capability to manage the risk/reward profile.

v) Risk Trigger Limit:

The threshold set to monitor that the actual risk exposure does not deviate too much from the Risk Target/Limit and stays within an organization's risk tolerance/risk appetite level. Exceeding this Limit will trigger management action(s) i.e.; MAT (Management Action Trigger).

vi) Key Risk Indicator (KRI):

A key Risk indicator (KRI) is a metric for measuring the likelihood that the combined probability of an event and its consequence will exceed the organization's Risk appetite and have a profoundly negative impact on an organization's ability to be successful. Key Risk indicators are used by organizations to provide an early signal of increasing Risk exposures in various areas.

Key Risk indicators (KRIs) are a fundamental component of sound Risk management practices. Developed appropriately, KRIs provide effective Risk monitoring tools to track changes in Risk levels and keep management apprised of shifts in established patterns. KRIs could be both Qualitative and Quantitative in nature;

- Quantitative KRIs - directly measurable and normally driven by the different stakeholder objectives.



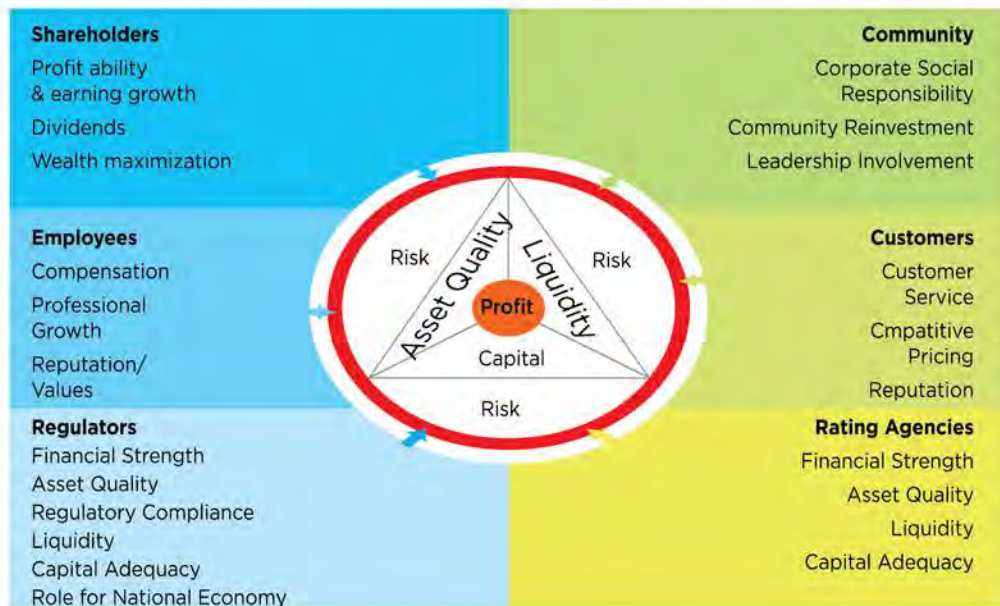
Interrelations among different risk parameters within the Risk Appetite/KRI framework:

REPORT ON RISK IDENTIFICATION & MITIGATION METHODOLOGY

- Qualitative KRIs – indicators that are indirectly measurable and normally driven by external factors, technologies, business processes, management of Human Resources, etc.

2.2.2 ALIGNING STAKEHOLDER OBJECTIVES WITH RISK INDICATORS/APPETITES:

- Each stakeholder objective has a different influence on the optimal trade-offs between the risk and profitability, asset quality, liquidity as well as capital.
- KRIs translate stakeholder objectives into a metric that can be measured and managed.



2.2.3 ELEMENTS OF THE RISK APPETITE/KRI FRAMEWORK:

The Risk Appetite/KRI Framework starts from translating Stakeholder Objectives into business decisions in the form of KRIs and ends with the Risk Appetite Process as diagrammed below:



2.2.4 RISK APPETITE PROCESS:

Once the Risk Appetite is set, it needs to be embedded, and then continuously monitored and revised.

	Risk Appetite Process			
	Setting	Embedding	Monitoring/Mitigating	Revising
Activities (Input)	<ul style="list-style-type: none"> <input type="checkbox"/> Set desired risk appetite by considering: <ul style="list-style-type: none"> - Business strategy - Economic conditions <input type="checkbox"/> Ensure alignment with business strategy. <input type="checkbox"/> Obtain board signoff of risk appetite statement. 	<ul style="list-style-type: none"> <input type="checkbox"/> Cascade the risk appetite down through the bank: <ul style="list-style-type: none"> - At the portfolio level - At the BU level within portfolios (e.g., for retail, corporate, investment banking) <input type="checkbox"/> Align compensation and culture with risk appetite. <input type="checkbox"/> Embed governance. 	<ul style="list-style-type: none"> <input type="checkbox"/> Regulatory monitor as-is risk profile against the risk appetite. <input type="checkbox"/> Support monitoring with: <ul style="list-style-type: none"> - Relevant infrastructure - Appropriate processes <input type="checkbox"/> Mitigate unwanted risks. 	<ul style="list-style-type: none"> <input type="checkbox"/> Review risk appetite in light of <ul style="list-style-type: none"> - Changing business and economic conditions - Evolving group-and portfolio-level strategic priorities - Changing competitive conditions
Achievements (Output)	<ul style="list-style-type: none"> <input type="checkbox"/> Clearly defined risk appetite statement containing both qualitative and quantitative elements. <input type="checkbox"/> Risk appetite that is defined at the most granular level possible while still remaining actionable. 	<ul style="list-style-type: none"> <input type="checkbox"/> Clear understanding of the risk appetite by all executives: <ul style="list-style-type: none"> - At the portfolio level - At the BU level within portfolios. <input type="checkbox"/> Buy-in from executives to run their businesses in line with the risk appetite. 	<ul style="list-style-type: none"> <input type="checkbox"/> Risk profile reports containing <ul style="list-style-type: none"> - Assessment of risk profile against risk appetite - Mitigating actions to align risk profile with risk appetite - Other key findings 	<ul style="list-style-type: none"> <input type="checkbox"/> Revised risk appetite statement.

2.2.5 RISKS COVERED IN UCB'S RISK APPETITE /KRIs:

Followings are the risks in broad scale covered in UCB's Risk Appetite/KRI Statement, which have been developed with intimation to the Bangladesh Bank:

- i. Earning Risk
- ii. Capital Risk
- iii. Credit Risk
- iv. Market Risk
- v. Operational Risk (Partial)
- vi. Liquidity Risk
- vii. Others:
 - 1. Operational Risks:
 - a. Human Resources Risk
 - b. Risk in Business Product and Processes
 - c. Technology Risk (ICT and Others)
 - d. Physical Security Risk
 - e. Regulatory Risk
 - f. Legal Risk
 - g. External Event Risk
 - 2. Reputation Risk
 - 3. Strategic Risk
 - 4. Sustainability Risk

2.3.0 ADDRESSING RISKS MANAGEMENT

The Bank has a number of methods/processes running to identify, measure, and manage the risks associated to the banking activities posed by the ever changing business environment employing both preventive and curative approaches. Not unlike other banks in the industry, UCB has to encounter the following major risks endemic to the banking business:



2.3.1 CREDIT RISK:

The world over, credit risk has proved to be the most critical of all risks faced by a banking institution. Credit Risk arises as a result of customers or counter-parties not being able to or willing to fulfill their financial and contractual obligations as and when they fall due. These obligations arise from lending, trade financing and other activities undertaken by the Bank. So, Credit Risk is the potential loss of profit as a result of the failure of the borrower or the counter parties to meet their obligations in accordance with agreed terms.

It is a real challenge for credit risk managers to correctly identify pockets of risk concentration, quantify extent of risk. The two distinct dimensions of credit risk management can readily be identified as preventive measures and curative measures. Preventive measures include risk assessment, risk measurement and risk pricing, early warning system to pick early signals of future defaults and better credit portfolio diversification. The curative measures, on the other hand, aim at minimizing post-sanction loan losses through such steps as securitization, derivative trading, risk sharing, legal enforcement etc. carried, identify opportunities for diversification and balance the risk-return trade-off in their credit portfolio.

UCB has placed strong emphasis in creating credit risk awareness among all lending employees within the Bank. Credit Risk awareness programs are conducted regularly to create a risk aware culture and empower staff with the capability to identify and manage credit risks more effectively. Selection and training of lending personnel is considered a key process in the management of credit risk. The key methods used to identify, assess, control and monitor the Credit Risk of the Bank are as follows:



Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by the risk review units and recommend the loan to the approval authority. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases.

2.3.2 MARKET RISK:

Market risk is the risk of losses in On and Off-balance sheet positions arising from movements in market price such as changes in interest rate and price of equity, foreign exchange and commodity. As such, market risk consists of the followings basic risk parameters as under:

- Interest rate risk;
- Foreign exchange risk;
- Equity price risk;
- Commodity risk



Interest rate risk

Interest rate risk is the potential impact on the Bank's earnings and net asset value due to changes in market interest rates. Interest rate risk is the result of mismatches of interest rate re-pricing of financial assets and liabilities.

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Interest rate risk calculates both Specific risk and General market risk. The capital charge for specific risk is designed to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer.

The capital requirements for general market risk are designed to capture the risk of loss arising from changes in market interest rates.

Total Risk Weighted Assets for Interest Rate Risk is Tk. 50.99 million and capital requirement is Tk. 5.10 million in year ended 2016.

UCBL also uses the following tools for measuring the interest rate risk:

Gap analysis

Under this system, a gap i.e. the difference between the amount of Risk Sensitive assets and the amount of Rate Sensitive liabilities is calculated at a pre-determined time bucket. The interest rate factor (say 1%) is then applied on the Gap of Risk Sensitive assets and Rate Sensitive liabilities for measuring the earning impact due to movement of interest rate.

Based on the position of above financial assets and liabilities GAP as of 31 December 2016, the Bank measured that, with the 1% rise in interest rate for all its Risk Sensitive assets and the amount of Rate Sensitive liabilities, Bank's yearly Net Interest Income will be increased by Taka 26.50 million and in case of interest rate cut by 1%, the position will be vice versa.

For detail calculation, the Net Interest Income impact at each time bucket is shown below:

(BDT in million)

Particulars	Upto 3 months	3 - 6 months	6 - 12 months
Rate Sensitive Assets (RSA)	122,195.70	22,524.20	35,520.60
Rate Sensitive Liabilities (RSL)	101,932.60	34,452.00	41,209.60
Gap (RSA - RSL)	20,263.10	(11,927.80)	(5,689.00)
Cumulative Gap	20,263.10	8,335.30	2,646.30

Interest Income Impact:

(BDT in Million)

Assumed decrease in Interest Rate	1%	2%	3%
Decreased in Net Interest Income (NII)	(26.50)	(52.90)	(79.40)

Duration Analysis:

Duration is the time-weighted average maturity of the present value of the cash flows from on-balance sheet assets and liabilities. It measures the relative sensitivity of the value of these instruments to changing interest rates, and therefore reflects on the economic value i.e. the present value of shareholders' equity of the Bank.

Foreign Exchange Risk

FX Risk refers to the potential change in earnings resulted from exchange rate fluctuations, adverse exchange positioning or change in the market prices. FX Risk of the Bank is minimal, as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. This risk usually affects import-export business, but it can also affect investors making international investments. If money is converted to another currency to make an investment, then any changes in the currency exchange rate will cause that investment's value to either decrease or increase when the investment is sold and converted back into the original currency. FX Risk may arise from:

- Exchange Rate fluctuations
- Adverse Foreign Exchange position of the Bank,
- Changes in market price of Foreign Exchange

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FX Risk management is one of the important responsibilities of the Treasury Division and Financial Institution and Off-Shore Banking Unit of the Bank. Regular FX operations are done confirming the Central Bank's guidelines. Treasury Division conducts the FX transactions and the Back Office of the Treasury Division is responsible for verification of the deals and passing of their entries in the books of account. All Nostro accounts are reconciled on a monthly basis and the management for its settlement reviews outstanding entry beyond 30 days. The position maintained by the Bank at the end of day was within the stipulated limit prescribed by the Central Bank. UCB has adopted a policy guideline with a view to reducing the FX Risk.

Foreign exchange position is measured by treasury division. In the year ended 2016, Total Risk Weighted Assets for Foreign Exchange Risk is Tk. 176.78 million and capital requirement is Tk.17.68 million.

Equity Risk

Equity risk is defined as losses due to changes in market price of equity held by the Bank. To measure and identify this risk, marks to market valuations of the equity instruments that are traded in secondary market are made. The minimum capital standard for equities is expressed in terms of two separately calculated charges for the "specific risk" of holding a long or short position in an individual equity and for the "general market risk" of holding a long or short position in the market as a whole.

In the year ended 2016, Total Risk Weighted Assets for Equity Risk was Tk. 10,059.92 million and capital requirement was Tk. 100.60 million.

Commodity Risk

Commodity risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be grains, metals, gas, electricity etc.

As Bangladesh Market has no organized Commodity Market, UCB, like other Banks here do not have any exposure in the Commodity Risk.

2.3.3 LIQUIDITY RISK:

Liquidity Risk arises when bank may not meet its financial obligations/commitment as they become due. Liquidity risk also includes the inability of the bank to liquidate any assets at reasonable price in a timely manner. An investment may sometimes need to be sold quickly. An insufficient secondary market may limit the funds that can be generated from the asset. Some assets are highly liquid and have low liquidity risk (stock of a publicly traded company), while other assets are highly illiquid and have high liquidity risk (Building).

United Commercial Bank Limited maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquidity risk. The prime responsibility of the liquidity risk management of the bank rests with Treasury Division under the supervision of ALCO Committee, which maintains liquidity based on current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.

Methods used to measure Liquidity risk

Liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls including funding requirements for off balance sheet commitments.

An important aspect of measuring liquidity is making assumptions about future funding needs, both in the very short-term and for longer time periods. Another important factor is the critical role a bank's reputation plays in its ability to access funds readily and at reasonable terms. Several key liquidity risk indicators monitored on a regular basis to ensure healthy liquidity position are as follows:

- Cash Reserve Ratio (CRR)
- Statutory Liquidity Requirement (SLR)
- Advance to Deposit Ratio (ADR)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Structural Liquidity Profile (SLP)
- Maximum Cumulative Outflow(MCO)
- Volatile Liability Dependency Ratio
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities, etc.

Liquidity risk management system

The intensity and sophistication of liquidity risk management process depend on the nature, size and complexity of a bank's activities. Sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank.

The Asset Liability Committee (ALCO), which meets at least once in a month, is responsible for managing and controlling liquidity of the bank. Treasury Front Office closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank. A monthly projection of fund flows is reviewed in ALCO meeting regularly.

2.3.4 OPERATIONAL RISK:

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The responsibility of mitigating the operational risk of the Bank lies with Internal Control & Compliance Division under the guidance of Audit Committee of the Board. The audit committee delivers policies and directions from time to time to keep the operating efficiency of the Bank up to the mark.

Measurement of Operational Risk: Bank used Basic Indicator Approach to measure Operational Risk. Under this approach, the capital charge for operational risk is a fixed percentage (denoted by 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, excluded from both the numerator and denominator when calculating the average.

Requirement of Capital Charges for Operational Risk:

(BDT in Million)

Basis	Operational Risk	2014	2015	2016	Capital Charge
Solo	Gross Income	15,800.60	16,211.65	17,573.22	2,476.51
Consolidated	Gross Income	15,860.68	16,291.51	17,684.20	2,482.06

2.3.5 OTHER MATERIAL RISKS:

Money Laundering Risk

Money Laundering Risk can be defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. The Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions.

Internal Control and Compliance Risk

Internal Control is a process, affected by an entity's Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievements of objectives. An essential element of an effective system of internal control is a strong control culture. It is the responsibility of the board of directors and senior management to emphasize the importance of internal control through their actions and words. This includes the ethical values that management displays in their business dealings, both inside and outside the organization. The words, attitudes and actions of the board of directors and senior management affect the integrity, ethics and other aspects of the bank's control culture.

Information Technology Risk

In a very short space of time, banks and other financial institutions have become more dependent on internet, computer and other electronic data to run their daily operations. Risks surrounding IT, such as network failure, lack of skills, hacking and viruses and poor system integration have the potential to have a negative impact on an organization. Rather, information and communication technology is changing over the time. The Bank has taken initiatives to serve its customers through the modern technology.

Clear policies and procedures have been formulated, training programs have been arranged, roles and responsibilities of all relevant officials have been defined with a view to maintain IT risk effectively. So, the Bank is in a place to manage the IT Risk efficiently taking a good number of initiatives.

RISK REPORTING

Reporting of Risks to the appropriate authorities is an integral process of UCB's Risk Management regime. In UCB, we believe that every stakeholder has the right to know about the size, nature and intensity of Risk that the Bank is undertaking to serve his/her/its purposes. To acquaint the stakeholders about some of these key risks that we regularly report to the Central Bank (Bangladesh Bank), Board of Directors, Risk Management Committee of the Board, as well as the Senior Management, we are enumerating them in this section.

3.1.0 PORTFOLIO CONCENTRATION- Funded Credit:

3.1.1 Economic Sector-wise Concentration:

(BDT in Million)

Sl.	Loan portfolio	As on 31/12/2015		As on 31/12/16	
		Total Loans and Advances	% of Total Loans and Advances	Total Loans and Advances	% of Total Loans and Advances
A	Agriculture, Fishing, and Forestry	2787.20	1.41%	2,608.0	1.17%
B	Industry (a+b)	76,069.60	38.53%	95,424.60	42.66%
	a) Term loans	3,518.40	17.82%	4,1007.50	18.33%
	b) Working capital loans	40,886.20	20.71%	54,417.10	24.33%
	Scale-wise distribution of industry portfolio (1+2+3)	76,069.60	38.53%	95,424.60	42.66%
	1. Large Industries	35,597.20	18.03%	55,481.10	24.80%
	2. Small, medium, cottage & micro industries	28,166.10	14.27%	29,139.90	13.03%
	3. Service industries	12,306.30	6.23%	10,803.60	4.83%
	Trade & Commerce:	66,028.80	33.45%	64,945.20	29.03%
	a) Retail Trading	15,064.80	7.63%	16,166.50	7.23%
	b) Wholesale Trading	23,355.20	11.83%	24,334.10	10.88%
	c) Export Financing	12,884.70	6.53%	7,379.30	3.30%
	d) Import Financing	11,266.30	5.71%	12,778.30	5.71%
	e) Lease Finance	3,457.80	1.75%	4,287.00	1.92%
	f) Others	-	-	-	-
	Construction (commercial real estate, construction and land development loans):	28,853.50	14.62%	38,571.60	17.24%
	a) Residential Real estate	-	-	-	-
	b) Commercial Real estate	11,266.40	5.71%	18,258.90	8.16%
	c) Infrastructure Dev.	17,587.10	8.91%	20,312.70	9.08%
	d) Others	-	-	-	-

(BDT in Million)

Sl.	Loan portfolio	As on 31/12/2015		As on 31/12/16	
		Total Loans and Advances	% of Total Loans and Advances	Total Loans and Advances	% of Total Loans and Advances
E	Transport:	3,196.50	1.62%	3,507.40	1.57%
	a) Road Transport	1,446.10	0.73%	1,661.40	0.74%
	b) Water Transport	1,556.90	0.79%	1,823.20	0.82%
	c) Air Transport	193.50	0.10%	22.80	0.01%
F	Consumer financing	9,871.00	5.00%	9,332.30	4.17%
	a) Loans for the purchase of flats or other single-family dwellings	5,775.70	2.93%	5,193.30	2.32%
	b) Loans for the purchase of motorized personal transport	380.20	0.19%	469.00	0.21%
	c) Loans for the purchase of durable consumption goods	288.50	0.15%	428.30	0.19%
	d) Credit card loans	1,255.60	0.64%	1,211.40	0.54%
	e) Other personal loans	2,171.00	1.10%	2,030.30	0.91%
G	Loans to financial institutions	3,434.10	1.74%	2,249.40	1.00%
	1) Loans to NBFIs	2,263.60	1.15%	2,104.50	0.94%
	2) Loans to insurance companies	90.40	0.05%	75.90	0.03%
	3) Loans to merchant banks and brokerage houses	1,080.10	0.55%	53.00	0.02%
	4) Other, including loans to microfinance institutions and NGOs	-	-	16.00	0.01%
H	Miscellaneous	7,172.90	3.63%	7,058.60	3.16%
	Total loans & Advances	197,413.60	100.00%	223,697.10	100.00%

3.1.2 Industry-wise Concentration (Industrial Loans only):

(BDT in Million)

SL	Name of industry	As on 31/12/2016		As on 31/12/2015	
		Total Loans and Advances	% of Total industrial Loans and Advances	Total Loans and Advances	% of Total industrial Loans and Advances
1	RMG	27,884.70	29.22%	18,743.40	24.64%
2	Textile	13,847.30	14.51%	9363.4	12.31%
3	Food and allied Industries	7,584.80	7.95%	4980.4	6.55%
4	Pharmaceutical Industries	766.40	0.80%	551.9	0.73%
5	Chemical, Fertilizer, etc.	1,509.50	1.58%	997.2	1.31%
6	Cement and Ceramic Industries	4,048.90	4.24%	3530.4	4.64%
7	Ship Building Industries	1,161.00	1.22%	1103.9	1.45%
8	Ship Breaking Industries	657.60	0.69%	211.5	0.28%
9	Power and Gas	8,397.60	8.80%	4945.1	6.50%
10	Other Manufacturing or Extractive Industries	15,926.40	16.69%	14,821.40	19.48%
11	Service Industries	10,803.60	11.32%	12,306.30	16.18%
12	Others	2,836.80	2.97%	4514	5.93%
	Total	95,424.60	100.00%	76,069.60	100.00%

RISK REPORTING

3.1.3 Geo-geographical Concentration:

(BDT in Million)

Sl.	Name of Area	As on 31/12/2016		As on 31/12/15	
		Outstanding Loans and Advances	% of Total Loans and Advances	Outstanding Loans and Advances	% of Total Loans and Advances
1	Dhaka	161,731.80	72.30%	140,494.32	71.17%
2	Chittagong	47,544.65	21.25%	43,601.57	22.09%
3	Rajshahi	5,569.82	2.49%	4,908.86	2.49%
4	Sylhet	1,612.34	0.72%	1,679.39	0.85%
5	Khulna	5,848.45	2.61%	5,597.16	2.84%
6	Rangpur	1,098.62	0.49%	789.23	0.40%
7	Barisal	291.51	0.13%	343.11	0.17%
	Total	223,697.18	100.00%	197,413.64	100.00%

3.1.4 Concentration in Top-20 Borrowers:

(BDT in Million)

Sl.	Name of the Borrower	Limit			Outstanding		
		Funded	Non-Funded	Total	Funded	Non-Funded	Total
1	Abul Khair group	3,750.00	7,000.00	10,750.00	2,828.50	6,354.60	9,183.10
2	Four H group	3,966.90	8,051.00	12,017.90	3,244.40	4,626.80	7,871.20
3	Spectra Group	4,179.40	5,296.10	9,475.50	1,931.70	3,392.00	5,323.70
4	Mondol Group	2,077.30	6,629.90	8,707.20	1,290.40	3,897.70	5,188.10
5	Micro Fibre Group	417.50	6,976.80	7,394.30	50.90	4,680.80	4,731.70
6	Bashundhara Group	4,031.20	5,600.00	9,631.20	3,392.30	1,280.20	4,672.50
7	Pran Group	3,972.10	2,902.00	6,874.10	2,610.90	1,627.60	4,238.50
8	Orion Group	3,260.50	4,067.90	7,328.40	3,261.40	376.20	3,637.60
9	BSRM	3,488.70	4,700.50	8,189.20	1,831.90	1,634.00	3,465.90
10	BNS Group	3,077.60	0.30	3,077.90	3,415.40	0.30	3,415.70
11	Metro Group	1,978.00	4,007.00	5,985.00	1,417.40	1,980.30	3,397.70
12	DIRD GROUP	3,590.90	3,973.40	7,564.30	2,822.30	350.30	3,172.60
13	Baraka Patenga Power Ltd.	3,112.40	550.80	3,663.20	2,602.90	514.80	3,117.70
14	Anwar Group	3,074.90	1,930.00	5,004.90	2,423.40	638.60	3,062.00
15	Smart Group	2,802.70	5,474.40	8,277.10	440.60	2,609.30	3,049.90
16	Kabir Steel & its associates	3,300.60	3,874.30	7,174.90	1,178.40	1,749.60	2,928.00
17	Summit Group	2,750.00	4,500.00	7,250.00	663.60	2,258.30	2,921.90
18	Max Power Ltd.	2,497.20	3,200.60	5,697.80	2,482.20	183.60	2,665.80
19	Unique Group	2,538.60	2,072.30	4,610.90	1,893.40	748.60	2,642.00
20	Malek Group	1,211.00	2,487.50	3,698.50	1,211.20	1,409.50	2,620.70
	Total	59,077.50	83,294.80	142,372.30	40,993.20	40,313.10	81,306.30

3.1.5 Concentration in Large Loans:

Sl. Particulars	(BDT in Million)	
	As on 31/12/2016	As on 31/12/2015
1 No. of Borrowers enjoying large loans	37	28
2 Outstanding amount of Loans and Advances	96,699.70	91,424.10
3 Total Loans and Advances for determining Large Loan Ceiling (Total funded+50% of total non-funded loans)	308,849.60	272,660.20
4 Aggregate ratio of large loan to Total Loans & Advances	31.31%	33.53%

3.2.0 PORTFOLIO CONCENTRATION- Non-Funded Credit:**3.2.1 Item-wise Concentration of Non-Funded Credit****Portfolio or Off-Balance Sheet Exposure:**

Particulars	(BDT in Million)			
	As on 31/12/2016	% of Total Non-Funded	As on 31/12/2015	% of Total Non-Funded
a) Contingent liabilities:				
LC	29,541.63	17.26%	24,948.05	16.55%
Acceptance	43,841.46	25.61%	37,879.28	25.13%
Bank Guarantee	85,075.11	49.70%	75,561.30	50.14%
Bills	11,846.66	6.92%	11,304.65	7.50%
a) Total contingent liabilities	170,304.86	99.49%	149,693.28	99.32%
b) Other commitments:	864.89	0.51%	1,020.50	0.68%
Total (a+b)	171,169.75	100.00%	150,713.78	100.00%

3.3.0 PORTFOLIO CONCENTRATION- Non-Performing Loans:**3.3.1 Item-wise Concentration of NPL Portfolio:**

Sl. Items	(BDT in Million)	
	As on 31/12/2016	As on 31/12/2015
1 SMA	9,100.59	6,132.80
2 % of Total Loans and Advances	4.07%	3.11%
3 SS	3,167.87	500.30
4 DF	717.81	322.70
5 Bad and Loss	14,034.89	9,501.70
6 Total CL(3+4+5)	17,920.57	10,324.70
7 Total Loans and Advances	223,697.18	197,413.64
8 NPL Ratio (6/7)	8.01%	5.23%
9 Cash recovery against Classified Loans during the year	947.30	716.20

3.3.2 Item-wise Provision Requirements and Maintenance:

SL Particulars	(BDT in Million)	
	As on 31/12/2016	As on 31/12/2015
1 Required provision against loans and advances	5,901.99	4,239.83
2 Required provision against OBS	1,581.68	1,247.10
3 Total required provision (1+2)	7,483.67	5,486.93
4 Provision maintained	7,483.67	5,655.35
5 Surplus/deficit	0.00	168.42
6 Provision Maintenance Ratio (4/3)	100.00%	103.07%

RISK REPORTING

3.4.0 RISK BASED CAPITAL ADEQUACY:

3.4.1 Risk Weighted Asset and Capital Maintenance Status:

Particulars	(BDT in Million)	
	31/12/2016	31/12/2015
Total Assets (On and off-balance sheet)	329,720.80	293,847.20
	OBS: 171,169.75	OBS: 150,713.79
RWA		
Credit risk	259,338.73	243,595.53
Market risk	10,287.69	7,455.23
Operational risk	24,765.12	22,276.34
Total RWA	294,391.54	273,327.10
Required capital	29,439.15	27,332.71
Capital maintained	33,521.89	33,226.45
Tier 1 (after all deductions)	23,026.97	22,406.21
Tier 2 (after all deductions)	10,494.92	10,820.24
Capital surplus/(shortfall)	4,082.74	5,893.74
CRAR	11.39%	12.16%
On Tier 1 capital	7.82%	8.20%
On total capital	11.39%	12.16%

3.5.0 Stress Testing on Capital Adequacy:

3.5.1 Stress on CRAR:

Different Shocks	Extent of Shock			CRAR before Shock (%)	CRAR After Shocks (%)		
	Minor	Moderate	Major		Minor	Moderate	Major
Certain portion of Performing Loans in Sectoral concentration-1 i.e. SME Sector is directly downgraded to B/L	Due to 3% down-gradation of performing loan to B/L	Due to 9% down-gradation of performing loan to B/L	Due to 15% down-gradation of performing loan to B/L	11.39	11.36	11.32	11.28
Certain portion of performing loans in Sectoral concentration-2 i.e. Trade Service Sector is directly downgraded to B/L	Due to 3% down-gradation of performing loan to B/L	Due to 9% down-gradation of performing loan to B/L	Due to 15% down-gradation of performing loan to B/L	11.39	11.26	11.01	10.75
Increase in NPLs when certain number of Top Large Borrowers defaults directly to B/L	Top 3 A/Cs defaults directly to B/L	Top 7 A/Cs defaults directly to B/L	Top 10 A/Cs defaults directly to B/L	11.39	9.60	8.53	7.71
Increase in NPLs when certain portion of the performing loans is directly downgraded to B/L	3% of performing loans downgraded to B/L	9% of performing loans downgraded to B/L	15% of performing loans downgraded to B/L	11.39	10.67	8.83	5.75
Negative categorical shift of the existing NPLs (i.e. from SS to DF, DF to B/L & B/L to B/L)	5% of NPL shifting negatively	10% of NPL shifting negatively	15% of NPL shifting negatively	11.39	10.94	10.09	9.22
Decrease in FSV of Collateral against the existing NPLs	10% of FSV is diminished	20% of FSV is diminished	40% of FSV is diminished	11.39	10.98	10.56	9.72
Interest Rate (Impact on cumulative Gap between Rate Sensitive Asset and Rate Sensitive Liability due to decrease in Interest Rate.	Interest rate decreases by 1%	Interest rate decreases by 2%	Interest rate decreases by 3%	11.39	10.98	10.57	10.17
Foreign Exchange Rate (Impact of Currency Appreciation)	Currency value Appreciates by 5%	Currency value Appreciates by 10%	Currency value Appreciates by 15%	11.39	11.38	11.38	11.38
Equity Shock (Impact of fall in Market Price of the Share Portfolio)	Equity price falls by 10%	Equity price falls by 20%	Equity price falls by 40%	11.39	11.24	11.08	10.78

3.5.2 Stress on Liquidity:

Liquidity Stress: 5 working days		Minor (2%)	Moderate (4%)	Major (6%)
Day :1	Liquid? (1=Yes,0=No)	1	1	1
Day :2	Liquid? (1=Yes,0=No)	1	1	1
Day :3	Liquid? (1=Yes,0=No)	1	1	1
Day :4	Liquid? (1=Yes,0=No)	1	1	1
Day :5	Liquid? (1=Yes,0=No)	1	1	1

3.6.0 LIQUIDITY RATIOS:**3.6.1 Cash Reserve Ratio (CRR):**

(BDT in Million)

Particulars	As on 31/12/2016	As on 31/12/2015
Total time and demand liabilities	249,057.20	220,447.40
Required CRR	16,188.70	14,329.10
Maintained CRR	16,783.20	14,589.70
Excess/Shortfall	594.50	260.70
Shortfall in any day during the quarter	No	No
Mention if any penalty interest or fine imposed by the regulatory body during the quarter	No	No

3.6.2 Statutory Liquidity Ratio (SLR):

(BDT in Million)

Particulars	31/12/2016	31/12/2015
Total time and demand liabilities	249,057.20	220,447.40
Required SLR	323,77.40	28,658.20
Maintained SLR	56,236.00	43,353.00
Excess/Shortfall	23,858.60	14,694.80
Shortfall in any day during the quarter	No	No
Mention if any penalty interest or fine imposed by the regulatory body during the quarter	No	No

3.6.3 Advance/Credit Deposit Ratio (ADR or CDR):

(BDT in Million)

Particulars	As on 31/12/2016	As on 31/12/2015
Deposit Excluding Interbank	257,666.30	220,782.60
Interbank borrowing	-	-
Interbank Deposit Surplus	38.00	83.90
Credit excluding Interbank	207,552.40	186,789.90
Advance Deposit Ratio	80.54%	84.57%
Deposit Growth	16.68%	4.64%
Credit Growth	13.31%	13.36%

RISK REPORTING

3.6.4 Liquidity Coverage Ratio (LCR):

(BDT in Million)

Particulars	Regulatory Standard	31/12/2016	31/12/2015
Stock of high quality liquid assets		71,855.26	58,048.20
Net Cash Outflows over a 30 days		44,814.31	36,648.90
Liquidity Coverage Ratio (LCR)	Greater than or equal to 100%	160.34%	158.39%

3.6.5 Net Stable Funding Ratio (NSFR):

(BDT in Million)

Particulars	Regulatory Standard	As on 31/12/2016	As on 31/12/2015
Available amount of stable funding (ASF)		290,390.53	260,058.90
Required amount of stable funding (RSF)		262,012.26	244,783.90
Net Stable Funding Ratio (NSFR)	Greater than 100	110.83%	106.24%

3.7.0 HUMAN RESOURCES COMPOSITION:

3.7.1 Human Resources by Age-group:

Manpower As on 31 December, 2016

Age Group	Number	Mix (%)
Up to 30 years	777	18.71%
Above 30 years to upto 40 years	2,009	48.39%
Above 40 years to upto 50 years	798	19.22%
Above 50 years to upto 60 years	565	13.61%
Above 60 years	3	0.07%
Total	4,152	100.00%

3.7.2 Human Resources by Gender:

Particulars	31/12/2016	31/12/2015
Male	3,429	3,212
Female	724	625
Total	4,152	3,837

3.7.3 Movement in Human Resources:

Particulars	31/12/2016	31/12/2015
No of employee at the beginning of the year	3,837	3,679
(+) Recruitment during the year	471	340
(-) Released/ removed during the year	156	182
No of employee at the closing of the year	4,152	3,837

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

'Market Discipline', which is basically a set of disclosures, is one of the key components in the Basel regime originally introduced as the 3rd Pillar in the Basel II regulation and has been continued in the Basel III regulation. Bangladesh Bank has clearly spelled out the disclosure requirements under this Pillar in the 'Guidelines on Risk Based Capital Adequacy' issued through its BRPD Circular No. 18 dated December 21, 2014.

Like the Basel II, Basel III regime is also composed of three-mutually reinforcing pillars i.e. Minimum Capital Requirement, Supervisory Review Process and Market Discipline but in an enhanced level as is depicted below:

Pillar-1: Credit Risk, Market Risk & Operational Risk constitutes the basic risks (under this Pillar) that require the Bank to maintain the minimum level of capital. In case of identifying both credit and market risk, the Bank resorts to the Standardized Approach. For measuring the operational risk, Basic Indicator Approach is followed.

Pillar-2: Apart from the above mentioned risks, all other risks are assessed through the evaluation of Supervisory Review Process i.e. the Pillar-2. The Additional Capital Requirement of a Bank is estimated through Internal Capital Adequacy Assessment Process. The supervisor will evaluate the risk assessment process of the Bank and decide on the acceptability/adjustment of the process.

Pillar-3: Market discipline i.e. Pillar-3 comprises a set of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures are intended for market participants to assess key information about the Bank's exposure to various risks and to provide a consistent and understandable disclosure framework for easy comparison among the banks operating in the market.

Basel III framework has also newly introduced disclosure/maintenance of the following ratios/information:

- ❑ Leverage Ratio (A non-risk based measure of on & off-balance sheet exposures, introduced as a supplementary measure to the risk based capital requirement)
- ❑ Liquidity Ratios (Introduced to address the liquidity risk more meticulously):
 - Liquidity Coverage Ratio (LCR)
 - Net Stable Funding Ratio (NSFR)
- ❑ Employee Remunerations (Introduced for greater transparency)



DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

It is to be mentioned here that we are completely in the right course in implementation of Basel III regulation as is directed by Bangladesh Bank. Following is the depiction of Bangladesh Bank directed Implementation Roadmap and status of our progression:

Particulars	2015	2016	2017	2018	2019
Minimum Common Equity Tier 1 (CET-1) Capital Ratio	4.5%	4.50%	4.50%	4.50%	4.50%
UCB Status	8.20%	7.82%	--	--	--
Capital Conservation Buffer	-	0.625%	1.25%	1.875%	2.50%
UCB Status	2.16%	1.86%	--	--	--
Minimum CET1 plus Capital Conservation Buffer	4.5%	5.125%	5.75%	6.375%	7.00%
UCB Status	8.20%	7.82%	--	--	--
Minimum Tier 1 Capital Ratio	5.50%	5.50%	6.00%	6.00%	6.00%
UCB Status	8.20%	7.82%	--	--	--
Minimum Total Capital Ratio	10.00%	10.00%	10.00%	10.00%	10.00%
UCB Status	12.16%	11.39%	--	--	--
Minimum Total Capital plus Capital Conservation Buffer	10.00%	10.625%	11.25%	11.875%	12.50%
UCB Status	12.16%	11.39%	--	--	--
Phase-in of deductions from CET1					
Excess investment over 10% of a bank's equity in the equity of banking, financial and insurance entities.	20%	40%	60%	80%	100%
UCB Status	--	--	--	--	--
Phase-in of deductions from Tier-2 Revaluation Reserve (RR)					
RR for Fixed assets, Securities and Equity Securities	20%	40%	60%	80%	100%
UCB Status	Done	Done	--	--	--
Leverage Ratio	3.00%	3.00%	3% Readjustment	Migration to Pillar1	
UCB Status	6.02%	5.48%	--	--	--
Liquidity Coverage Ratio (LCR)	≥100% (From Sep-15)	≥100%	≥100%	≥100%	≥100%
UCB Status	158.36%	160.34%			
Net Stable Funding Ratio (NSFR)	>100% (From Sep-15)	>100%	>100%	>100%	>100%
UCB Status	106.24%	110.83%			

It is to be mentioned here that from the year 2015, we started transiting from the Basel II to Basel III regime/framework that will be completed by the year 2019.

1.00 Scope of Application

The disclosure made in the following sections has addressed United Commercial Bank Limited as a single entity (Solo Basis) as well as a consolidated entity (Consolidated Basis), the scope of which is asunder:

- ☐ 'Solo Basis' refers to all position of the Bank including the Offshore Banking Unit.
- ☐ 'Consolidated Basis' refers to all position of the Bank and its subsidiary companies.

The consolidated financial statements of UCBL consist of the statements of:

- ☐ United Commercial Bank Limited
- ☐ UCB Capital Management Limited
- ☐ UCB Investment Limited

A brief description of the Bank and its subsidiaries is given below:

United Commercial Bank Limited

United Commercial Bank Limited (UCBL) was incorporated in Bangladesh as a public limited company with limited liability on 26 June 1983 under Companies Act 1913 to carry on banking business in Bangladesh. Bangladesh Bank gave the permission for commencement of its business on 13 November 1983. The Bank presently has a business network comprising 168 branches, 01 (One) Off-shore Banking Unit and 02 (Two) subsidiaries as on 31 December 2016. It is a conventional commercial bank. The bank offers services for all commercial banking needs of the customers, which include deposit banking, loans & advances, export import financing, inland and international remittance facility etc. The bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company.

The principal place of business and the registered office of the Bank is located at Plot # CWS (A) 1, Gulshan Avenue, Dhaka – 1212.

Off-shore Banking Unit (OBU)

United Commercial Bank Ltd. has an Offshore Banking Unit, as a separate business unit transacting exclusively in Foreign Currency, established under the Rules and guideline of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(117)/2010-2577 dated 9th June, 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently, the Bank has 01 (One) unit in Dhaka operating under the Rules and guideline of Bangladesh Bank.

Subsidiaries of United Commercial Bank Limited:

UCB Capital Management Limited

During the year 2014; UCB Securities Limited, a subsidiary company of the bank and Anam Capital Limited, a subsidiary company of UCB Securities Limited has been merged with UCB Capital Management Limited as per approval from the court and as such UCB Capital Management Limited has become the subsidiary company of United Commercial Bank Limited. The activities of the company include brokerage service, margin loan etc. As of now, the company is carrying out its activities under the license of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

UCBL holds 51,34,999 nos. of shares of UCB Capital Management Limited with face value of Tk. 100 each which is equivalent to 99.99998% of total shares of the company.

UCB Investment Limited

UCB Investment Limited was incorporated in Bangladesh as a private limited company with limited liability as on 3 August of 2011 under Companies Act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities. The principal place of business and the registered office of the company is located at Sara Tower (9th Floor), 11/A Toyenbee Circular Road, Motijheel C/A, Dhaka - 1000.

UCBL holds 24,990,000 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which equivalent to 99.96% of total shares of the company.

2.00 Capital Structure

Capital serves as a buffer to absorb unexpected losses as well as to fund ongoing activities of the firm. It can be defined as “the buffer storage of cash and safe assets that banks hold and to which they need access in order to protect creditors in case the bank’s assets are liquidated”. The bank’s capital ratio is a measure of its financial health. Capital is the funds - traditionally a mix of equity and debt - that banks have to hold in reserve to support their business.

The capital structure of the Bank is categorized into two tiers - Tier I and Tier II capital; as per the Risk Based Capital Adequacy guidelines (December 2014) of Bangladesh Bank. The components of the total regulatory capital are enumerated as under:

- ☐ Tier 1 Capital (going-concern capital)
 - Common Equity Tier 1
 - Additional Tier 1
- ☐ Tier 2 Capital (gone-concern capital)

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

Tier 1 Capital: (Going-Concern Capital)

Going-concern capital is the capital which can absorb losses without triggering bankruptcy of the bank. Thereby, Tier 1 capital is the core measure of a bank's financial strength from a regulator's point of view.

Tier 1 Capital is comprised of Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1). The components Common Equity Tier 1 (CET1) capital is given below:

- a) Paid up capital
- b) Non-repayable share premium account
- c) Statutory reserve
- d) General reserve
- e) Retained earnings
- f) Dividend equalization reserve
- g) Minority interest in subsidiaries, i.e., common shares issued by consolidated subsidiaries of the bank and held by third parties

Additional Tier 1 (AT1) capital consists of the following items:

- Non- cumulative Irredeemable Preference Shares
- Instruments issued by the banks that meet the qualifying criteria for AT1 (The instrument is perpetual i.e. there is no maturity date)
- Minority Interest, i.e., AT1 issued by consolidated subsidiaries to third parties

Tier 2 Capital: (Gone-Concern Capital)

Gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the bank. Gone-concern capital also called Tier 2 capital. Gone-Concern Capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank.

Tier 2 capital consists of the following items:

- General Provisions;
- All other preference shares
- Subordinated debt/Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital; (Minimum original maturity of at least five years)
- Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties;
- Revaluation Reserves (50% Fixed Assets and Securities 10% of equities) [The amount to be erased 20.00% each year starting from January 2015]

As per the guidelines of Bangladesh Bank, Tier-1 Capital of UCB consists of (i) Fully Paid-up Capital, (ii) Non-repayable Share Premium Account, (iii) Statutory Reserve, (iv) General Reserve, and (v) Retained Earnings.

Tier-2 Capital consists of (i) General Provision, (ii) 50% of Asset revaluation reserve, 50% of Revaluation gain/loss on investment (HFT), 10% of Revaluation reserve for equity instruments, (based on the revaluation amount of 2014) and (iii) Subordinated debt/subordinated bond as approved by Bangladesh Bank etc.

Capital structure of the Bank as on December 31, 2016 is stated below; (BDT in million)

Sl. Particulars	Solo	Consolidated
1.0 Tier-1 (Going-Concern Capital)		
1.1 Common Equity Tier 1 (CET1)		
1.1.1 Paid-up Capital	10,541.31	10,541.31
1.1.2 Non-repayable Share premium account	1,454.98	1,454.98
1.1.3 Statutory Reserve	9,375.13	9,375.13
1.1.4 General Reserve	26.58	26.58
1.1.5 Retained Earnings	1,628.97	1,702.14
1.1.6 Dividend Equalization Reserve	-	-
1.1.7 Minority Interest in subsidiaries	-	-
Sub-Total:	23,026.97	23,100.14

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

Sl. Particulars	Solo	Consolidated
1.2 Additional Tier 1 (AT1)		
1.2.1 Non- cumulative Irredeemable Preference Shares	-	-
1.2.2 Instruments (Perpetual in nature)	-	-
1.2.3 Minority Interest; i.e., AT1 issued by consolidated subsidiaries	-	-
Sub-Total:	-	-
Total Tier 1 Capital	23,026.97	23,100.14
2.0 Tier-2 (Gone-Concern Capital)		
2.1 General Provision	3,323.55	3,373.28
2.2 Subordinated debt	6,200.00	6,200.00
2.3 Revaluation Reserves	971.37	971.37
Total Tier 2 Capital	10,494.92	10,544.65
3.0 Regulatory Adjustments/Deduction from capital	-	-
Total Regulatory Capital	33,521.89	33,644.79

3.00 Capital Adequacy

Methodology of Capital Adequacy Determination

The Bank has computed the Capital Adequacy Ratio adopting the following approaches;

- Standardized Approach for Credit Risk to compute Capital Adequacy under Basel III, using national discretion for:
 - Accepting the credit rating agencies as external credit assessment institutions (ECAI) for claims on Corporate & eligible SME Customers;
 - Accepting Credit Risk Mitigation (CRM) against the financial securities.
- Standardized (Rule Based) Approach for Market Risk; and
- Basic Indicator Approach for Operational Risk.

Assessment of the adequacy of capital:

For accessing Capital Adequacy, the Bank has adopted Standardized Approach for Credit Risk measurement, Standardized (Rule Based) Approach for Market Risk measurement and Basic Indicator Approach for Operational Risk measurement.

The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. UCB has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.) to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirement, the Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's Capital to Risk Weighted Asset Ratio (CRAR) remains consistently within the comfort zone. During the year 2016, the CRAR ranges from 11.31% to 11.42% on consolidated basis and from 11.27% to 11.39% on solo basis against minimum requirement of 10% of RWA. Risk Management Division (RMD) under the guidance of the SRP Team/Risk Management Committee at management level and Basel implementation Unit is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

The Capital Requirement and Capital to Risk-weighted Asset Ratio (CRAR) of the Bank as on December 31, 2016 are as under;

Particulars	(BDT in million)	
	Solo	Consolidated
Capital requirement for Credit Risk	25,933.87	25,844.78
Capital requirement for Market Risk	1,028.77	1,132.27
Capital requirement for Operational Risk	2,476.51	2,482.06
Total Capital Requirement under Pillar-I	29,439.15	29,459.11
Capital to Risk-weighted Asset Ratio (CRAR)	11.39%	11.42%
Common Equity Tier 1 Capital to Risk-weighted Asset Ratio	7.82%	7.84%
Tier 1 Capital to Risk-weighted Asset Ratio	7.82%	7.84%
Tier 2 Capital to Risk-weighted Asset Ratio	3.57%	3.58%
Capital Conservation Buffer	1.39%	1.42%
Available Capital under Pillar 2 Requirement	4,082.74	4,185.69

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

4.00 Credit Risk

The possibility of incurring loss due to inability of a borrower or counterparty to honor its obligations or fulfilling their commitment in accordance with the agreed terms and conditions is termed as credit risk. In other words, it is the loss associated with degradation in the credit quality of borrowers or counterparties. In a Bank's portfolio, losses stem from outright default due to the inability or unwillingness of the customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions. Alternatively, losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality. Credit risk emanates from a bank's on and off-balance sheet dealings with an individual, firm, company, corporate entity, bank, financial institution or a sovereign.

Past Due/Impaired Loans

Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect. An impaired NPA is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 60 days in respect of Continuous loan, Demand loan or Term Loan etc.

Classified loans are categorized under following 03 (three) categories:

- Sub-standard
- Doubtful
- Bad & Loss

Any continuous loan will be classified as:

- 'Sub-standard' if it is past due/overdue for 3 months or beyond but less than 6 months.
- 'Doubtful' if it is past due/overdue for 6 months or beyond but less than 9 months.
- 'Bad/Loss' if it is past due/overdue for 9 months or beyond.

Any Demand Loan will be classified as:

- Sub-standard' if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the bank or from the date of creation of forced loan.
- Doubtful' if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan.
- Bad/Loss' if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan.

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'.

In case of Fixed Term Loans:

- If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 3 (three) months, the entire loan will be 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, the entire loan will be classified as "Doubtful".
- If the amount of 'past due installment' is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Bad/Loss".

In case of Short-term Agricultural and Micro-Credit, the loans will be considered:

- 'Substandard' if the irregular status continuous for a period of 12 months from the stipulated due date as per loan agreement;
- 'Doubtful' if the irregular status continuous for a period of 36 months from the stipulated due date as per loan agreement;
- 'Bad/Loss' if the irregular status continuous for a period of 60 months from the stipulated due date as per loan agreement;

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

Approaches followed for Specific & General Allowances and Statistical Methods

As per the guideline of Bangladesh Bank regarding the provisioning of loans & advances, the Bank has followed the following approaches in calculating the Specific & General Allowances:

Types of Loans & Advances	Rate of Provision Requirement				
	UC	SMA	SS	DF	BL
Consumer House Building & Professionals	2%	2%	20%	50%	100%
Other than Housing Finance & Professionals to setup business	5%	5%	20%	50%	100%
Brokerage House, Merchant Banks, Stock Dealers, etc.	2%	2%	20%	50%	100%
Short term Agri. Credit and Micro Credit	2.50%	2.50%	5%	5%	100%
Small & Medium Enterprise Finance	0.25%	0.25%	20%	50%	100%
All Other Credit	1%	1%	20%	50%	100%

Methods used to measure Credit Risk

As per Central Bank's Guidelines, the Bank follows Standardized Approach for measurement of Credit Risk adopting the credit rating agencies as External Credit Assessment Institutions (ECAIs) for claims on Bank & Non-banking Financial Institutions (BNBFIs), Corporate & eligible SME Customers and Credit Risk Mitigation (CRM) against the financial securities & guarantees of loan exposure.

Credit Risk Management

Credit risk arises while the borrowers or counterparty to a financial transaction fails to discharge an obligation as per agreed covenants, resulting in financial loss to the Bank. Credit exposures may arise from both the banking and trading books as well as Off-Balance sheet exposures. Credit risk is managed in the UCBL through a framework that spell out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework. Credit policies and standards are considered and approved by the Board of Directors.

Credit Risk Measurement

Risk measurement plays a central role, along with judgment and experience, in informing risk taking and portfolio management decisions. The standard credit risk grading (CRG) system is used in both Corporate and SME Banking. The grading is used to assess the client along with a range of quantitative and qualitative factors. Our credit grades against Corporate & Medium clients are supported by external credit grades, and ratings assigned by external ratings agencies.

Credit Approval

Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by and recommended for approval to the competent authority by the risk review units/divisions. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases.

Credit Monitoring

We regularly monitor credit exposures, portfolio performance, and external trends through relationship and credit administration team at Branch and Corporate Office. Internal risk management reports containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; as well as credit grade migration are presented to risk committee of Problematic Account Monitoring Cell (PAMC). The PAMC meets regularly to assess the impact of external events and trends on the credit risk portfolio and to define and implement our response in terms of appropriate changes to portfolio shape, underwriting standards, risk policy and procedures. Accounts or portfolios are placed on Early Alert (EA) when they display signs of weakness or financial deterioration. Such accounts and portfolios are subjected to a dedicated process overseen by the Special Asset Management Division. Account plans are

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

re-evaluated and remedial actions are agreed and monitored. In Retail/Consumer Banking, portfolio delinquency trends are monitored continuously at a detailed level. Individual customer behavior is also tracked and informed in lending decisions. Accounts which are past due are subject to a collections process, monitored in collaboration with the Relationship manager by the Risk function. Charged-off accounts of the Bank are managed by specialist recovery teams of Special Asset Management Division.

Concentration Risk

Credit concentration risk is managed within concentration caps set for counterparty or groups of connected counterparty, for industry sector; and for product. Additional targets are set and monitored for concentrations by credit committee. Credit concentrations are monitored by the responsible risk committees in each of the businesses and concentration limits that are material to the Bank are reviewed and approved at least annually by the Board of Directors.

Credit Risk Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, insurance, and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit. Collateral is valued in accordance with our Methodology for Valuation of Security/Collateral Assets, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value.

Distribution of Credit Exposure by Major Types

Types of Credit Exposure	BDT in Million	In %
Industrial Loan	85,329.90	38.14
Commercial Lending	52,971.62	23.68
House Building Loan	18,227.61	8.15
Import Finance	12,863.46	5.75
Retail Loan	11,993.41	5.36
Export Finance	4,833.01	2.16
Transport Loan	3,569.91	1.60
Staff Loan	3,101.63	1.39
Agricultural Loan	2,608.06	1.17
Others	28,198.57	12.60
Total	223,697.18	100.00

Geographical Distribution of Credit Exposure

Division	BDT in Million	In %
Dhaka	161,731.80	72.30
Chittagong	47,544.65	21.25
Khulna	5,848.45	2.61
Rajshahi	5,569.82	2.49
Sylhet	1,612.34	0.72
Rangpur	1,098.62	0.49
Barisal	291.50	0.13
Total	223,697.18	100.00

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)



Industry wise Distribution of Exposure

Credit Exposure	BDT in Million	In %
RMG & Textiles Industry	41,600.30	18.60
Commercial trade financing	40,176.31	17.96
Other Manufacturing Industries	21,903.83	9.79
Construction (other than housing)	20,379.20	9.11
Housing industry	18,227.64	8.15
Power & energy	8,397.57	3.75
Food products & processing	7,584.83	3.39
Telecommunication, Transport & communication	6,133.46	2.74
Service Industry	4,224.25	1.89
Agriculture	2,608.06	1.17
Shipping Industries	1,818.62	0.81
Others	50,643.11	22.64
Total	223,697.18	100.00

Residual Contractual Maturity wise Distribution of Exposure

Particulars	BDT in Million
On demand	16,020.52
Not more than three months	65,020.14
More than three months but less than one year	64,814.42
More than one year but less than five years	50,092.62
More than five years	27,749.48
Total	223,697.18

Loans & Advances and Provision

Particulars	BDT in Million	
	Loans & Advances	Provision against Loans & Advances
Total Loans and Advances	223,697.18	5,901.99
Performing Loans & Advances	205,776.61	1,741.87
Classified Loans and Advances	17,920.57	4,160.12
Substandard (SS)	3,167.87	329.97
Doubtful (DF)	717.81	131.53
Bad/Loss (BL)	14,034.89	3,698.62
Off-Balance Sheet Items	171,169.75	1,581.68

Gross Non Performing Assets (NPAs)

Particulars	BDT in Million
Gross Non Performing Assets (NPAs)	17,920.57
Total Loans and Advances	223,697.18
NPAs to outstanding Loans & Advances	8.01%

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

Movement of Non Performing Assets (NPAs)

Particulars	BDT in Million
Opening Balance	10,324.69
Additions	9,306.21
Reductions	(1,710.33)
Closing Balance	17,920.57

Movement of Specific Provisions for NPLs

Particulars	BDT in Million
Opening Balance	2,730.27
Adjustment due to Write-off	(577.12)
Provisions made during the period	1,918.96
Transferred from surplus provision	88.01
Closing Balance	4,160.12

5.00 Equities: Disclosures for Banking Book Positions

The major portion of the Bank's holding of equity exposure is mainly with the purpose of capital gain. The quoted shares are valued both at cost price and market price basis. However, the unquoted shares are valued at their cost price.

(BDT in Million)

Particulars	Cost Price	Market Price
Investment in Quoted Share	4,253.56	5,029.96

Particulars	BDT in Million
Realized Gains	111.32
Unrealized Gains	1,310.18
Unrealized Losses	(533.79)
Net Unrealized Gains/(Loss)	776.39
Amount included in Tier-2 Capital (Based on balance of December 2014)	3.55
Capital requirement for Equity Risk (Specific & General)	1,006.00
Supervisory Provision against Classified Equity Investment	292.84

Capital Requirement as per Grouping of Equity:

Sector	Cost Price	Market price	Capital Charge		Total Capital Charge
			Specific Risk	General Market Risk	
Pharmaceuticals & Chemicals	957.00	1,354.75	135.47	135.47	270.94
Textile	577.89	658.10	65.81	65.81	131.62
Telecommunication	351.64	582.34	58.23	58.23	116.46
Fuel & power	563.17	546.60	54.66	54.66	109.32
Mutual Fund	545.45	464.36	46.44	46.44	92.88
Bank	245.72	446.07	44.61	44.61	89.22
Financial Institutions	203.78	439.33	43.93	43.93	87.86
Engineering	136.02	121.22	12.12	12.12	24.24
Food & Allied	87.46	106.78	10.68	10.68	21.36
Tannery Industries	81.96	77.54	7.75	7.75	15.50
Ceramic Sector	146.48	74.46	7.45	7.45	14.90
Cement	70.46	67.95	6.80	6.80	13.60
Miscellaneous	166.59	42.48	4.25	4.25	8.50
Travel & Leisure	80.00	30.99	3.10	3.10	6.20
Insurance	39.80	16.87	1.69	1.69	3.38
IT	0.13	0.10	0.01	0.01	0.02
Total	4,253.56	5,029.96	503.00	503.00	1,006.00

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

6.00 Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book reflects the shocks to the financial position of the Bank including potential loss that the bank may face in the event of adverse change in market interest rate. This has an impact on earning of the bank through Net Interest Earning as well as on Market Value of Equity or net worth. Thus this risk would have an impact on both earning potential and economic value of the Bank.

The Bank uses following measures for deriving value of capital requirement for interest rate risk.

- Modified duration gap
- Simulation on market value of equity
- Impact of average interest rate fluctuation demonstrated in last 12 months from the date of computation. In the event of lack of data for last twelve month the bank considers data of maximum period available.

The Bank ensures that interest rate risk is not included within the market risk. The Bank has calculated the rate sensitive assets and liabilities with maturity up to 12 months bucket and applied the sensitivity analysis to measure the level of interest rate shock on its capital adequacy.

(BDT in Million)

Particulars	Upto 3 months	3 - 6 months	6 - 12 months
Rate Sensitive Assets (RSA)	122,195.70	22,524.20	35,520.60
Rate Sensitive Liabilities (RSL)	101,932.60	34,452.00	41,209.60
Gap (RSA – RSL)	20,263.10	(11,927.80)	(5,689.00)
Cumulative Gap	20,263.10	8,335.30	2,646.30

Interest Rate Shock on Capital

(BDT in Million)

Total Regulatory Capital	33,521.89
Total Risk Weighted Assets (RWA)	294,391.54
Capital to Risk-weighted Asset Ratio (CRAR)	11.39%

Assumed decrease in Interest Rate	1%	2%	3%
Earnings Impact on Cumulative Gap	(26.46)	(52.93)	(79.39)
Capital After Shock	33,495.43	33,468.97	33,442.50
CRAR after Shock	11.38%	11.37%	11.36%
Decrease in CRAR	-0.01%	-0.02%	-0.03%

7.00 Market Risk

Market risk is a trading book concept. It may be defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions subject to the risks pertaining to interest rate related instruments and equities in the trading book and Foreign exchange risk and commodities risk throughout the Bank. This signifies the risk of loss due to decrease in market portfolio arising out of market risk factors. It may be mentioned that the Bank considers Interest Rate Risk on Banking Book separately.

The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transaction.

Methods used to measure Market Risk:

Standardized (Rule Based) Approach is used to measure the Market Risk of the Bank whereas for Interest Rate Risk and Equity Risk both General and Specific risk factors are applied for calculating capital charge and for Foreign Exchange and Commodities only General risk factor is applied.

Management System of Market Risk:

The duties of managing the market risk including liquidity, interest rate and foreign exchange risk lies with the Treasury Division under the supervision of ALCO committee. The ALCO committee is comprised of senior executives of the Bank, who meets at least once in a month. The committee evaluates the current position of the Bank and gives directions to mitigate the market risk exposure to a minimum level.

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Capital Charges for Market Risk

Particulars	BDT in Million
Interest Rate Related instruments	5.10
Equities	1,006.00
Foreign Exchange Position	17.67
Commodities	0.00
Total	1,028.77

8.00 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Recognizing the importance of information technology in banking business, the Bank has considered information technology risk as an independent risk.

Views of BOD on system to reduce Operational Risk:

The responsibility of mitigating the operational risk of the Bank lies with Internal Control & Compliance Division under the guidance of Audit Committee of the Board. The audit committee delivers policies and directions from time to time to keep the operating efficiency of the Bank up to the mark.

Performance gap of executives and staffs:

The Bank identifies the loop holes among the effectiveness of the employees and executives. These loop holes are removed by arranging appropriate training programs, offering competitive packages and providing best working environment. In this process, the Bank kept the performance gap of executives and staffs to a minimum level.

Potential external event:

No potential external event is expected to expose the Bank to significant operational risk. The Bank has a separate Operational Risk Management Policy addressing specific issues involving Operational Risk.

Methods used to measure Operational Risk:

Basic Indicator Approach is used to measure Operational Risk where capital charge is 15% on last three years average positive gross income of the Bank.

Capital Charges for Operational Risk

Basis	Operational Risk	2014	2015	2016	Capital Charge
Solo	Gross Income	15,800.60	16,156.41	17,573.22	2,476.51
Consolidated	Gross Income	15,800.60	16,156.41	17,684.20	2,482.06

9.00 Liquidity Ratio

As per the BRPD Circular no. 18 dated December 21 of 2014, Bangladesh Bank has strengthened the liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives.

The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. Liquidity Coverage Ratio (LCR) addresses this objective.

The second objective is to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

Views of BOD on system to reduce liquidity Risk

United Commercial Bank Limited maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquidity risk. The prime responsibility of the liquidity risk management of the bank rests with Treasury Division under the supervision of ALCO Committee, which maintains liquidity based on current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.

Methods used to measure Liquidity risk

Liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls including funding requirements for off balance sheet commitments.

An important aspect of measuring liquidity is making assumptions about future funding needs, both in the very short-term and for longer time periods. Another important factor is the critical role a bank's reputation plays in its ability to access funds readily and at reasonable terms. Several key liquidity risk indicators monitored on a regular basis to ensure healthy liquidity position are as follows:

- Cash Reserve Ratio (CRR)
- Statutory Liquidity Requirement (SLR)
- Advance to Deposit Ratio
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Structural Liquidity Profile
- Maximum Cumulative Outflow
- Volatile Liability Dependency Ratio
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities, etc.

Liquidity risk management system

The intensity and sophistication of liquidity risk management process depend on the nature, size and complexity of a bank's activities. Sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank.

The Asset Liability Committee (ALCO), which meets at least once in a month, is responsible for managing and controlling liquidity of the bank. Treasury Front Office closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank. A monthly projection of fund flows is reviewed in ALCO meeting regularly.

Policies and processes for mitigating liquidity risk

In order to develop comprehensive liquidity risk management framework, the bank has Board approved Contingency Funding Plan (CFP), a set of policies and procedures that serves as a blueprint for the bank to meet its funding needs in a timely manner and at a reasonable cost.

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) refers to highly liquid assets held by financial institutions in order to meet short-term obligations. The Liquidity coverage ratio is designed to ensure that financial institutions have the necessary assets on hand to ride out short-term liquidity disruptions. Banks are required to hold an amount of highly-liquid assets, such as cash, Balance with other Bank and financial institutions or Treasury bonds, equal to or greater than their net cash over a 30 day period (having at least 100% coverage).

$LCR = \frac{\text{Stock of High Quality Liquid Assets}}{\text{Total net cash outflows over the next 30 calendar days}}$

The minimum standard for LCR is greater than or equal to 100. However, the bank's status as on 31 December 2016 in this ratio is as follows:

Particulars	Regulatory Standard	As on 31 December, 2016	As on 31 December, 2015
Total Stock of High Quality Liquid Assets		71,855.26	58,048.23
Total Net cash outflows over the next 30 calendar days		44,814.31	36,648.92
Liquidity Coverage Ratio (LCR)	Greater than or equal to 100	160.34%	158.39%

Net Stable Funding Ratio (NSFR)

Net Stable Funding Ratio (NSFR) is another new liquidity standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items.

The NSFR presents the proportion of long term assets funded by stable funding and is calculated as the amount of Available Stable Funding (ASF) divided by the amount of Required Stable Funding (RSF) over a one-year horizon.

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The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability, RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or "long-term" and therefore requires stable funding. The time horizon of the NSFR is one year. Like the LCR, the NSFR calculations assume a stressed environment.

The status of Net Stable Funding Ratio (NSFR) as on 31 December, 2016 is as under:

(BDT in Million)

Particulars	Regulatory Standard	As on 31	
		December, 2016	December, 2015
Available amount of stable funding (ASF)		290,390.53	260,058.92
Required amount of stable funding (RSF)		262,012.26	244,783.90
Net Stable Funding Ratio (NSFR)	Greater than 100	110.83%	106.24%

10.00 Leverage Ratio

Views of BOD on system to reduce excessive leverage and Policies and processes for managing excessive on and off-balance sheet leverage

In order to avoid building-up excessive on- and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by the Bangladesh Bank as per BRPD Circular no. 18 dated December 21 of 2014.

The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives:

- constrain the build-up of leverage in the banking sector which can damage the broadervaafinancial system and the economy
- reinforce the risk based requirements with an easy to understand and a non-risk based measure
- UCBL calculates leverage ratio on quarterly basis and submits it to the Department of Off-site Supervision (DOS), Bangladesh Bank along with CRAR (Capital to Risk Weighted Asset Ratio) Report.

The Approaches for calculating exposure

A minimum Tier-1 leverage ratio of 3% has been prescribed by Bangladesh Bank to maintain by the Banks both at solo and consolidated level. Accordingly, UCBL maintains leverage ratio on quarterly basis. The formula for calculating leverage ratio is as under:

Leverage Ratio = Tier-1 Capital (after related deductions)/ Total Exposure (after related deductions)

The status of Leverage Ratio as on 31 December, 2016 is as under:

(BDT in Million)

Particulars	As on 31 December, 2016		As on 31 December, 2015	
	Solo Basis	Consolidated Basis	Solo Basis	Consolidated Basis
Tier 1 Capital*	23,026.97	23,100.14	22,406.21	22,480.05
On Balance Sheet Exposure*	325,560.66	325,283.57	291,116.96	291,009.08
Off-Balance Sheet Exposure*	94,891.05	94,891.05	80,937.00	80,937.00
Total Exposure	420,451.71	420,174.62	372,053.96	371,946.08
Leverage Ratio	5.48%	5.50%	6.02%	6.04%

* Considering all regulatory adjustments

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

11.00 Remuneration

Qualitative Disclosures:

a)	Information relating to the bodies that oversee remuneration.
i. Name of the bodies that oversee remuneration	At the management level, primarily the Human Resources Management Division oversees the 'remuneration' in line with its Human Resources Management strategy/policy under direct supervision and guidance of the Senior Management of the Bank.
ii. Composition of the main body overseeing remuneration	The Managing Director and CEO along with other top executives of the Corporate Office.
iii. Mandate of the main body overseeing remuneration	The Senior Management is the main body for overseeing the Bank's remuneration. The Senior Management also review the position of remuneration and associated matters and recommend to the Board for approval of its restructuring, rearrangement and modification commensurate with the industry best practices.
iv. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	The Bank has no External Consultant regarding remuneration and its process.
v. 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.	The Bank does not have any differentiate Pay Structure and employee benefits by regions/business line/activity. As of 31 December 2016, the Bank had no foreign subsidiaries and branches outside Bangladesh.
vi. A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	We consider the members of the senior management, branch managers and the employees engaged in different functional divisions at Head Office and branches (except the employees involved in internal control & compliance and risk management) as the material risk takers of the Bank.

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

b) Information relating to the design and structure of remuneration processes.	
i. An overview of the key features and objectives of remuneration policy.	We target a fair human resources management by using a performance based system. Remuneration and other associated matters are guided by the Banks Service Rule as well as instruction, guidance from the Board from time to time in line with the industry practices. The objective of the Bank's remuneration policy is to establish a framework for attracting, retaining and motivating employees, and creating incentives for delivering long-term performance within established risk limits.
ii. Whether the remuneration committee reviewed the bank's remuneration policy during the past year, and if so, an overview of any changes that was made.	The Senior Management under direct supervision and guidance of the Board of Directors reviewed the Bank's remuneration in 2016 by overseeing the Banks remuneration position in the Banking industry.
iii. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	The risk and compliance employees are carrying out the activities independently as per job allocated to them. Regarding remuneration of the risk and compliance employees, Human Resources Management Division does not make any difference with other regular employees and sets the remuneration as per the prevailing service rule of the Bank.
c) Description of the ways in which current and future risks are taken into account in the remuneration processes.	
i. An overview of the key risks that the bank takes into account when implementing remuneration measures.	The business risk including credit/default risk, compliance, reputational, financial and liquidity risk are mostly considered when implementing the remuneration measures.
ii. An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure.	Different set of measures are in practice based on the nature & type of business lines/segments etc. These measures are primarily focused on the business target/goals set for each area of operation, branch vis-a-vis the actual results achieved as of the reporting date. The most vital tools & indicators used for measuring the risks are the asset quality (NPL ratio), Net Interest Margin (NIM), provision coverage ratio, credit deposit ratio, cost-income ratio, growth of net profit, as well the non-financial indicators, namely, the compliance status with the regulatory norms, instructions has been brought to all concerned of the Bank from time to time.
iii. A discussion of the ways in which these measures affect remuneration.	While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly the result of the performance varies from one to another and thus affect the remuneration as well.
iv. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	No material change has been made during the year 2016 that could the affect the remuneration.
d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	
i. An overview of main performance metrics for bank, top-level business lines and individuals.	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 liquidity position etc.

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

	<p>ii. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.</p> <p>iii. A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining "weak" performance metrics.</p>	<p>Yearly incentive bonus, salary increment, Employee house building loan facilities, Employee car facilities, Leave fair facilities and promotion are directly linked with employee's individual performance.</p> <p>Variance performances like yearly incentive bonus, salary increment, Employee house building loan facilities, Employee car facilities, Leave fair facilities and promotion are determined by the outcome of scorecard in prescribed Key Performance Indicators of the individual.</p>
<p>e)</p>	<p>Description of the ways in which the bank seeks to adjust remuneration to take account of longer-term performance.</p> <p>i. 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>ii. 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>Bank's provides its Employees incentive compensation delivered in the form of deferred cash awards, subject to performance based on Key Performance Indicators (KPI).</p> <p>Not Applicable</p>
<p>f)</p>	<p>Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms.</p>	<p>A summary of Short-term and Long-term compensation packages of the Bank are as follows:</p> <p>Short-Term Incentives / Rewards</p> <ol style="list-style-type: none"> 1. Yearly incentive bonus; 2. Yearly Increment; 3. Special Increment for especial achievement; 4. Car, fuel and car maintenance allowance for executives; 5. Cash Risk allowance for cash cadre; 6. Leave Fair Facilities etc. <p>Long-Term Incentives/Rewards</p> <ol style="list-style-type: none"> 1. Provident fund; 2. Gratuity; 3. Employees welfare Fund 4. Employee house building loan facilities 5. Provident fund loan 6. Periodically salary review (enhancement) 7. Group insurance coverage; 8. Employee Car facilities etc. <p>Others Form:</p> <ol style="list-style-type: none"> 1. Study leave. 2. Foreign training etc.

DISCLOSURES ON RISK BASED CAPITAL ADEQUACY (BASEL III)

Quantitative Disclosures

g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	The Senior Management of the bank overseeing the remuneration of the Bank			
h)	i. Number of employees having received a variable remuneration award during the financial year.	The following Number of Employees were received a variable remuneration during the year 2016:			
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Number of employees having received a variable remuneration award during the year 2016</td> <td>-</td> </tr> </tbody> </table>	Particulars	Number	Number of employees having received a variable remuneration award during the year 2016
	Particulars	Number			
	Number of employees having received a variable remuneration award during the year 2016	-			
	ii. Number and total amount of guaranteed bonuses awarded during the financial year.	Nil			
iii. Number and total amount of sign-on awards made during the financial year.	Nil				
iv. Number and total amount of severance payments made during the financial year.	Nil				
i)	i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Nil			
	ii. Total amount of deferred remuneration paid out in the financial year.	Nil			
j)	Breakdown of amount of remuneration awards for the financial year to show:	Breakdown of Remuneration for the year-2016 is as under:			
		(Taka in Million)			
		Particulars	Amount		
		Basic salary	1,970.46		
		Allowances	1,712.53		
		Festival bonus	360.81		
		Incentive Bonus	505.49		
		Provident fund contribution	191.58		
		Gratuity	390.00		
		Welfare fund	41.95		
Total	5,172.82				
k)	Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration.				
	i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	Not Applicable			
	ii. Total amount of reductions during the financial year due to ex post explicit adjustments.	Not Applicable			
	iii. Total amount of reductions during the financial year due to ex post implicit adjustments.	Not Applicable			

STATEMENT OF NON-PERFORMING LOANS (NPLs) MANAGEMENT

Loans and advances are the major components of the asset composition of all commercial banks. The high concentration of loans and advances increases the vulnerability of assets to credit risk. The most important indicator to identify the asset quality in the loan portfolio is the ratio of gross non-performing loans (NPLs to total loans and net NPLs to net total loans).

The overall banking business/sector got impacted by certain factors i.e. excess liquidity, high NPL in Banks, probability of re-classification of loans earlier rescheduled taking the temporary flexibility from regulators, and slower demand for credit from private sectors. Establishing or maintaining good governance, managing NPL including recovery of Bad & Loss Loans and increasing profitability were major challenges for banking sectors in 2016. Due to infrastructural bottlenecks major industrial sectors did not perform in line with expectations. As a result, recovery from rescheduled loans was not encouraging during the year of 2016.

Non- Performing Loans (NPLs) refer to those financial assets from which banks no longer receive interest and or installment payments as scheduled. The non-performing assets are therefore not yielding any income to the lender in the form of principal and interest payments. Therefore, managing Non-Performing Loan (NPL) to keep it at the lowest possible level is at the top of our business priorities. At the end of 2016, Bank NPLs stood at TK. BDT 17,920.57 million or 8.01%, up in absolute terms and percent of total credit from BDT 10,324.68 million or 5.23% in 2015. The Bank manages its NPL risk mainly by maintains adequate loan loss provisions for expected losses. At the end of 2016, the Bank had total loan loss provisions of BDT 5,901.99 million, covering 32.93% of NPLs.

United Commercial Bank Limited has a Special Asset Management Division, dedicated for management, settlement and recovery of problem loan accounts. Major responsibility of this Division is to formulate strategies and action plans for minimization of risk, prevention of credit losses, maximization of recoveries, and rescheduling, recovery, and/or pursuing legal actions.

For managing NPL cases, arising out even after taking various preventive measures, dedicated teams are in place to directly monitor, put into action and intensify recovery and collection drives through internal recovery teams. Legal Division is well organized with the assistance of internal legal officials to ensure all out legal actions for collection of Bank's dues.

The Top Management of the Bank is very vigilant to monitor and review all the relevant aspects; provides necessary directions and guidance from time to time; to ensure asset quality maintaining the NPL Ratio towards its desired goals outperforming the industry ratio.

Despite of taking various preventive measures the NPL Ratio of the Bank has increased to 8.01% from 5.23% of previous at the end of the year 2016. The absolute figures also show the increase in classified portfolio from BDT 10,324.68 million in 2015 to BDT 17,920.57 million in 2016. However, the details position of Non-Performing Loans is describe below:

Position of Total Gross Non-Performing and Net Performing Loans Country VS UCBL:

STATEMENT OF NON-PERFORMING LOANS (NPLS) MANAGEMENT

Particulars	UCBL		Industry	
	Year-2016	Year-2015	Year-2016	Year-2015
Ratio of Gross Non-Performing Loans	8.01%	5.23%	9.23%	8.79%
Ratio of Net Non-Performing Loans	3.15%	1.27%	2.33%	2.26%

[* Net NPL= Outstanding –Loan Loss Provisioning –Interest Suspense]

Movement of NPLs:

The movement in NPL accounts during the years 2016 & 2015 has been depicted as under:

Particulars	(Amount in million Taka)	
	Year-2016	Year- 2015
Opening Balance	10,324.69	8,050.04
Addition during the year	9,306.21	4,979.35
Reductions during the year	(1,710.33)	(2,704.70)
Closing Balance	17,920.57	10,324.69

Position of Loans & Advances and Provision

Particulars	(Amount in million Taka)			
	Year-2016		Year-2015	
	Loans & Advances	Provision against Loans	Loans & Advances	Provision against Loans
Total Loans and Advances	223,697.18	5,901.99	197,413.64	4,403.24
Performing Loans & Advances	205,776.61	1,741.87	187,088.95	1,672.98
Classified Loans and Advances	17,920.57	4,160.12	10,324.69	2,730.26
Substandard (SS)	3,167.87	329.97	500.31	42.85
Doubtful (DF)	717.81	131.53	322.68	45.62
Bad/Loss (BL)	14,034.89	3,698.62	9,501.69	2,641.79

Movement of Written-offs:

The movement of written-off accounts during the years 2016 & 2015 is as under:

Particulars	(Amount in million Taka)	
	Year-2016	Year-2015
Opening Balance	8,674.81	8,716.17
Addition during the year	652.42	244.82
Reductions during the year	(200.76)	(286.18)
Closing Balance	9,126.46	8,674.81

STATEMENT OF NON-PERFORMING LOANS (NPLS) MANAGEMENT

Sector-wise status of NPL portfolio of the Bank is as under:

(Amount in million Taka)

Sl. Sector	Year-2016			Year-2015		
	Total Loans and Advances	Total Classified Loans	Classified Loans as % of Total Loans and Advances	Total Loans and Advances	Total Classified Loans	Classified Loans as % of Total Loans and Advances
1 Agriculture, Fishing, and Forestry	2,608.00	70.40	2.70%	2,787.20	50.40	1.81%
2 Industry Portfolio	95,424.60	3,085.00	3.23%	76,069.60	1,107.50	1.46%
a) Large Industries	55,481.10	126.60	0.23%	35,597.20	194.40	0.55%
b) Small, medium, cottage & micro industries	29,139.90	1,622.60	5.57%	28,166.10	497.80	1.77%
c) Service industries	10,803.60	1,335.80	12.36%	12,306.30	415.30	3.37%
3 Trade & Commerce:	62,398.90	9,105.17	14.59%	66,028.80	6,356.80	9.63%
a) Retail Trading	16,166.50	1,227.80	7.59%	15,064.80	509.40	3.38%
b) Wholesale Trading	24,334.10	6,322.17	25.98%	23,355.20	4,761.50	20.39%
c) Export Financing	4,833.00	-	0.00%	12,884.70	44.90	0.35%
d) Import Financing	12,778.30	1,555.20	12.17%	11,266.30	1,039.20	9.22%
e) Lease Finance	4,287.00	-	0.00%	3,457.80	1.80	0.05%
4 Construction	38,571.60	4,263.30	11.05%	28,853.50	1,847.00	6.40%
a) Commercial Real estate	18,258.90	2,508.80	13.74%	11,266.40	1,321.50	11.73%
b) Infrastructure Dev.	20,312.70	1,754.50	8.64%	17,587.10	525.50	2.99%
5 Transport:	3,507.40	538.60	15.36%	3,196.50	82.10	2.57%
a) Road Transport	1,661.40	71.10	4.28%	1,446.10	25.80	1.78%
b) Water Transport	1,823.20	467.50	25.64%	1,556.90	56.30	3.62%
c) Air Transport	22.80	-	0.00%	193.50	-	0.00%
6 Consumer financing	9,332.30	849.80	9.11%	9,871.00	880.90	8.92%
a) Loans for the purchase of flats or other single-family dwellings	5,193.30	346.50	6.67%	5,775.70	368.30	6.38%
b) Loans for the purchase of motorized personal transport	469.00	14.10	3.01%	380.20	20.20	5.31%
c) Loans for the purchase of durable consumption goods	428.30	12.90	3.01%	288.50	11.00	3.81%
d) Credit card loans	1,211.40	73.80	6.09%	1,255.60	176.70	14.07%
e) Other personal loans	2,030.30	402.50	19.82%	2,171.00	304.70	14.04%
7 Loans to financial institutions	2,233.40	-	0.00%	3,434.10	-	0.00%
a) Loans to NBFIs	2,104.50	-	0.00%	2,263.60	-	0.00%
b) Loans to insurance companies	75.90	-	0.00%	90.40	-	0.00%
c) Loans to merchant banks and brokerage houses	53.00	-	0.00%	1,080.10	-	0.00%
8 Miscellaneous	9,620.98	8.30	0.09%	7,172.94	-	0.00%
Total	223,697.18	17,920.57	8.01%	197,413.64	10,324.70	5.23%



SUSTAINABILITY AND INTEGRATED ANALYSIS REPORTING

UCB Sustainability Report
Report on Corporate Social Responsibility (CSR)
Report on Sustainable Human Capital
Human Resource Accounting
Report on Green Banking
Report on Going Concern
Integrated Reporting
Contribution to National Economy
Value Added Statement
Economic value Added Statement
Market value Added Statement



UCB SUSTAINABILITY REPORT

Together we are
united; we are
united to achieve
sustainable growth

This Report outlines our efforts in making UCB a more sustainable bank to serve and support our customers and communities in the future

Sustainability Overview

Reporting Parameter

**Material aspects and
boundaries**

Stakeholder Engagement

Economic Sustainability

Product Responsibility

**Environmental and Societal
Responsibility**

**Key Highlights on
Sustainable Performance**

Sustainability: An Overview:

Sustainability means carrying out its business on a perpetual basis to contribute in economic and social wellbeing of the community in which we operate. Being sustainable means having a solid business model capable of generating recurring and stable revenue, delighted customers, disciplined use of capital, rationalization of cost, prudent risk management, strength of Brand to become sustainable corporate house and taking responsible decisions in context of ethical, social and environmental issues as well as long term welfare of the community.

Sustainability reporting represents the activities that have a direct impact on society, environment, and economic performance of an organization (known as the triple bottom line or Triple-P's; **People, Planet, Profit.**)

At UCB, we define sustainability in the broadest possible terms. It is about conducting our day-to-day business the right way and continuing to play a part in addressing some of the biggest challenges faced by society. First and foremost, however, we need to get the basics right for our customers.

Over the last few years, we have been building a sustainability programme that is able to help shape the strategy of the bank. It has taken that period to build up robust systems for managing social and environmental issues. We also tasked ourselves with the challenge of becoming the most transparent Bangladeshi bank, steadily improving the quality and materiality of our sustainability reporting and disclosure year on year. Our approach for preparing sustainability report can be summarized as follows:

Our Strategies and priorities to achieve sustainability:

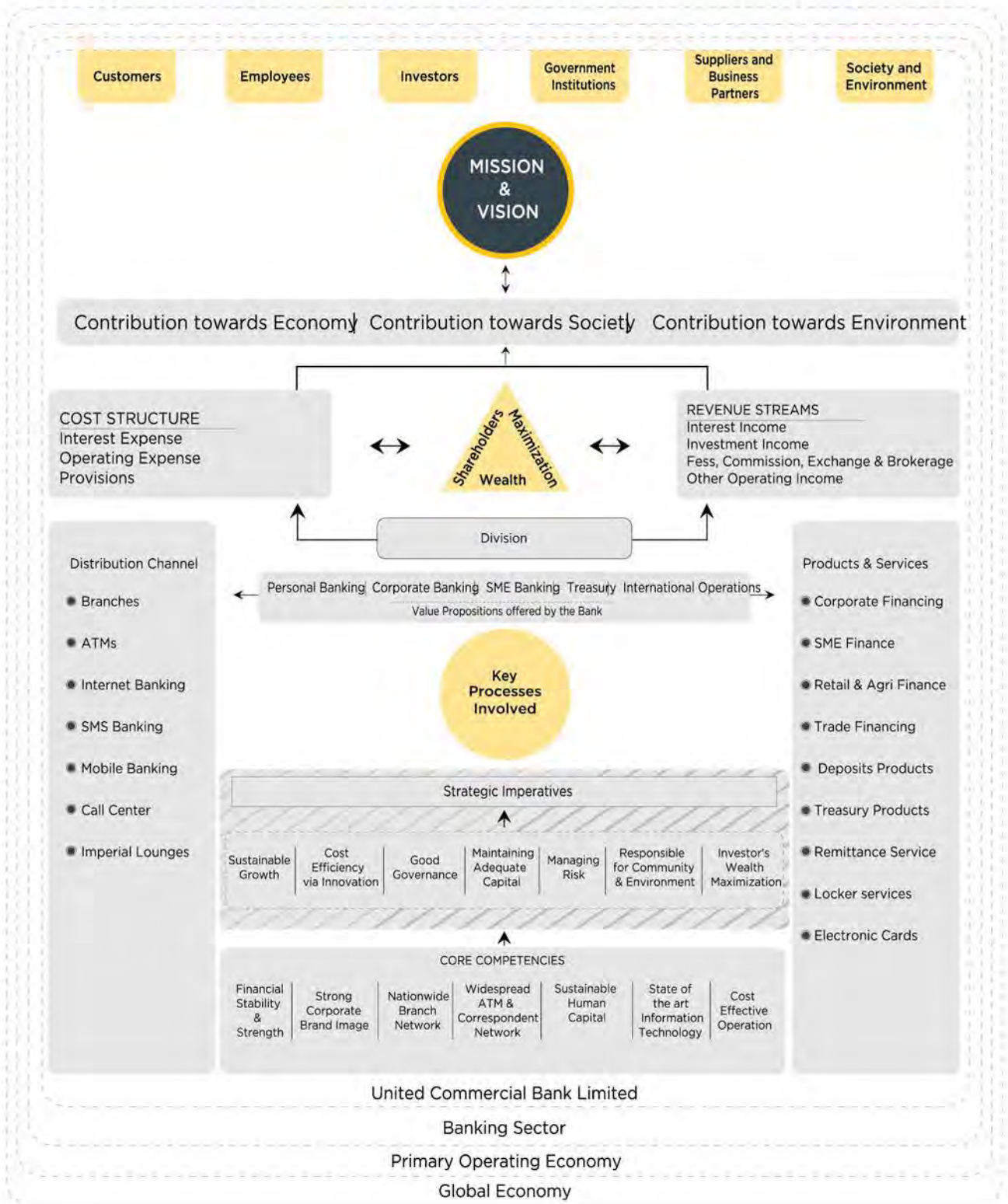
Our major source of income is the net interest income. This is the difference between the income we earn from the loans and advances we have made to our personal, corporate, SME and institutional customers and on our surplus funds and the interest we pay on deposits placed with us by our customers and our debt securities we have issued. We have income from investments which arises mainly from Govt. securities and other investments. We also earn fees from financial services and other products we provide to our customers.



The Bank has expanded its arena in different and diverse segments of banking like Retail Banking, SME Banking, Corporate Banking, Off-shore Banking, and Remittance. Besides various deposit and loan products of Retail Banking, the Bank caters export and import loan to deserving candidates which in turn helps the overall economy of the country through increased earning of foreign exchange.

The Bank, aiming to play a leading role in the economic activities of the country, is firmly engaged in the development of trade, commerce and industry by investing in network expansion and new technology adoption to have competitive advantage.

Sustainable Business model



Sustainability governance:

Board of Directors sets the framework for sustainability management by formulating business strategies and budget, policies for lending decisions, capital planning, risk appetite, corporate social responsibility, etc. Risk management is supervised by the Risk Management Committee of the Board. Besides the risk committee, there is a Board Audit Committee to ensure compliance and internal control.



Besides, Board level risk management committee, there is also designated key management committee for effective risk management purpose of the bank.

**Report Parameter**

This Report covers the economic, social and environmental performance of UCBL on December 31, 2016. This report follows the Global Reporting Initiatives (GRI) Guidelines, version G4 for sustainability reporting with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

Inclusivity:

In preparing this Report, we took into account key aspirations and concerns discovered through our stakeholders engagements, in our day-to-day interactions and from the community at large. It reviews the Bank's direct impacts on sustainability, as well as Corporate Social Responsibility (CSR) initiatives under taken by the Bank. The Stakeholder Engagement Process is discussed separately in the report.

Materiality:

This report covers the aspects identified as having at least a moderate impact on sustainability. The aspects identified as "Material" and the process for determining materiality is separately discussed in the report.

Coverage and Boundary of Aspects:

The report primarily covers sustainability impacts, risks and opportunities arising from the Bank's activities in Bangladesh. The report boundary of the year 2016 covers only banks operation run by corporate office, its branches, Zonal offices and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries are not within the scope of this report as the results of operations of these entities are insignificant compared to the overall results of the Group.

Reporting Cycle:

This is our Second Sustainability report prepared based on the Global Reporting Initiatives (GRI) Guidelines, version G4. Summarized sustainability report is being published annually in the Annual Report and we wish to publish the detailed version of the same in the website shortly.

UCB SUSTAINABILITY REPORT

Report Quality:

We take every effort to ensure that our corporate reporting meets widely accepted quality criteria, including:

- Completeness
- Comparability
- Accuracy and consistency
- Clarity
- Balance
- Credibility and Reliability

Feedback

We welcome any feedback on our sustainability reporting through our designated team working on this. Besides, any feedback can also be shared through info@ucb.com.bd.

Material aspects and boundaries:

We believe it is vital to align the Bank's business strategy with the expectations of our stakeholders. The content of this report therefore considers the full range of the Bank's business activities, along with our economic, environmental and social impacts and also the views expressed by our stakeholders.

We have identified and evaluated aspects according to their impact on, and contribution to, areas of sustainability related to the Bank's business strategy and operations. Aspects were categorized according to three levels of significance: high, moderate and low. The following table shows the level of significance according to various aspects relative to the triple bottom lines of sustainability:

SL Aspect No.	Significance to Bank's Operations	Aspect Boundary*		Materiality		UCB's Responses	
		Internal UCB's Operation	External Stakeholder	To the Bank	To the Stakeholder		
Economic							
1	Economic Performance	Most Significant	.	.	High	High	Value Added Statements
2	Capital Adequacy	Most Significant	.	.	High	High	BASEL Framework
Environmental							
3	Energy Consumption	Significant	.	.	High	High	Environmental Responsibility Section
Social: Labour Practices and Decent Work							
4	Occupational Health & Safety	Significant	.	.	High	High	Societal Responsibility Section
5	Training & Education	Significant	.	.	High	High	Societal Responsibility Section
6	Human Capital & talent management	Significant	.	.	High	Medium	Societal Responsibility Section
Social: Society							
7	Financial Inclusion	Significant	.	.	High	Medium	Societal Responsibility Section
8	Local Community	Significant	.	.	High	High	

* Aspect Boundary refers to the description of where impacts occur for each material Aspect. In setting the Aspect Boundaries, the Bank considers impacts within and outside of the organization

Stakeholder Engagement

We consider a "stakeholder" to be any person, group or entity that is affected by, or that we expect to be affected by the Bank's activities or their engagement with our organization. Accordingly, we identify the groups listed below as our key stakeholders, all of whom have an expressed interest in our economic, social and environmental performance:

- Investors (including shareholders and analysts)
- Customers Employees
- Government institutions (including legislators and regulators)
- Society in general
- The natural environment

The Stakeholder Engagement Process

The process ensures that any critical concerns are brought swiftly to the attention of the Board of Directors and senior management, prompting effective action. The Bank did not encounter any critical stakeholder concerns during 2016. The Bank's stakeholder engagement process is explained in the following diagram.



How We Connect with Stakeholder Groups:

The following table discussed on various aspects of stakeholders, their engagement process and our responses:

Our Stakeholders	Mode of Engagement	Frequency of Engagement	Their Priorities	Methodologies Employed to Respond
Customers	<ul style="list-style-type: none"> . Customer satisfaction Survey . Touch points . Relationship managers' engagement with corporate customers . Media advertisements . Corporate website 	<ul style="list-style-type: none"> . As Required . As Required . As Required . As Required . Continuous 	<ul style="list-style-type: none"> . Innovation in products/ services . Pricing of products/services . Branches/ATM/Touch points . Service Quality . Competitive Pricing . Flexibility in offerings 	<ul style="list-style-type: none"> . Implementation of CBS (Oracle Flexcube 12.0.2) and Process Reengineering . Enhanced monitoring and due diligence . Vibrant ALCO Team to decide on pricing . E-Banking: (Internet Banking, SMS Banking, Mobile Banking)
Investor's including Shareholder and Analyst	<ul style="list-style-type: none"> . Annual Report . Annual General Meeting . Extraordinary General Meetings . Interim Financial Statements . Press/ Media Conferences . Corporate Announcements to Stock Exchanges 	<ul style="list-style-type: none"> . Annually . Annually . As Required . Quarterly . As Required . As Required 	<ul style="list-style-type: none"> . Results of operation . Business Plans . Sustainable Growth . Assets Quality 	<ul style="list-style-type: none"> . Concerns of existing and prospective shareholders are addressed. . Financial Risk Management Process . Risk Mgt. Culture . Sustainable Plow Back Ratio . Timely debt repayment
Employees	<ul style="list-style-type: none"> . Manager's Conference . Internal News Letter (UCB Vocal Point) . Cross Functioning Training Program . Intranet Portal 	<ul style="list-style-type: none"> . As Required . Quarterly . As Required . Continuous 	<ul style="list-style-type: none"> . Staff Welfare Measure . Remuneration linked with performance . Whistle blowing mechanism . Training and workshop programs 	<ul style="list-style-type: none"> . Salary packages revised and adjusted considering industry averages . Comprehensive CBS Training and other pertinent training . Health & safety standards are maintained including Gym in Corporate office
Government Institutions including Legislators And Regulators	<ul style="list-style-type: none"> . On-site surveillance by the Bangladesh Bank . Directives & Circulars . Filling of Returns & Statements . Meetings 	<ul style="list-style-type: none"> . Annually . As Required . Within Deadlines . As Required 	<ul style="list-style-type: none"> . Proper compliance with laws & Regulations . Timely payment of all regulatory dues . Timely reporting 	<ul style="list-style-type: none"> . Ensuring strict compliance with all regulatory matters . Focus on Compliance Culture
Society & Environment	<ul style="list-style-type: none"> . Delivery channels . Press/Media conferences/releases . Public events . Call Centre . CSR Activities 	<ul style="list-style-type: none"> . Continuous . As required . As required . Continuous 	<ul style="list-style-type: none"> . Financial Inclusion . Micro/SME Financing . Green Banking . Sustainable operations . Compensation for adverse impact for Bank's operation 	<ul style="list-style-type: none"> . Strongly consider environmental and social impact and restrain from adverse impact upon society . Contribution to education, health, disaster mgt. & environmental sector . Financial inclusion through Mobile banking and EBK operations

Economic Sustainability:

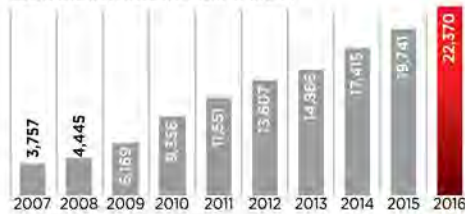
UCBL always strived to repay the trust shareholders have placed in us by returning maximum value. At the same time, in our quest for sustainable growth we work with variety stakeholders - including customers, employees and suppliers - to help them achieve their aspirations. We conduct the Bank's business in a transparent and in an ethical manner, managing risk and pursuing opportunities while adhering to the principles of good governance.

The Board of Directors guides UCB's approach to economic sustainability with a comprehensive corporate plan. This plan reflects the inputs of all key strategic business units - Personal Banking, Corporate Banking, Treasury and International Operations - as well as other support service units. The needs of each business unit are addressed in the annual budget. Our detailed budgeting includes specific goals for each branch, with resources allocated according to the Bank's overall strategic objectives.

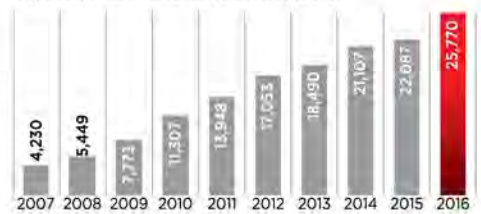
The sections of this Annual Report devoted to "Corporate Governance" and "Risk Management Report" discuss in detail how we govern our business and manage risk, respectively. The Bank's performance against defined economic targets is discussed in various reports of the Annual Report 2016 like "Business Review"; "Segmental Analysis"; "Value Added Statements" etc. Report on Capital Adequacy has been separately discussed in the BASEL report section.

Key Highlights on Sustainable Performance: Graphics of Last 10 Years Financial Summary

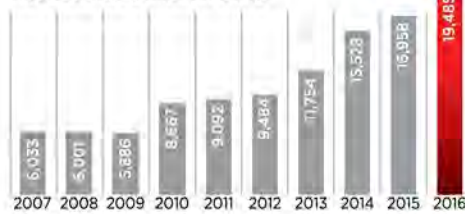
Loans and advances (Amount in Crore)



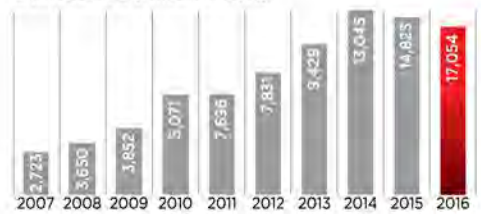
Deposit & Other Accounts (Amount in Crore)



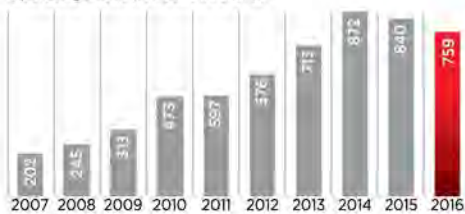
Import Business (Amount in Crore)



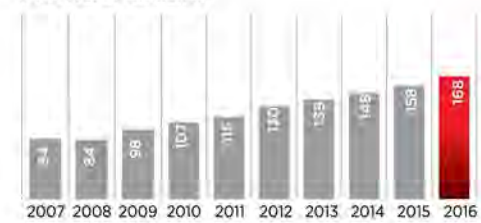
Export Business (Amount in Crore)



Operating Profit (Amount in Crore)

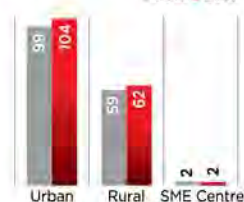


Total No. of Branches

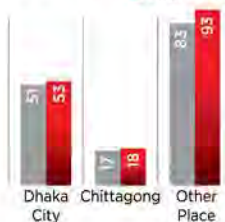


Graphics of other non financial data impacting bank's sustainability:

Geographical Distribution of Branch



Geographical Distribution of ATM



Number of Customers A/C



Product/ Services Responsibility:

The bank offers a wide range of products and services designed to meet spectrum of customers need. We constantly refine our existing products and develop new products and services addressing the evolving requirements of our customers, as well as technological change, market competition and economic and demographic developments. Flexible options within our offerings enable customers to tailor products and services to their exact needs. The Bank's mix of delivery channels has been a strong factor in our growth and success, strengthening customer loyalty connect with us in a variety of ways, at any time of the day and from wherever they are. We are proactive in making service improvements, introducing state-of-the-art technology into our processes and channels to enhance our reach and efficiency in delivery. The next few sections/ paragraphs discussed on our major initiatives in discharging Product/Services Responsibilities:

**Simplifying products and services:**

In 2016 we have simplified our product and services range so that our customers can make the right financial choices for their circumstances. UCB always focuses on offering cost effective and sustainable products and services to meet customers' need. These products and services are not offered solely on financial considerations but also to incorporate ethical, social and environmental aspects.

Training and development:

UCB pursue its people development program so that the professionalism of all staff goes beyond complying with laws, codes of conduct and internal regulations; they respect the social, ethical and environmental commitment of the Bank. The bank invested in the relationship managers who work with customers, giving them the appropriate skills for understanding and catering for their customers' needs.

Sustainable Technology and Process:

UCB's technological and operational systems make it one of the most efficient online banks in the country. The bank is investing continuously in technology to ensure data security, faster and reliable customer service, as well as minimizing operational risk to customers. The Bank focuses its efforts on improving its internal processes to become more efficient and add value for the customer.

Implementation of Core Banking Software:

The Bank implemented Core Banking Software (CBS) namely Oracle Flexcube 12.0.2 in all 168 branches as well as Head office including Offshore Banking Unit (OBU). CORE Banking may stand for "centralized online real-time electronic banking". All the branches of bank access applications from centralized data centers. This means that the transactions made are reflected immediately on the bank's servers and the customer can make transaction from any of the bank's branches or banking channel throughout the world. All these ensure state of the art banking experience for our customers.

UCB Electronic Booth (UCB Express):

The bank has launched UCB Electronic Booth named as “UCB Express” at Rupgonj, Narayanganj (Pilot basis) as a part of inclusive banking services through digitalized banking services across the country. “UCB Electronic Booth (UCB Express)” is a new digital service point ensuring end to end service except direct cash dealing for the first time of its nature in the banking arena and will provide faster financial services to the un-banked segments of the country at an affordable cost.



Environmental and Societal Responsibility

Environmental and Social Obligations:

Upholding environmental and social standards with our stakeholders is integral to being a responsible company. UCB also considers the responsibility for protection of human rights, gender equality, and consumer protection. UCB strongly believes in maximizing values for its stakeholders rather than maximizing profits at the cost of the longer term interests of the community. Sustainable development can only be ensured when environmental and social factors are considered as a whole. Please be noted that as part of Bangladesh Bank guidelines, a separate policy has been formulated and approved by the BoD as **Environmental Risk Management (ERM) Policy** which is aligned with the Credit Risk Management Policy of the Bank.

We primarily assume our obligation to conduct enhanced due diligence on customers and transactions involved in activities with potentially high environmental and social impacts, and expect our customers to adhere to international environmental and social standards. We aim to make a positive social impact in our communities. Throughout our history we've delivered a range of partnerships and programmes to make a difference on issues that are important to us and to our customers, such as financial education, helping people start a business, and backing the charitable efforts of our employees and customers. Our obligation to human rights includes sector-specific human rights risk screenings process which are regularly reviewed and updated to ensure best practice. We conduct due diligence on clients relating to human rights standards, and expect our clients to share our commitment to respect human rights within their operations. We will not provide financial services to companies involved in harmful child labour or forced labour.



Incorporation of environmental risks in core risk management:

We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess a prospective borrower. This includes integrating environmental risks in the checklists, audit guidelines and reporting formats. All of this help mainstream environmental risk that covers possible sources of environmental risk such as land use, climate change related events (cyclone, drought), animal diseases/pathogens such as avian influenza, solid waste including waste feed, animal waste, carcasses, sediments, wastewater discharges, hazardous materials, etc.

All the branches/ SME centers are obligated to incorporate environmental risk management (ERM) component in their credit proposals as per guideline.

Assessing, screening & monitoring environmental and social risks

For assessing environmental risk, EDD checklists, 1 general and 10 sector specific (additional), are provided along with a guidance matrix for using as minimum standard to process credit proposals. Ten specific sectors are agriculture, cement, chemicals, engineering & basic metal, housing, pulp & paper, sugar & distilleries, tannery, textile & apparels, and ship breaking. If environment risk is rated 'right' the proposals are approved by the executive committee/board and additional environmental and social covenants are incorporated.

We conduct monitoring through obtaining site and environmental clearance certificate and site visit to check compliance of environmental and social covenants. Our environmental due diligence process identifies potential risks, determines their impact and severity and suggests way to mitigate them.

Improving staff competency for environmental and social responsibility:

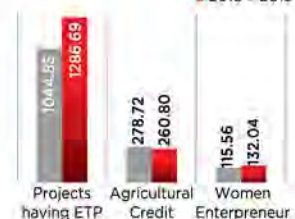
To achieve the business at the optimum level and to sustain with the changing nature of business environment, UCB always puts enormous emphasis on improving staff competency for environmental and social responsibility.

Environmental and Social Initiatives/ Performances:

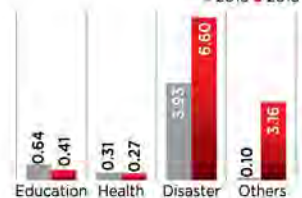
UCB strives to meet and exceed the social and environmental expectations beyond the minimum regulatory requirements. Integration of ethical, social and environmental criteria in business decision making process was our core initiatives in 2015. Some notable **Environmental initiatives** are given below:

- ❑ UCB has formulated an Environmental Risk Management Policy in December 2011 to understand and manage risks arising from environmental concerns. This policy is designed in line with the Bangladesh Bank guidelines. Environmental change risk is to be considered as part of existing credit policy of the bank to assess a prospective borrower. In this connection, specific checklist has been formulated and introduced which will help reviewing possible sources of environmental risks.
- ❑ Introducing Green Marketing which is the marketing of products that are environmentally safe. UCB has taken initiatives to use environmental causes for marketing their services to consumer and to create awareness among mass people.

Cumulative Balance of Outstanding Loans (Amount in core)



Expenditures in CSR Activities (Amount in core)





UCB SUSTAINABILITY REPORT

- ❑ UCB has given preferences for financing in eco-friendly business activities and energy efficient industries like Effluent Treatment Plant, renewable energy project, clean water supply, waste management plan, solid & hazardous disposal plant, bio gas plant, bio-fertilized etc. The Bank has financed Term Loan of Tk.16.85 Crore to establish two brick fields using Hybrid Hoffman Kiln (HHK) technology.
- ❑ Variable Refrigerant Flow (VRF) system Air Cooler, lessening around 25% electricity consumption, has been installed at Bank's Corporate Head Office.
- ❑ The Bank has started installing energy efficient bulbs in the newly established Branches.
- ❑ As an initiative of establishing environment friendly Branches, the Bank has introduced solar energy system in some branches and other branches will be equipped with the same system phase by phase.
- ❑ Different divisions of the Bank are disseminating operational guidelines, circulars and Management decisions as well as collecting statements through email reducing use of paper.
- ❑ The Data Center built inside the Corporate Head Office at Gulshan uses In-Row Precision Air-Cooling System which ensures minimum power consumption to maintain necessary temperature for the Data Centre Equipments.
- ❑ Number of Application and Database Servers has been consolidated in high capacity Servers which has reduced power consumption.
- ❑ Managed Rack based Structured Network has been implemented at Data Center. As such required space and dissipated heat is much less compared to traditional Data Centre.
- ❑ Central UPS (Uninterrupted Power Supply) installed at each floor which reduces total backup power requirement.
- ❑ Separate Network Switch room at each floor reduces unnecessary cable laying in the Data Center.
- ❑ CRT (Cathode Ray Tube) Monitor has been replaced by LCD (Liquid Cristal Display) Monitor in all work stations in Head Office which reduces dissipated heat and power requirement for the computer system.
- ❑ UCB is the pioneer in introduction of Bangladesh Electronic Fund Transfer Network (BEFTN) & Realtime gross settlement (RTGS) transaction system which reduces dependency on paper-based transaction.
- ❑ Application of Environmental and Social (E&S) risk management procedures in assessing credit applications which are susceptible to environmentally hazardous operation.
- ❑ Maintain negative list of sectors (adversely impacting the environment) in the credit policy as best practice.
- ❑ UCB has already implemented a robust Core Banking Software (CBS) covering all banking operations including delivery channels as well as Offshore Banking. With the implementation of CBS, now UCB is well equipped to offer more paperless and eco friendly banking services.
- ❑ To automate work flow, increase operational efficiency and to reduce carbon emission, UCB has also taken the following measures and projects which are underway for implementation of corporate objectives on **green banking**:
 - Implementation of Enterprise Resource Planning (ERP) software for Office Automation
 - Implementation of Corporate Intranet Portal
 - Implementation of a new Green Disaster Recovery Site (DRS)

A separate report on UCB green banking initiatives have been added with this annual report

UCB always emphasizes green banking Initiatives by its customers. There fore UCB financed the following customers under various green finance projects

Branch Name	Customer Name	Purpose of the Finance
Principal	Ayesha Clothing Company Ltd.	Green Factory
	Well Fashion Ltd.	Remediation Financing
Agrabad	Chittagong Fashion	Specialized Textiles Ltd. SEF
	Presentation Apparels Ltd.	SEF
	Overseas Apparels & Embroidery Ltd	SEF
Elephant Road	Energy Plus Electric & Electronic	For establishment of LED Manufacturing Unit
	Maxcom International (BD) Ltd	(Remediation Financing) for fire sprinkler, fire protection, fire detection & alarm
	Al-islam Textile Mills Ltd.	(Remediation Financing) retrofitting
Jubilee Road	Independent Apparels Ltd	SEF
Kadamtali	Dragoni Fashion	(Remediation Financing) in structural, electrical & fire safety issues
Gulshan	Knit Asia Ltd	For procurement of fire-fighting equipment for remediation financing Green Industry
Foreign Exchange	DENIM ATTIRE LTD.	Remediation Financing(import of Fire Safety equipments)
	FASHION FLASH LTD.	Remediation Financing(procurement of Fire Hydrant accessories & Lighting protection system)
Mohakhali	Dird Composite Textile Ltd.	For establishment of green composite industry
	Lyric Industries (Pvt.) Ltd. & Lyric Apparels	Green Industry
Uttara	FGS Denim Wear Ltd.	(Remediation Financing)(Fire safety & electrical requirement)
	A R Jeans Producer	For Establishment of Green Industry
Banani	Aspire Garments Limited	For procurement of fire-fighting equipment to set up Green Factory
	Shin Shin Apparels Ltd	Fire and electronic equipment compliance
	Vancot Limited	(Remediation Financing), Busbar trunking system, LED Lighting system, Tiles, Plastic fiber worker chair
Corporate	Surma Garments Ltd.	(Remediation Financing)
Mirpur Road	Deva Ltd.	Green Project

Sustainable Banking Operations:

UCB always focuses on sustainable banking operations where customer service excellence, reducing service lead time, minimizing costs/operational loss, promoting green banking activities and conservation of natural resources has been set at its core.



With this view in mind, UCB has been relentlessly seeking for advancement of its existing product process and people. During the year 2016, the Business Operation Division of Corporate Head Office has initiated some major projects to uphold the core values of sustainable banking operation which are presented below:

- Encashment of Pay order from any Branch
- Individual/Retail Customer Cheque Book requisition and delivery facility from any Branch
- Entering TD instrument Number/Leaf Number in FCUBS
- SMS alert for cheque book delivery
- Welcome Pack (Pre-Generated Retail Account) production, Delivery
- Duplicate Term Deposit Instrument issuance process
- KYC & TP information to be mandatory during Account Opening
- Introduction of Debit Card Creation Automation
- Introduction of Credit Card bill payment posting through Bill Management System (BMS)
- Introduction of Debit Card Creation Automation
- Introduction of Credit Card bill payment posting through Bill Management System (BMS)

Our activities in educational sector include:

- Initiatives to enhance the capability of extra-curriculum involvement of school college university students.
- Scholarship for poor and brilliant students.
- Financial support for education for underprivileged children
- Extensive literacy programs
- Educate the next generation of consumers in our markets on how to save, spend, borrow and manage money wisely.
- Donations to educational institutions for educational development purposes
- Initiatives on knowledge enhancement programs such as debate, art competition, science fair, career fair etc.

Our activities in Health sector include:

- Financial Assistance to poor and destitute for their health issues.
- Donation to Non-Profit organizations for working on child health, disability, underprivileged children etc.
- Donation to Non-Profit organizations who give free treatment to the destitute.
- Social awareness during outbreak of Epidemic, plague or other severe contagious diseases.
- Awareness on survival and healthy development of children.
- Initiatives to create awareness about health and well being of women.
- Public awareness on maintenance of healthy lifestyles etc..
- Donating to different health-care institutions.

Our activities in Disaster Management include:

- Financial support to government and non-government relief & welfare funds for victims of natural disasters like storm, flood, earthquake, severe winter etc.
- Creating awareness for effective intervention and mitigation of disasters in Bangladesh.

Our activities in Sports sector include:

- Patronization on sports and youth development especially at rural and sub-urban level.
- Financial support for development of major sports like football, cricket and golf.

Our activities in Art and Culture sector include:

- Financial support to different cultural groups and associations.
- Financial support to poor artists.
- Donation to institutions/ associations who work for development of art & culture etc.
- Organizing art competition, photography completion etc to provide opportunity to children to blossom their talent.
- Arranging and supporting different classical cultural events.
- Promotion and support to local cultural traditions.
- Awareness on preserving rich cultural heritage of Bangladesh.
- Financial support and Scholarship to young and budding talents.
- Initiatives taken for the purpose of study /exploration of our socio-cultural evolution.

Our Activities in Socio-economic Development include:

- Financial support to non-profit organizations who work with poor and destitute to improve their financial condition.
- Financial support to organizations who work on human rights, child rights, labor rights, women empowerment etc.
- CSR awareness among employees and Employee involvement in social and voluntary works.
- Developing the tourism industry in the country.
- Support for development of textile sector in the country..
- Support and development for SME sector.
- Encouraging women entrepreneurship.

Financial Inclusion:

Financial inclusion remained a strategic priority for the year 2016, to contribute to poverty alleviation by way of Agri-credit, promoting 'Ektee Bari Ektee Khamar' (EBEK) project and Mobile Financial Services. The lending is done to support job creation and economic development in the country. We are also committed for extending access to finance for individuals and small businesses that have traditionally been underserved by financial institutions.

Our Tax and VAT responsibilities:

At UCB we are committed for responsible management of our tax and VAT affairs, including a transparent and compliant approach to law. We have tax specialists/advisor who ensures that we comply with the law in an accurate and timely manner. We are transparent in our interaction with tax and VAT authorities. We also consult with NBR on any transactions with tax and VAT implications to ensure we meet the principles of the code.

Conclusion;

We are publishing this report for the Second time in a very concise manner in the annual report covering our major activities in the year 2016- This report is self-declared and as there is no external assurance service available in our country, our report could not be verified by external assurance.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

United Commercial Bank Limited, the largest private commercial bank of the country has set up the effective implementation of Corporate Social Responsibility as one of the core priorities for business to have positive impact in society. CSR has always been treated as integral part of our organization with involvement in continuous contribution towards economic and social development which in the long run leads to building a prosperous nation. Our commitment illustrates the progress of corporate social responsibility at our organization and can be seen in the way we run our organization, the inclusive and supportive workplace we create for our employees, the responsible products and services we offer our customers, and the impact we make around in helping local economies thrive.

In the spirit of living and working together for the common good, we at United Commercial Bank Limited take an approach to business that is both socially responsible and economically feasible. In all we do, we are guided by a common purpose to make financial lives better by connecting our customers, clients, and communities with the resources they need to be successful. Our approach to corporate social responsibility focuses to create economic, environmental, and social value. It aims to set the direction for a future-orientated business strategy that balances economic success with environmental and social responsibility.



Donation to Prime Ministers Relief Fund

UCB abides with all laws and regulations of the country in which it operates, in addition to acting in accordance with social norms and moral values. We support education projects that empower the next generation to achieve their full potential, and help to remove social and economic barriers that hold them back. We assist enterprises that help drive positive change in society to get off the ground and reach to the next level. And we contribute to stronger and more inclusive communities through local provision for key concerns, and by enriching the cultural landscape. We do this together with like-minded partners from public and private sectors and with the commitment of our highly-skilled workforce.

In UCB, we have organized our activities in some major areas which we consider as prime interventions with the spirit of Corporate Social Responsibility. In the year 2016, our total expenditure in CSR arena was BDT 104.38 million.

Education:

United Commercial Bank Limited has always been directly or indirectly involved in projects for improvement in educational sector of Bangladesh. UCB has long been practicing CSR through scholarship for poor and brilliant students, education promotion scheme, education for underprivileged children, donation to educational institutions etc.

We assisted Sultana Memorial Girls' High School, Feni to rebuild its infrastructure which was burnt by miscreants during election. On the other hand, 5 computers had been donated to Munira Mozaher Hosne Aziz Foundation. They are a charity computer training institute providing computer training to poor students.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Shah Waliullah Institute is a famous educational institution of Chittagong where a huge number of students are enrolled for gaining knowledge. Their school building was not large enough to accommodate this huge number of students. In such a situation, UCB assisted for the infrastructural development of Shah Waliullah Institute. Also, financial assistance was provided against Anwarul Azim Girls' High School, Chittagong.

Change Foundation is a non-government organization working for the socio-economic development of poor people in Natore. They are providing educational support, vocational training, skill improvement schemes etc for mass people. UCB has been supporting such humanitarian grounds. Financial assistance was provided to Change Foundation for educational support to poor and underprivileged people.

Proyash is a specialized school for the children with disabilities. Bangladesh Army operates this school. UCB supported this noble cause and came with a handful support to Proyash Rangpur school.

Besides these, UCB also provided financial assistance to different educational institutions like Chittagong University, Narayangonj Govt. Mohila College, Jamalur Rahman Khan Science Technology School & College, Chittagong and many more as part of their responsibility to the society.

Health:

Over the years, UCB has been contributing in health sector in Bangladesh which includes donation to different health-care institutions, financial assistance to under privileged & poor people, raising awareness about epidemics etc. Year 2016 was no exception. Round the year UCB contributed to different projects for improvement of health sector in Bangladesh. Some of these are improvement in medical education, survival and healthy development, disability reduction and the adoption and maintenance of healthy lifestyles etc.



Blanket Distribution to poor people

A five months baby girl is suffering from a critical disease named Biliary Artesia and she was in need of Liver Transplant. United Commercial Bank Limited assisted for her treatment. Assistance was provided for treatment of Minar Uddin, a meritorious student of University of Dhaka who is a depressing victim of electric shock and severely burnt.

Assistance was provided to Seher Autism Centre, a nonprofit and charitable organization working for the development of children with autism. Financial assistance was also provided for Blind Welfare Somity, Faridpur. Moreover, donation was made to a person suffering from Cancer.

The Patharghata Health Development Society is a charitable organization working for the free treatment of poor and needy regardless of caste, creed or religion. UCB provided financial assistance for their noble cause.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Lucky Akhand, a very prominent musician of the country is depressing victim of cancer. A welfare foundation named Shilpir Pashe Foundation was formed to contribute for his treatment. UCB came to know such pathetic situation of Lucky Akhand and subsequently provided financial assistance. Moreover, donation was made for Chittagong Samity Dhaka Hospital Fund.

Disaster Management:

As a socially responsible corporate body, UCB always comes forward in response to disaster management whether a natural calamity or tragic accident. In year 2016, UCB provided donation of Taka 2,25,00,000.00 to Prime Minister's Relief Fund. Moreover, UCB distributed a total of 2,00,000 pcs of blankets among the deprived and unfortunate people to provide them warmth during the horrible winter months. Blankets were distributed in those areas where people were more prone to the wrath of cold winter.



Distribution of blankets to destitute people

Socio-Economic Development:

Assistance was provided to Law & Order Coordination Committee of Gulshan Police Station, DMP, Dhaka on their CCTV surveillance project. Donation was also made for set up CC camera on various places of Brahmanbaria & Moulvibazar to secure law & order.

We made donation on Satkania Lohagara Samity, Dhaka for distributing 20 Sewing machines to distressed women. It was initiated as a measure to create self employment activities for marginalized people.

We also donated to Panchbibi Thana Authority, Joypurhat. It was for rehabilitation of drug dealers who are willing to get back to the normal life.

UCB distributed Sharee & Lungi to poorest segment of society. 15000 pcs of Lungi and 60000 pcs of Sharee were distributed to poor and distressed people.

Sports:

UCB always highlights on youth development and sports. We provided donation to Jahangirnagar University for participating in Inter University Athletics competition.

In the coming years, we plan to expand our CSR activities in more areas. We will undertake lots of new CSR projects in different areas keeping education, environment and health at the core. We will also try to incorporate our employees in more community and voluntary works. Overall, UCB will contribute to sustainable development through persistent and active CSR initiatives.



Donation for Minar Uddin, a burnt victim



REPORT ON SUSTAINABLE HUMAN CAPITAL

Human capital is one of the organization's most valuable assets. Ensuring a cohesive link between business strategy and talent is critical to achieve optimal business performance. With this view in mind, the Human Resources Management Division (HRMD) thrives to align the human capital strategy with the business strategy which includes designing and implementing appropriate strategies to attract, develop, deploy, engage, and reward employees to achieve organizational results.

UCBL always considers quality and skilled Human Resources as one of the most valued assets for the Bank to attain organizational objectives and goals. The bank has a special focus on converting the human resources into the human capital. With this view of mind, UCB has undergone the following major initiatives:

Capacity Building of the employees

UCB adopts strategy to attract the best talents and develop their expertise through rigorous training programs and motivates them to perform with utmost professionalism and commitment for the continuous growth and development of the Bank. UCB believes that training is an ongoing process and is the most vital way of continuous human capital development.

UCB Learning & Development center designs Training Programs considering the level of the participants. LDC in its well equipped premises organizes in house Trainings such as; Foundation Training Course, Advance Courses on General Banking, Credit Management & Foreign Trade etc for junior & mid level employees.

LDC also organizes various issue focused courses throughout the year. LDC also organizes Training Programs in collaboration with Bangladesh Bank, BIBM, BBTA etc. Foreign Trainings are also organized in countries like China, Malaysia, Thailand, Nepal, India etc. Details of Training programs arranged by LDC is available in the Report on Human Resource Management.



*Training session going on in one of the LDC rooms

Work Place Environment

Bank's Contribution towards Employees Health and Safety:

UCBL strongly believes that safe & healthy work place is a precondition to deliver desired services to valued customers. To create a healthy and safe working atmosphere the Bank gives utmost priority by facilitating ambient lighting system, central air-conditioning, pure drinking water, canteen facility, separate prayer room for both male and female, sufficient sanitary facilities, neat and clean office premises etc.

All the branches, zonal offices and every department of corporate office are well decorated having sufficient breathing spaces. A team of logistics supports and services department of the bank is specially entrusted to visit regularly to monitor cleanliness, safety measures and other amenities remains ensured in all outlets. If found any deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

In 2015, the bank has established Gymnasium at 12th floor of Corporate head office which is open from 6.00 AM to 10.00 AM and then from 6.00 PM to 11.00 PM for all of its employees.

The Bank has fire safety alarms, fire extinguishers and emergency exit in its all premises in order to safeguarding the lives of its employees, customers and stakeholders in the event of any conflagration. Smoking is strictly prohibited in office premises and employees are also strictly forbidden from being under influence of alcohol or any other improper use of drugs. Moreover, we arrange annual fire drill where participation is compulsory for the employees.



Overview of UCB Canteen



Overview of UCB GYM

Balanced Manpower Position:

Total manpower position of the Bank stood at 4152 as on December 31, 2016. Breakdowns are as follows:

Type	2016		2015	
	Employees	%	Employees	%
Executives	420	10.12	341	8.89
Officers	3,225	77.67	2,956	77.04
Total	3,645	87.79	3,297	85.93
Staff	507	12.21	540	14.07
Total	4,152	100.00	3,837	100.00

Creation of New Employment Opportunity:

UCBL provides employment opportunities for the fresh post graduates from diverse disciplines as well as for the experienced bankers also. In 2016, the bank's recruitment status is as follows:

Category	No. of Employees recruited in 2016
Fresh Entrants	260
Experienced Bankers	218
Total	478



Our Commitment

Balanced workforce diversity as on 31 December 2016

Gender	2016		2015	
	Employees	%	Employees	%
Male	3,428	82.56	3,212	83.71
Female	724	17.44	625	16.29
Total	4,152	100.00	3,837	100.00

Employee Age Grouping as on 31 December 2016:

Age Group	Male	Female	Total	%
Below 30	566	192	758	18.26
30-39	1,522	368	1,890	45.52
40-49	755	113	868	20.91
50 & Above	585	51	636	15.32
Total	3,428	724	4152	100.00

Region Wise Manpower Distribution as on 31 December 2016

Zone	Male	Female	Total	%
Dhaka	2,136	510	2,646	63.73
Chittagong	681	160	841	20.26
Noakhali	185	10	195	4.70
Sylhet	147	9	156	3.76
Rajshahi	126	10	136	3.28
Rangpur	26	5	31	0.75
Khulna	105	16	121	2.91
Barisal	22	4	26	0.63
Total	3,428	724	4,152	100.00

Bank's employees are mostly posted to Dhaka and Chittagong region since most of our delivery channels are located in these two locality. However, we encourage our employees to move around different areas of the business, and help us bring together diverse skills and varied expertise to create innovative, high performing teams.

Sustainable Employee Relations and Retention:

We believe in pursuing a long term warming relationship with the employees by providing competitive compensation package, career progression opportunity etc. which ultimately ensures very low turnover rate:

Employee Turnover for the last three years:

Year	No. of Employees	Turnover rate
2016	157	3.93%
2015	182	4.82%
2014	172	9.01%

The Bank has the following major initiatives under sustainable employee relations and retentions programs:

Equitable compensation & benefits package

UCB has a flexible compensation and benefits system that helps to ensure pay equity, is linked with performance that is understood by employees, and keeps in touch with employee desires and what's coveted in the market, while maintaining a balance with the business affordability.

Employee's Reward & Recognition program

UCB has a well-designed Reward & Recognition program that gives special attention to employees' actions, efforts, behavior and performance. It meets the intrinsic psychological need for appreciation of employees' efforts and supports business strategy by reinforcing certain behaviors (e.g., extraordinary accomplishments) that contribute to Bank's success.

Career growth

UCB supports career opportunities internally so that talented employees are placed in upgraded positions and thereby enables them to deliver their greatest value to the organization. In addition to vertical career growth, employees may also grow horizontally. Whenever possible Human Resources Division mobilizes employees across different functions and branches; thus assisting them to progress with varied skills and experience.

Succession planning

UCB identifies and retains those manpower who can potentially be the successors of mission critical roles. UCB acknowledges that Succession Planning & Management is vital to the continued success of the Bank. UCB continuously assesses organizational, divisional and team capability gaps to identify, develop and retain the successors in a timely manner to meet the demands of the future.

Team Building and Creation of Future Leaders

With a view to creating a synergic atmosphere, the Bank is led by a team of proficient, dedicated and diligent professionals who endeavor to gain excellence in day to day Banking operations. The Bank creates future leadership by providing adequate both on-site and off-site training, changing and adding responsibility. The best are sieved out and elevated to demanding positions.

Grievances and counseling

Since employee's behavior affects work discipline, HR Division always encourages employees to report if they have any work related grievance. Time to time HR Division also counsels employees as part of its job as people's advocate.

At ucb we hire attitude not skills

Our Commitment



HUMAN RESOURCE ACCOUNTING

Human Resource Accounting (HRA) is a new branch of accounting which entails a process of measuring the costs incurred by the organization to recruit, select, hire, train, and develop human assets. Therefore, HRA, thus, not only involves measurement of all the costs/ investments associated with the recruitment, placement, training and development of employees, but also the quantification of the economic value of the people in an organization.

As part of it, UCBL considers all kind of expenses made for its employees as investment which will ultimately generate plausible outcome.

An overview of HR Accounting is given below:

(Figures in BDT)

Particulars	2016	2015	2014
Total No. of employees	4,152	3,837	3,679
Total salary & allowances cost per employee	1,243,137	1,028,841	975,562
Total Operating cost per employee	2,108,549	1,862,305	1,764,047
Gross Revenue per employee	6,872,861	7,886,157	8,056,437
Operating income per employee	3,935,953	4,052,125	4,134,110
Operating Profit per Employee	1,827,404	2,189,820	2,370,063
Salary cost as % of operating cost	58.96%	55.25%	55.30%
Salary cost as % of operating income	31.58%	25.39%	23.60%
Per employee productivity (Profit Before tax)	1,249,973	1,890,107	1,858,025
Per employee productivity (Profit After tax)	633,101	1,036,576	997,208

Per Employee Profitability Analysis

BDT in Million

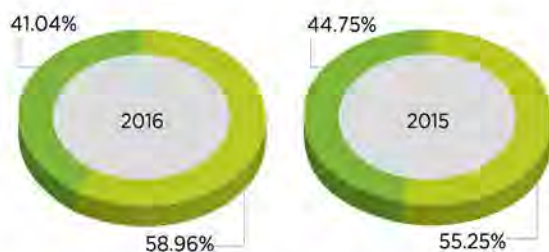
2014 2015 2016



Per Employee Cost Analysis

Figures in BDT

Salary & allowances cost per employee
Total operating cost per employee



- Salary & allowances as % of total operating cost
- Other Operating Cost as % of total operating cost

Salary as % of Operating Cost & Income

Salary cost as % of operating cost
Salary cost as % of operating income





REPORT ON GREEN BANKING

The environment and climate change effect on human existence as well as the planet are now a global concern because the changes have direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. The key areas of environmental degradation cover air pollution, water pollution and scarcity, encroachment of rivers, improper disposal of industrial medical and house-hold waste, deforestation, loss of open space and loss of biodiversity. The state of environment of Bangladesh is rapidly deteriorating. Moreover, Bangladesh is one of the most climate change vulnerable countries.



The globe is encompassing immense environmental effects due to the activities of business, industries and financial houses. Moreover, the effects of climate change also create specific environmental issues for the enterprises and living beings at large. On the other hand, in-house consumption and use of paper, electricity, water, fuel, stationeries, equipments, technologies, etc. of the business and financial institutions pollutes the environment in different ways and capacities. As such, the society demands that the Banks and financial institutions should take responsibility for keeping the environment

green and safeguarding the planet.

Green banking in general refers to the efforts of the Banking sector to keep the environment green and to minimize greenhouse effects through rationalizing their strategies, polycys, decisions and activities pertaining to banking services, businesses and in-house operational activities. Green banking is seen as a component of the global initiative from bank end to save environment.

Initiating in-house Environment management

Initiatives have been taken to apply eco-font in printing to reduce use of ink and paper, use scrap paper as notepads and avoid disposable cups/glasses and to install energy efficient electronic equipments that will help the bank to reduce electricity consumption. Energy saving bulbs have been replaced by normal bulbs in different offices of the bank.

- ❑ **Real time gross settlement (RTGS):** Bank has successfully implemented and optimized Real Time Gross Settlement (RTGS) solution in 168 branches. As a result customers are enjoying real time cheque related settlement facility.
- ❑ **DMS:** UCB has undertaken a project to introduce Document Management System (DMS) by way of archiving documents against day to day operations and communications through system using no paper and ink installation of which is under process.
- ❑ **National Identity Card (NID) Verification System:** National Identity Card (NID) verification service shall provide the option to verify the validity of a NID through online. Before opening any account NID verification is mandatory. By using this service Bank, has reduced the transactional related fraud and improved the banking service.
- ❑ **Bill Collection Management System:** It can automatically capture various clients billing information, reporting service for Service Provider and billing Client -Billing information reconciliation. Currently UCB is collecting around 70 companies. (WASA, TITAS, DU, NSU, GP, ROBI, RFL etc) bill and maintain reporting through this system.
- ❑ **UCB Remittance System:** Through uRemit UCB can perform spot cash transaction, direct account credit, sanction screening of transaction, automated e-mailing to concern stakeholders and various reporting facilities in foreign remittance transactions.
- ❑ **TFRS (Trade Finance Report System):** Through using this software, UCB is uploading bulk data in Bangladesh Bank Site, Data generation from Core Banking Software, data enhancement, data reconciliation and providing various kind of reports which are required for Bangladesh Bank.
- ❑ **Video Conferencing Solution:** Video conferencing has been introduced in Corporate Head Office, Chittagong, Rajshahi, Sylhet and Khulna Zone. The Video Conferencing System allows face to face communication among the locations. This saves pertinent travel time and fuel for a face to face meeting.
- ❑ **Conducted ICT for other training and awareness through different Virtual Media:** UCB has regularly conducted ICT and other training and awareness programme through different Virtual Media (IP telephone, desktop sharing, Video tutorials, web based).It saves traveling time and cost.
- ❑ **IP Telephone Services:** All the branches and Head Office of UCB are interconnected with each other through nationwide IP Telephone network. This ensures that all the branches and HO can communicate through IP Phone system with each other on business matter. This ensures UCB not to use any land phone which reduces the dependency of public telephone and power system usage and cost also.
- ❑ **User ID request through Intranet portal (iUCB) Installed:** UCB users are placing their request through e-mail and web portal(iUCB) for critical systems (FCUBS, FCDB, CardPro, RTGS, NID, BACH, BEFTN, Domain ID/ E-mail, AML, Privilege User ID Request, Internet Access Request, UCBMIS, etc.). It saves paper, ensures faster support, accurate tracking and more control mechanism.
- ❑ **Internet Banking Service:** With i-Banking, customer can view their own Account statement, Loan Summary information, Term deposit view, loan schedule view, etc. User can also transfer of fund from one account to another account within UCB bank account. Placing Standing Instruction (SI) for a regular transfer of fund.
 - ❑ **Call Centre Solution Installed:** It is an office set up to handle a large volume of telephone calls, especially for providing customer efficient voice service. UCB has installed AVAYA (call center solutions). This paperless solution also provides enhanced manageability. Customers who are calling UCB call center for any emergency help (card activation, deactivation, card lost, transactions details etc.) will be served accordingly
 - ❑ **HRMS Software:** UCB is in the process of implementation of HRMS Software (SYLVIA) which will lead UCB to introduce Green HRM practices in coming days. New HRMS Software is a web based solution. It will ensure automated HR Business to employees and employees to HR Business communication through online. As such, employees will obtain most of HR services from their own work station without initiating any hard copy of paper;



- ❑ **e-learning:** Learning and Development Center has implemented e-learning for which the trainees can learn/ download soft copies of tutorials from their own work station;
- ❑ **Velocity AML Solution Suit :** As to ensure managing of AML Risk, UCB has installed Velocity AML Solution Suit software which is capable to comply with all AML directives on auto system using no paper. All the Executives/Officers of Corporate Office and Branches of UCB have been provided with AML training through E-Learning system which has been proven as effective tool for providing knowledge to the learners using no papers.



- ❑ **UCB Express:** UCB has established new ATM Booth namely UCB Express which is capable to receive cash through Cash Deposit Machine (CDM) using no papers apart from opening of account on behalf of the Branches.
- ❑ **LCD/LED Screens:** UCB has replaced almost all the old PCs with CRT monitors with PCs with LCD/LED monitors. ensures 70% power usage cut by the personal computers ensuring a huge power saving altogether.

- ❑ **E-mail:** The electronic mail system for UCB decreases use of paper and chemical ink for printing. Using the nationwide computer network the email correspondences also decrease communication time, increase accuracy, faster decision making etc. Last year in 2016, UCB has deployed around 258 new PCs for the existing users and all the new users for communicating through official e-mail. Currently Total number of e- mail users is 4,600.
- ❑ **Internet portal (i-UCB):** The introduction of intranet portal increased the dimension of paperless communication. IT related user request, Circular's, Polices, Process, Letters and other documents are stored and distributed through the portal, named as i-UCB reducing the need to for printed hardcopies. Also it provides workflow process minimizing operational time to maintain and manage different banking software.
- ❑ **Bio-metric Attendance System:** This year UCB implemented Bio-metric attendance system at head office which reduces paper consumption and promotes green banking initiatives by the bank.

886,119

Number of Accounts facilitated with SMS Banking

Introducing Green Finance

In line with the "Green Initiative" of previous years United Commercial Bank Ltd has continued financing in eco friendly business activities and energy efficient industries. The Bank has many products which are automated and time savings for the customers. United Commercial Bank Ltd has advanced technologies which can provide prompt and environment friendly customer services. The products include internet-banking, U-cash, online banking, SMS banking and ATM services which help reduce carbon emission. The Bank already circulated a set of general instruction to the employees for efficient use of electricity, water, paper and re-use of equipment. Bank has also formed separate Green Banking Policy and Green Banking Unit assigning the responsibilities of designing, evaluating and administering related Green Banking issues of the Bank".

United Commercial Bank Ltd is one of the partners of Bangladesh Bank's refinance facilities in green sector. In the year 2016 UCBL has arranged refinancing facility of Bangladesh Bank to 2 nos. of projects for establishment Effluent Treatment Plant; amounting to total BDT 20.00 million. Moreover, The Bank has financed 8 nos. of Projects for Establishment of Green Industry amounting to total BDT 1576.80 million. In addition to that, 17 nos. of projects were financed to Ensure Work Environment and Security of Workers



An underconstruction Green Factory of DIRD group financed by UCB

(Structural, Electrical & Fire safety issues) of Textile and Garments Industry amounting to total BDT 179.00 million by guaranteeing the installation of firefighting equipment i.e. fire sprinkler, fire detection & alarm, fire hydrant system, fire door, fire proof cable and pipe. Also, UCBL has invested about BDT 25.60 million in 2 nos of Projects to install LED lighting system, Busbar Trunking system, Plastic fibre worker chair and Tiles in order to make the workplace environment-friendly. Furthermore, 1 no. of Project was financed for remediation- retrofitting purpose amounting to total BDT 45.10 million. United Commercial Bank Ltd. is thankful to its stakeholders for actively participating in the Green Initiative and seek their continued support for implementation of the green initiative.

Incorporation of Environment Risk in CRM

UCB has formulated an Environmental Risk Management Policy in December 2011 to understand and manage risks arising from environmental concerns. This will bring a focus on planning and implementing policies and procedures to mitigate environmental risks associated with financing decisions. With a view to incorporating environmental risk as part of existing credit risk methodology to assess a prospective borrower, Bank's ERM Policy has been designed in line with Bangladesh Bank guidelines. Environmental change risk is to be considered as part of the existing credit risk methodology of the bank to assess a prospective borrower. In this connection, specific checklist has been formulated and introduced which will help review possible sources of environmental risk.

Introducing Green Marketing

Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing may incorporate a broad range of activities, including product modification, changes to the service delivery channel as well as modifying mode of advertising. It refers to the process of selling products and/or services based on their environmental benefits. UCB has taken initiatives to use environmental causes for marketing their services to consumer and to create awareness among the mass people.

Employee Training, Consumer Awareness and Green Event

Training and campaign on employee awareness and environmental and social risk and the relevant issues are taken continually as part of the Bank's Human Recourse Development. The Band Marketing and Corporate Affairs Division of the Bank is continually arranging campaign and programs to create awareness.

Further action has been taken to reduce adverse impact on environment in respect of operation and business activity of UCB:

1. An inventory of consumption of water, paper, electricity, energy etc. by Corporate Office and branches has been prepared and reported to Bangladesh Bank quarterly on the prescribed format.
2. Green Strategic Planning has taken and targets on in house environment management have been set. Some of them are as follows:
 - a. Reduction of 5% electricity, gas and fuel consumption.
 - b. Reduction of 10% paper consumption.
 - c. Reduction of 5% GHG emission.
 - d. Reduction of 5% electronic bill.
3. Initiative has been taken for setting of Green Branches
4. Energy saving bulbs has been installed at Branches
5. VRF type AC has been installed at 6 Dilkusha and Pahartoli Buildings, 5.7 KW Solar panels has been installed at 6 Dilkusha Building Project. Provision for access of light inside the building projects & branches has been made by using transparent glasses to reduce energy consumption and make the office green.



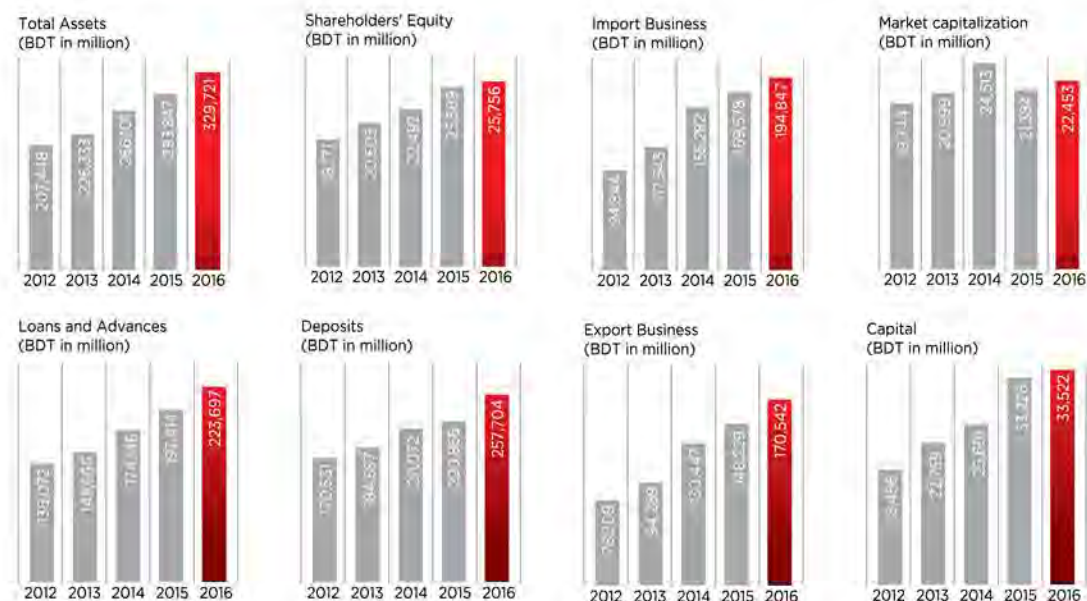
REPORT ON GOING CONCERN

Listed Companies are required by BSEC to report on its ability to continue as a going concern. The Board of Directors of United Commercial Bank Limited has made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern. The director's assessment of whether the company is a going concern entity involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future.

Financial indications

Positive key financial ratios:

During the year 2016, the overall banking industry in Bangladesh experienced factors such as excess liquidity, higher non performing loans and advances, gradual interest rate falling, reduction in foreign remittances and more risk prone to operational and financial frauds which jointly contributing to a more challenged environment for its operation. Amidst all those challenges and risks, UCB has been able to maintain a steady growth in key areas of business. During the year 2016, UCB's total loans and advances increased by 13.31 percent, deposits by 16.68 percent, shareholders equity by 0.65 percent and gross profit also increased by 5.11 percent. The Company has a very positive financial ratio as evident from financial highlights and graphical presentation of financial position given with this Annual Report. Such positive financial ratios indicate Bank's sound financial strength and good prospects. Moreover, considering the operating profit for the year 2016, UCB is one of the top performers in the banking industry.



Payment of dividends:

The Bank has been paying dividend consistently to its shareholders over many years, which reflects company's long-term vision and firm commitment to its owners.

Type	2016	2015	2014	2013	2012
Dividend (percent)	15.00	25.00	30.00	20.00	10.00
Cash Dividend (percent)	15.00	20.00	10.00	20.00	10.00
Stock Dividend (percent)	-	5.00	20.00	-	-

Credibility in payment of obligations:

The Company has strong credibility in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of repayment agreement without any exception.

Cash Flow Analysis:

UCB's cash flow analysis represents its strength about its ability to repay its obligation, ability to adapt in changing circumstances and generate sufficient cash and cash equivalent which will lead the bank to the foreseeable future.

Net operating cash flow after adjustment of increase/ decrease in operating assets and liabilities shows net inflow of TK. 2.25 billion as against net outflow of Tk. 4.38 billion of previous year. Net cash flow from investing activities also recorded net inflow of Tk. 98.83 million in 2016 vis-à-vis net outflow of Tk. 563.45 million in 2015. However, net cash inflow from financing activities reduced from Tk. 7.40 billion in 2015 to Tk. 4.81 billion in 2016. Total cash and cash equivalents position stood at Tk. 36.22 billion in 2016 as against Tk. 29.05 billion in 2015.

Expansion of business:

The Company has expanded its segment geographically by opening new branches in different places considering the economic significance. During last five years UCB has opened 38 (thirty eight) new branches at different places in Bangladesh, 83 (eighty three) new ATMs has also been installed during last five years tenure. Total no. Branches and ATM as on 31 December 2016 were 168 and 164 respectively as against 158 and 151 respectively in 2015. The bank also intensified its strategy to achieve revolutionized service delivery channels through launching UCB Express.

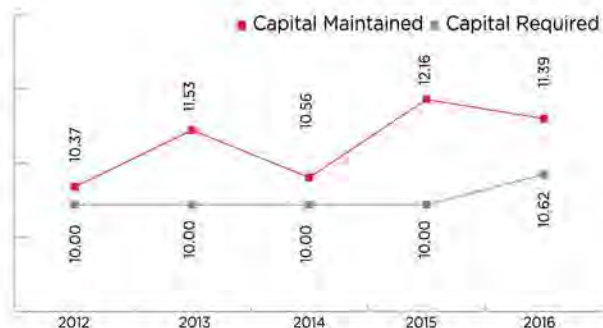
UCB also gives due importance on diversification of various innovative and customer oriented products and services and which is being done in a continuous manner. In addition to that UCB has two subsidiaries as on the date of reporting namely; UCB Capital Management Limited and UCB Investment Limited. UCB Capital Management Limited has already started its full fledged business operation as a brokerage company under the license of the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. On the other hand, UCB Investment Limited has been formed with the vision of carrying merchant banking activities in Bangladesh which will commence its business very soon. Above diversification also represent Company's intention for perpetuity.


Corporate environment and employees' satisfaction:

There exists a very good corporate environment in the Company. United Commercial Bank is an excellent work place with friendly environment. Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like provident fund, gratuity fund, employees welfare fund, incentive bonus, transport facility to the eligible employees. Pay scale is being revised time-to-time to give effect of inflation as well as to align the package with the industry level. Those all factors help to retain capable employees for long time and are being considered as instrumental for employee satisfaction.

Maintenance of sufficient capital:

The bank has been constantly maintaining capital above its regulatory required level. As on 31 December 2016, the Company's total equity stands at Tk. 25.76 billion as against Tk. 25.59 billion million of 31 December 2015. On the other hand, as on the date of the reporting the paid up capital of the bank was BDT 10.54 billion (2015: BDT 10.03 billion) as against Bangladesh Bank requirement of minimum paid up capital Tk. 2 billion.





REPORT ON GOING CONCERN

As per BASEL-III, a bank should maintain total capital of 10.625 percent of RWA. UCB maintains above the required level consistently and the level of capital size of UCB is one of the highest in the industry. As on 31 December 2016, banks Capital to Risk Weighted Asset Ratio (CRAR) is 11.39 percent (31 December 2015: 12.16 percent). Moreover, the bank also issued UCB 2nd Subordinated bond for an amount of Tk. 500 Crore in July 2015 which has boosted up the capital position of the bank. All the above situations also indicate the bank's ability and intention to continue for the foreseeable future with a long term vision.

Other Indications

Satisfactory CAMELs rating:

CAMELs rating is used by Bangladesh Bank as a tool for evaluating the strength and performance of a bank. The composite rating adjudged by Bangladesh Bank signifies satisfactory performance of United Commercial Bank Limited. In that report, there was no adverse material observation of Bangladesh Bank on the activities of the bank.

Satisfactory credit rating:

UCB has been rated as AA (pronounced as Double A) the long term credit rating and ECRL-2 short term, based on audited financials of the bank and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. The affirmed rating reflects the strengths of the bank which is backed by its strong management, good utilization of funds, good market share, satisfactory liquidity and improvement in capital base. An institution rated AA has a very strong capacity to meet its financial commitments, and is generally in a position to withstand adverse developments in the economy business and in other external conditions. These institutions typically possess a good track record and have no readily apparent weaknesses.

Particulars	Long Term	Short Term
Entity Rating	AA	ECRL-2
Date of Rating	May 07, 2016	
Based on Financial Statement	December 31, 2015	
Validity Date	May 06, 2017	

An institution rated ECRL-2 has a strong capacity to meet its financial commitments in a timely manner; however, it is somewhat susceptible to adverse developments in the economy, and in business and other external conditions.

Changes in Government policy:

Management anticipates no significant change in legislation or government policy, which may adversely affect the business of the bank.

Based on the above indications, directors feel it appropriate to adopt going concern assumption and there is no material uncertainty exists in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.



INTEGRATED REPORTING (IR)

Integrated Reporting reflects how UCB thinks and does business that allows us to discuss material issues facing our business and communities and show how we create value, for shareholders and for society as a whole.

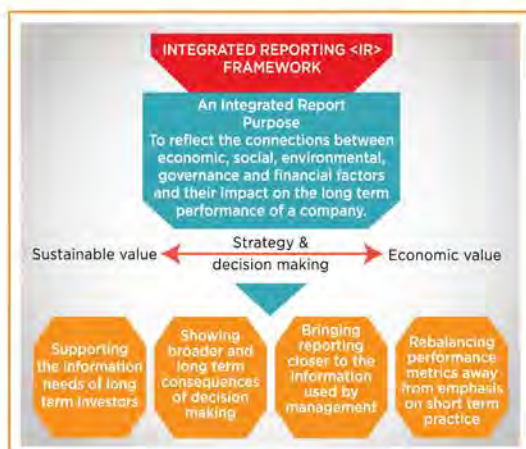
Integrated reporting is a process that results in communication to its stakeholders about value creation by the Company over the period of time. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term. It means the integrated representation of a company's performance in terms of both financial and other value relevant information.

Globalization and interconnectivity mean the world's finances, people and knowledge are inextricably linked, as evidenced by the global financial crisis. In the wake of the crisis, the desire to promote financial stability and sustainable development by better linking investment decisions, corporate behavior and reporting has become a global need. The aim of the integrated report is to clearly and concisely tell the story of the company, who it is and what it does and how it creates value, its strategy, opportunities and risks, its business model and governance, and the performance against its strategic objectives. Financial reporting tells only a part of the story of any organization. Integrated reporting aims to give a holistic view of the organization by putting its performance, business model and strategy in the context of its material social and environmental issues – in other words, the business in its true reality! Importantly, integrated reporting includes forward looking information to allow stakeholders to



make a more informed assessment of the future value creation ability of the organization.

UCB's Integrated Reporting is founded on integrated/collective mind thinking, which helps to demonstrate interconnectivity of strategy, strategic objectives, performance, risk and incentives and helps to identify sources of value creation. This report has been prepared in a very concise and integrated manner to avoid redundancy but other qualitative characteristics like completeness, consistency, comparability has also been maintained. IR has been created to enhance accountability, stewardship and trust as well as to harness the information flow and transparency of business that technology has brought to the modern world.



INTEGRATED REPORTING (IR)

In preparing our annual report for the year 2016 we have followed relevant criteria mentioned in the Framework for Integrated Reporting issued by the 'International Integrated Reporting Committee (IIRC)'. The following Guiding Principles underpin the preparation and presentation of an integrated report, informing the content of the report and how information is presented:



This is our second integrated report to the stakeholders where we have tried to embed most of the guiding principles and fundamental concepts contained in the Framework to best serve the information needs of our stakeholders. We see this whole process of the preparation of Integrated Report as a journey with each year bringing new insights on how to improve our reporting to stakeholders. We tried to make it most informative and communicative since it includes the entire process founded on integrated thinking that results in periodic integrated report to encourage value creation over time and related communications regarding aspects of value creation. Our integrated reporting is built around the following key components:

Integrated Reporting Checklist:

SL	Key components disclosed	Page Reference
1.0	Elements of an Integrated Report	
1.1	Organizational overview and external environment	7,14-15,21,23,104-129,195,208-210,130-133,246,335,353
1.2	Governance	87-90,91-93
1.3	Stakeholder identification/relationships and capitals	82-93,98-101,104-125,150-170,171-188,195-198,289-291,383
1.4	Business Model	7,10,274-277,134-137,198-203,227-229,67,356,185-188,196
1.5	Performance	17-20,104-125
1.6	Risks and Opportunities	150-188
1.7	Strategy and resource allocation	7,10,117,195,115-116
1.8	Outlook	60-63,64-66,80-81,195-196
1.9	Basis of preparation and presentation	246-308,318-322,335-346,353-354
2.0	Responsibility for an integrated report	52-53,55-57,223-224
3.0	Other Qualitative Characteristics for an Integrated Report	
3.1	Conciseness	11-13,17-18,197,93,91 & the contents were presented in Annual Report 2016 ensuring the said qualitative characteristics
3.2	Reliability and Completeness	
3.3	Consistency and Comparability	
3.4	Connectivity of Information	
3.5	Materiality	
3.6	Assurance on the Report	

Integrated Reporting can convey further information, especially about the longer-term costs of climate change, to feed into markets and inform decision-making and policy-formulation by institutions. If achieved, it will lead to better-informed and more sustainable long-term investment, for the benefit of society.

CONTRIBUTION TO NATIONAL ECONOMY

UCB always recognizes that it has certain responsibilities to the development of the society and the country as a whole.

UCB always recognizes that it has certain responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work. Besides direct contribution to the national exchequer by way of payment of corporate income tax, UCB contributes to the economy of the country by generating employment, financing support to almost all sectors of the economy; such as corporate, SMEs, RMG sector, Agriculture and of course to the individuals through various kind of innovative retail product. Financing to a project not only with the view to providing financial support to a business, it also helps to generate employment. While financing to a sector we never compromise with the social impact of the business. Moreover, during last many years United Commercial Bank also paying very attractive dividend to its shareholders.

Loans and Advances
(BDT in million)



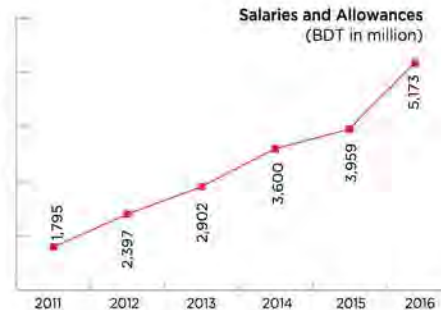
Financing support

As a banking service provider UCB contributes to the economic prosperity by providing financial products and services to the industrial undertakings including SMEs, RMG, Agro and various organizations and individuals. As on 31 December 2016 UCB's total credit exposure was Tk. 223.69 billion with 39,966 no. of clients which was TK. 197.41 billion with 34,897 no. of clients on the last date of previous year.

Generating Employment

We make an economic impact by creating employment and a well-trained workforce. UCB and its subsidiary employed as many as 4152 employees as on 31 December 2016 (2015: 3,837). During the year 2016 United Commercial Bank paid total of Tk. 5,173 million as salaries and allowances to its employees (2015: Tk. 3,959 million) and significant amount also being spent for training and HR development each year.

Salaries and Allowances
(BDT in million)



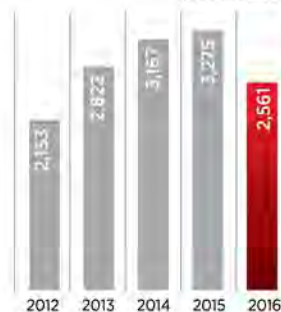
No. of Employees



Contribution to the national exchequer

United Commercial Bank contributes to the economy by paying due corporate income tax and Value Added Tax (VAT) as per the prevailing laws and regulations. During the year 2016 UCB provided total of Tk. 2,561.25 million for payment of corporate income tax (2015: Tk. 3,275 million). We also pay VAT @15% on the fees and commission income of the Bank. On the other hand, we collect tax and VAT at source while paying various bills and ensure payment of such withholding tax and VAT to the government exchequer.

Tax Expense
(BDT in million)

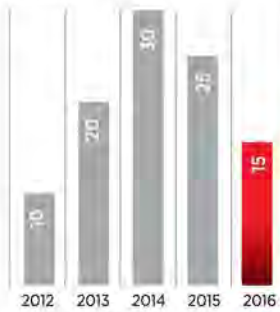


Attractive dividend pay out

We recognize our fiduciary duty to our shareholders and seek to establish constructive relationships. We are focused on maximizing long-term and sustainable shareholders' value through strong financial performance and returns and practicing the best in our day-to-day activities. Over the past many years, UCB paying a satisfactory return (dividend) to its shareholders. The Board of Directors of the bank proposed 15 percent cash dividend to its

CONTRIBUTION TO NATIONAL ECONOMY

Dividend
(Percent)



shareholders for the year 2016 (in 2015 the bank has also paid 20 percent cash dividend and 5 percent stock dividend). Capability to pay attractive dividend on continuous basis indicates to the solid strength of the bank and reflects UCB's commitment to its owner.

Market capitalization

UCB started its journey with a paid up capital of TK. 35.50 million in the year 1983. At the end of the year 2016 UCB's total paid up capital is Tk. 10,541 million equivalent to market capitalization of Tk. 22,453 million (2015: paid up capital Tk. 10,039 million, market capitalization Tk. 21,384 million).

Donation & social welfare

We always agree in building prosperity by supporting a broad range of socio-economic issues through donation and sponsorship. We believe, in order to reach our potential, we need to earn the respect of our stakeholders. We have learned by last more than three decades that the best way to do that is to foster creativity, innovation and diversity throughout our ventures, of course aligning business practices with highest values. We dream to crafting a way of social business rather than commercial business objective only. During the year 2016 the bank expended around Tk. 29.90 million for donation and sponsorship (2015: Tk. 21 million).

Market capitalization
(BDT in million)



Development without compromising the needs of future generation

We firmly believe that sustainable economic growth and a healthy environment are inter-linked. We take supportive role in terms of providing financial services by restricting and discouraging projects detrimental to the environment and health. That means our profit motive never get priority over the process/way of earning profit.

Green Banking

UCB's deployed its all out effort to make the slogan 'Green Banking' a success. Various initiatives have already been taken both in policy and practically at large. Keeping the environment green, discouraging projects causes greenhouse effects, eco-font in printing to reduce use of ink, use scrap paper as notepads and installing energy efficient electronic equipment are the glimpse of the bank's initiatives to facilitate Green Banking.

VALUE ADDED STATEMENT

The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. UCBL contributes positively to socio economic development by empowering employees through the payment of salaries and allowances; by paying attractive and consistent dividend to the providers of capital; by assisting the regulatory capacities through paying taxes and of course keeping in mind company's continuous expansion and business growth.

(Figures in million Taka)

Value added	2016		2015	
	Amount	Percentage	Amount	Percentage
Net interest income	8,638.11	77.97	7,723.38	65.02
Commission, exchange & brokerage	3,201.27	28.89	3,110.43	26.19
Investment income	4,140.57	37.37	4,228.59	35.60
Other income	362.13	3.27	485.60	4.09
Management expenses excluding salaries & allowances, depreciation	(2,865.12)	(25.86)	(2,520.04)	(21.22)
Provision for doubtful losses	(2,397.50)	(21.64)	(1,150.00)	(9.68)
Total value added by the company	11,079.46	100.00	11,877.96	100.00
Value added contributed to-				
As salaries and allowance	5,172.83	46.69	3,958.98	33.33
Provider of capital:				
Dividend to shareholders	1,581.20	14.27	2,509.83	21.13
Government:				
Corporate tax	2,561.25	23.12	3,275.00	27.57
To expansion and growth:				
Retained income	1,047.43	9.45	1,467.51	12.35
Depreciation	716.74	6.47	666.64	5.61
Total distribution by the company	11,079.46	100.00	11,877.96	100.00

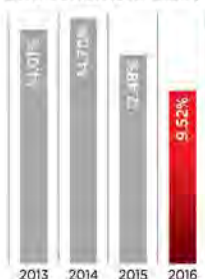


ECONOMIC VALUE ADDED (EVA) STATEMENT

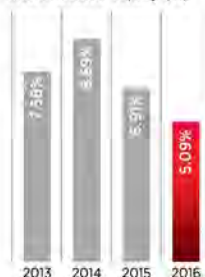
Economic value added
BDT in Million



EVA/Operating revenue (%)



EVA/Average
shareholders' equity (%)



Net profit after
tax/Operating revenue (%)



Economic value added (EVA) is the financial performance measure that attempts to measure the true economic profit of an organization. It provides a measurement of a company's economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well a company has added value for its investors and it can be compared against company's peers for a quick analysis of how well the company is operating in its industry. Economic value added is calculated by taking a company's net profit after tax, adding with it, the amount of provision charged against profit to absorb the losses inherent in the investments. EVA is calculated as under:

$$\text{EVA} = (\text{NPAT} - \text{Cost of average equity})$$

NPAT

NPAT is the net profit after tax plus the provision for doubtful losses charged against profit.

Equity

Shareholders' equity is the total amount of equity at the year end plus accumulated provision charged against profit for doubtful losses.

Cost of equity

It is the opportunity cost i.e. the expected risk free return on investments, plus a risk premium. Interest on Bangladesh Government Sanchaya Patra plus risk premium has been assumed to be the cost of equity.

(Figures in million Taka)

For the year ended	2016	2015	2014	2013
Shareholders' equity at year end	25,756	25,589	22,492	20,505
Accumulated provision against loans & advances	5,405	4,403	3,681	3,623
Average shareholders' equity	30,577	28,082	25,151	22,915
Cost of equity (%)	11.35	11.35	13.19	11.20

Economic value added

Net profit after tax (before provision)	5,026	5,127	5,553	4,304
Less: Cost of equity	3,470	3,187	3,317	2,566
Total	1,556	1,940	2,236	1,738

Key ratios

EVA/Operating revenue (%)	9.52	12.48	14.70	14.01
EVA/Average shareholders' equity (%)	5.09	6.91	8.89	7.58
Net profit after tax/Operating revenue (%)	16.09	25.58	24.12	24.72

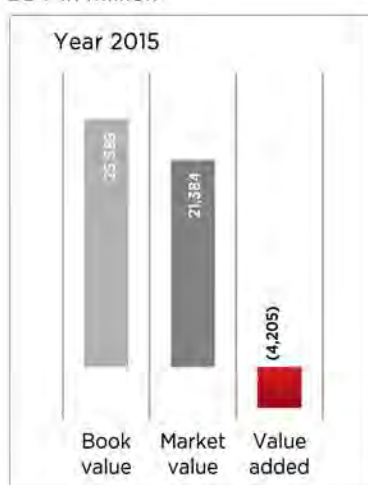
MARKET VALUE ADDED STATEMENT

Unlike EVA, which measures internal performance, market value added (MVA) is a measure of external performance that indicate how the market has evaluated the company's performance in terms of market value of shares compared to book value of shares. MVA is the difference between the market value of equity of a company and the book value of equity invested in the company. A positive MVA indicates that the company could add value to shareholders wealth. The following statement indicates the MVA at the year ended on 31 December of 2016 and 2015 :

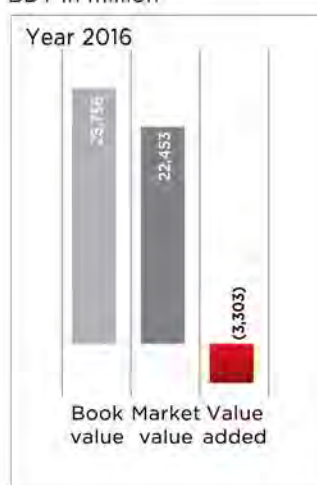
(Figures in million Taka)

	2016	2015
Market value of shares outstanding	22,453	21,384
Book value of shares outstanding	25,756	25,589
Market value added	(3,303)	(4,205)

BDT in million



BDT in million



Justification behind the negative MVA

Market Value Added (MVA) is the difference between the current market value of a firm and the capital contributed by investors. In an ideal scenario, if MVA is positive, the firm has added value. If it is negative, the firm has destroyed value. But in some cases due to volatile market scenario and unusual decrease of market index market value of shares outstanding may be less than the book value.

FINANCIAL STATEMENTS

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Statement of Changes in Equity

Liquidity Statement

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INDEPENDENT AUDITORS' REPORT

to the Shareholders of United Commercial Bank Limited

We have audited the accompanying consolidated financial statements of United Commercial Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of United Commercial Bank Limited (the "Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2016, the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity, consolidated and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The consolidated financial statements of United Commercial Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of the Bank for the year ended 31 December 2015 were audited by Hoda Vasi Chowdhury & Co, Chartered Accountants who expressed an unmodified opinion on those statements on 23 February 2016.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also the separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991 as amended in 2013 and the Bangladesh Bank regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate 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 consolidated financial statements of the Group and the separate 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 consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate 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 consolidated financial statements of the Group and the separate financial statements of the Bank 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 consolidated financial statements of the Group and the separate 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 consolidated financial statements of the Group and also the separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2016 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards as explained in note 2.1.

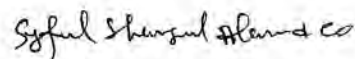
Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Companies Act 1991 as amended in 2013 and the rules and regulations issued by Bangladesh Bank, we also report the following:

INDEPENDENT AUDITORS' REPORT

- (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 consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
- i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in notes 2.10.54 and 2.10.55 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 other than the matters disclosed in 2.10.54.4(ii);
- (c) financial statements of all subsidiary companies of the Bank have been audited by us and have been properly reflected in the consolidated financial statements;
- (d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- (e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- (f) the expenditure incurred was for the purposes of the Bank's business;
- (g) the consolidated financial statements of the Group and the separate 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 as well as with related guidance, circulars issued by Bangladesh Bank and decision taken in tripartite meeting amongst Inspection Team of Bangladesh Bank, External Auditors and the Management of United Commercial Bank Limited held on 03 April 2017.
- (h) provisions as explained in note 35 and 37 have been made for the loans and advances, other assets and off-balance sheet items which are, in our opinion, doubtful of recovery;
- (i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (j) the information and explanation required by us have been received and found satisfactory; and
- (k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 7,470 person hours for the audit of the books and accounts of the Bank.

Dhaka, 04 April 2017



Syful Shamsul Alam & Co.
Chartered Accountants

UNITED COMMERCIAL BANK LIMITED
Consolidated Balance Sheet

As at 31 December 2016

	Notes	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
PROPERTIES & ASSETS			
Cash	3(a)	21,102,783,897	17,960,809,783
Cash in hand (Including foreign currencies)		3,386,537,419	2,582,238,708
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		17,716,246,478	15,378,571,075
Balance with other banks & financial institutions	4(a)	14,347,595,569	10,763,934,598
In Bangladesh		11,700,213,026	9,652,043,098
Outside Bangladesh		2,647,382,543	1,111,891,500
Money at Call on short notice	5	950,000,000	390,000,000
Investments	6(a)	56,517,060,262	44,870,400,969
Government		50,752,536,899	40,090,074,812
Others		5,764,523,363	4,780,326,157
Loans and Advances	7(a)	224,337,824,985	197,493,629,137
Loans, Cash Credits, Overdrafts etc		213,729,131,102	185,437,071,383
Bills purchased and discounted		10,608,693,883	12,056,557,754
Fixed assets including premises, furniture & fixture	8(a)	8,387,244,466	8,593,072,108
Other assets	9(a)	3,801,178,730	13,667,503,729
Non-banking assets		-	-
Total Assets		329,443,687,909	293,739,350,324
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	10(a)	25,565,100,634	18,743,658,871
Deposits and other accounts	11(a)	256,957,319,039	220,568,454,834
Current accounts & other accounts		41,994,177,979	36,956,431,950
Bills Payable		7,621,569,560	3,426,104,766
Savings Bank Deposits		43,379,427,197	31,946,122,205
Fixed Deposits		163,962,144,303	148,239,795,913
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
Other Liabilities	12(a)	21,091,781,934	28,764,577,181
Total Liabilities		303,614,201,607	268,076,690,886
Capital / Shareholders' Equity			
Paid up Capital	13	10,541,306,540	10,039,339,570
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	9,375,134,484	8,337,157,253
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,729,347,613	3,182,611,773
Retained Earnings	17(a)	1,702,142,844	2,621,996,020
Total Shareholders' Equity		25,829,486,192	25,662,659,327
Non controlling interest		110	111
Total Shareholders' Equity with non-controlling interest		25,829,486,302	25,662,659,438
Total Liabilities and Shareholders Equity		329,443,687,909	293,739,350,324

Off Balance Sheet Items

As at 31 December 2016

	Notes	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
Contingent Liabilities :	18	170,304,860,059	149,693,281,105
Acceptances & Endorsements	18.1	43,841,462,303	37,879,280,267
Letters of Guarantee	18.2	85,075,111,234	75,561,302,582
Irrevocable Letters of Credit	18.3	29,541,631,966	24,948,050,367
Bills for Collection	18.4	11,846,654,556	11,304,647,889
Other Contingent Liabilities		-	-
Other Commitments:		864,888,800	1,020,503,900
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		864,888,800	1,020,503,900
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance sheet items including contingent liabilities		171,169,748,859	150,713,785,005

The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



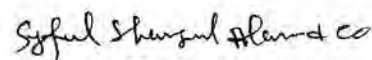
Director



Director

As per our report of same date

Dhaka, 04 April 2017



Syful Shamsul Alam & Co.
Chartered Accountants

Consolidated Profit and Loss Account

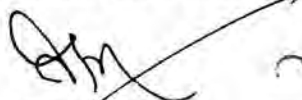
For the year ended 31 December 2016

		Amount in BDT	
	Notes	31 Dec. 2016	31 Dec. 2015
Interest Income	20(a)	20,897,758,179	22,526,569,320
Interest paid on deposits and borrowings etc	21(a)	12,219,895,333	14,758,487,527
Net Interest Income		8,677,862,846	7,768,081,793
Investment income	22(a)	4,163,321,099	4,228,623,664
Commission, exchange and brokerage	23(a)	3,249,415,507	3,144,912,398
Other Operating Income	24(a)	362,456,532	486,245,516
Total Operating Income (A)		16,453,055,984	15,627,863,370
OPERATING EXPENSES			
Salary and allowances	25(a)	5,189,373,566	3,957,229,942
Rent, taxes, insurance, electricity etc.	26(a)	1,072,378,783	934,769,685
Legal expenses	27(a)	33,424,289	57,123,555
Postage, stamps, telecommunications etc.	28(a)	122,474,844	113,473,011
Stationery, printing, advertisements etc.	29(a)	883,297,113	684,992,700
Chief Executive's salary and fees	30	11,320,000	11,320,000
Directors' fees	31	5,943,623	5,716,247
Auditors' fees	32(a)	970,000	828,000
Depreciation and repair of banks assets	33(a)	719,797,814	668,539,737
Other expenses	34(a)	758,410,976	730,125,882
Total Operating Expenses (B)		8,797,391,008	7,164,118,759
Profit/(Loss) before provision (C) = (A-B)		7,655,664,976	8,463,744,611
Provision for Loans & Advances	35(a)	2,109,387,808	920,834,246
Provision for diminution in value of investments	36(a)	7,913,851	167,887
Other provisions	37	329,570,535	235,686,754
Total Provision (D)		2,446,872,194	1,156,688,887
Total Profit/(Loss) before Income taxes (C - D)		5,208,792,782	7,307,055,724
Provision for Taxation	38(a)	2,580,833,843	3,291,017,852
Current Tax		2,580,833,843	3,281,017,852
Deferred Tax		-	10,000,000
Net Profit after Taxation		2,627,958,939	4,016,037,872
Appropriations			
Statutory Reserve		1,037,977,231	1,450,468,083
Retained Surplus		1,589,981,708	2,565,569,789
Attributable to:			
Equity holders' of the Bank		1,589,981,710	2,565,569,784
Non controlling interest		(2)	5
		1,589,981,708	2,565,569,789
Earnings Per Share (EPS)	39(a)	2.49	3.81

The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



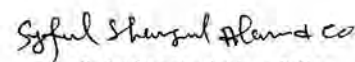
Director



Director

As per our report of same date

Dhaka, 04 April 2017


 Syful Shamsul Alam & Co.
 Chartered Accountants

Consolidated Cash Flow Statement

For the year ended 31 December 2016

	Notes	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
A.Cash flows from operating activities			
Interest Receipts in cash		24,653,018,712	27,490,057,747
Interest Payments		(12,196,294,470)	(13,836,981,186)
Dividend Receipts		194,970,837	114,418,240
Fees & Commission Receipts in cash		2,120,632,033	2,007,816,865
Recoveries of loans Previously written off		200,762,156	286,179,959
Cash Payments to employees		(5,200,693,566)	(3,968,549,942)
Cash Payments to suppliers		(2,078,150,740)	(1,733,235,396)
Income taxes paid		(3,076,743,771)	(3,266,000,257)
Receipt from other operating activities	40(a)	1,410,983,900	1,411,377,726
Payment for other operating activities	41(a)	(964,639,856)	(913,009,547)
Operating profit before changes in operating assets and liabilities.		5,063,845,235	7,592,074,208
Increase/Decrease in operating assets and liabilities:			
Statutory Deposits		(10,662,462,087)	60,509,935
Purchase/Sales of trading Securities		(1,427,917,906)	(184,756,854)
Loans and advances to Customers		(27,421,314,197)	(23,481,114,228)
Other assets	42(a)	55,260,633	(565,311,810)
Deposit from banks		(45,830,308)	72,454,839
Deposit from customers		36,434,694,513	9,719,115,200
Other Liabilities		380,001,857	2,465,637,335
		(2,687,567,495)	(11,913,465,583)
Net Cash from operating activities (A)		2,376,277,740	(4,321,391,375)
B.Cash flows from investing activities			
Proceeds from Sale of Securities		443,720,700	58,264,416
Purchase/Sale of property,plant & equipment		(347,937,204)	(627,910,152)
Net Cash from investing activities (B)		95,783,496	(569,645,736)
C.Cash flows from financing activities			
Receipts from borrowings		6,821,441,763	8,233,182,484
Dividends paid		(2,007,867,914)	(836,611,631)
Cash received from Issuing of Right Shares		-	-
Net cash from financing activities (C)		4,813,573,849	7,396,570,853
D.Net Increase/(Decrease) in cash (A+B+C)		7,285,635,085	2,505,533,742
E.Cash and Cash equivalents at beginning of the year		29,114,744,381	26,609,210,639
F.Cash and cash equivalents at the end of the year		36,400,379,466	29,114,744,381
Consolidated Cash and cash Equivalents at end of the year			
Cash in hand (including foreign currencies)	3 (a)	3,386,537,419	2,582,238,708
Balance with Bangladesh bank and its agent bank	3 (a)	17,716,246,478	15,378,571,075
Balance with other banks & financial institution	4 (a)	14,347,595,569	10,763,934,598
Money at call on short notice	5	950,000,000	390,000,000
Total		36,400,379,466	29,114,744,381

The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



Director



Director

UNITED COMMERCIAL BANK LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

Particulars	Amount in BDT									
	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Non-Controlling Interest	Foreign Currency translation gain/(loss)	Retained Earnings	Total
Balance as at 01 January 2016	10,039,339,570	1,454,976,750	8,337,157,253	26,577,961	2,534,101,559	645,466,405	111	3,043,809	2,621,996,021	25,662,659,439
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated Balance	10,039,339,570	1,454,976,750	8,337,157,253	26,577,961	2,534,101,559	645,466,405	111	3,043,809	2,621,996,021	25,662,659,439
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	(454,825,444)	-	-	-	(454,825,444)
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	-	-	1,561,284	-	1,561,284
Currency translation difference (OBU)	-	-	-	-	-	-	-	-	-	-
Net Profit for the year	-	-	1,037,977,231	-	-	-	-	-	2,627,958,939	2,627,958,939
Transferred for statutory reserve	-	-	-	-	-	-	-	-	(1,037,977,231)	(1,037,977,231)
Dividend (Bonus Share Issued) for 2015	501,966,970	-	-	-	-	-	-	-	(501,966,970)	-
Dividend (Cash) for 2015	-	-	-	-	-	-	-	-	(2,007,867,914)	(2,007,867,914)
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Non Controlling Interest	-	-	-	-	-	-	(1)	-	(1)	(2)
Balance as at 31 December 2016	10,541,306,540	1,454,976,750	9,375,134,484	26,577,961	2,534,101,559	190,640,961	110	4,605,093	1,702,142,844	25,829,486,302

The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



Director



Director

Balance Sheet

As at 31 December 2016

	Notes	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
PROPERTIES & ASSETS			
Cash	3	21,102,743,897	17,960,684,783
Cash in hand (Including foreign currencies)		3,386,497,419	2,582,113,708
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		17,716,246,478	15,378,571,075
Balance with other banks & financial institutions	4	14,167,986,239	10,705,568,587
In Bangladesh		11,520,603,696	9,593,677,087
Outside Bangladesh		2,647,382,543	1,111,891,500
Money at Call on short notice	5	950,000,000	390,000,000
Investments	6	55,475,638,257	44,345,730,872
Government		50,752,536,899	40,090,074,812
Others		4,723,101,358	4,255,656,060
Loans and Advances	7	223,697,182,404	197,413,637,963
Loans, Cash Credits, Overdrafts etc		213,088,488,521	185,357,080,209
Bills purchased and discounted		10,608,693,883	12,056,557,754
Fixed assets including premises, furniture & fixture	8	8,380,175,741	8,586,732,295
Other assets	9	5,947,053,048	14,444,871,374
Non-banking assets		-	-
Total Assets		329,720,779,586	293,847,225,874
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other banks, financial institutions and agents	10	25,565,100,634	18,743,658,871
Deposits and other accounts	11	257,704,302,081	220,866,480,332
Current accounts & other accounts		42,741,161,021	36,981,031,530
Bills Payable		7,621,569,560	3,426,104,766
Savings Bank Deposits		43,379,427,197	31,946,122,205
Fixed Deposits		163,962,144,303	148,513,221,831
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
Other Liabilities	12	20,695,055,944	28,648,268,131
Total Liabilities		303,964,458,659	268,258,407,334
Capital / Shareholders' Equity			
Paid up Capital	13	10,541,306,540	10,039,339,570
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	9,375,134,484	8,337,157,253
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,729,347,613	3,182,611,773
Retained Earnings	17	1,628,977,579	2,548,155,233
Total Shareholders' Equity		25,756,320,927	25,588,818,540
Total Liabilities and Shareholders Equity		329,720,779,586	293,847,225,874

Off Balance Sheet Items

As at 31 December 2016

	Notes	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
Off Balance Sheet Items			
Contingent Liabilities :	18	170,304,860,059	149,693,281,105
Acceptances & Endorsements	18.1	43,841,462,303	37,879,280,267
Letters of Guarantee	18.2	85,075,111,234	75,561,302,582
Irrevocable Letters of Credit	18.3	29,541,631,966	24,948,050,367
Bills for Collection	18.4	11,846,654,556	11,304,647,889
Other Contingent Liabilities		-	-
Other Commitments:		864,888,800	1,020,503,900
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		864,888,800	1,020,503,900
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance sheet items including contingent liabilities		171,169,748,859	150,713,785,005

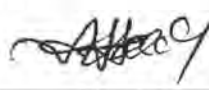
The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



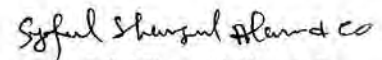
Director



Director

As per our report of same date

Dhaka, 04 April 2017



Syful Shamsul Alam & Co.
Chartered Accountants

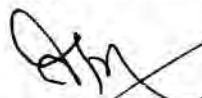
UNITED COMMERCIAL BANK LIMITED
Profit and Loss Account
 For the year ended 31 December 2016

	Notes	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
Interest Income	20	20,832,146,431	22,434,566,831
Interest paid on deposits and borrowings etc	21	12,194,040,731	14,711,183,204
Net Interest Income		8,638,105,700	7,723,383,627
Investment income	22	4,140,566,385	4,228,589,712
Commission, exchange and brokerage	23	3,201,273,347	3,110,431,527
Other Operating Income	24	362,131,893	485,598,039
Total Operating Income (A)		16,342,077,325	15,548,002,904
OPERATING EXPENSES			
Salary and allowances	25	5,161,506,508	3,947,662,607
Rent, taxes, insurance, electricity etc	26	1,070,587,114	934,536,016
Legal expenses	27	33,234,739	57,054,555
Postage, stamps, telecommunications etc.	28	122,073,132	112,894,098
Stationery, printing, advertisements etc.	29	882,431,848	684,872,121
Chief Executive's salary and fees	30	11,320,000	11,320,000
Directors' fees	31	5,943,623	5,716,247
Auditors' fees	32	805,000	805,000
Depreciation and repair of banks assets	33	716,751,201	666,636,511
Other expenses	34	750,042,005	724,165,333
Total Operating Expenses (B)		8,754,695,170	7,145,662,488
Profit/(Loss) before provision (C) = (A-B)		7,587,382,155	8,402,340,416
Provision for Loans & Advances	35	2,067,925,465	914,313,246
Provision for diminution in value of investments	36	-	-
Other provisions	37	329,570,535	235,686,754
Total Provision (D)		2,397,496,000	1,150,000,000
Total Profit/(Loss) before Income taxes (C - D)		5,189,886,155	7,252,340,416
Provision for Taxation	38	2,561,251,694	3,275,000,000
Current Tax		2,561,251,694	3,265,000,000
Deferred Tax		-	10,000,000
Net Profit after Taxation		2,628,634,461	3,977,340,416
Appropriations			
Statutory Reserve		1,037,977,231	1,450,468,083
Retained Surplus		1,590,657,230	2,526,872,333
		2,628,634,461	3,977,340,416
Earnings Per Share (EPS)	39	2.49	3.77

The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



Director



Director

As per our report of same date

Dhaka, 04 April 2017

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

UNITED COMMERCIAL BANK LIMITED
Cash Flow Statement
 For the year ended 31 December 2016

	Notes	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
A. Cash flows from operating activities			
Interest Receipts in cash		24,587,406,964	27,398,055,258
Interest Payments		(12,170,439,868)	(13,789,676,863)
Dividend Receipts		181,355,250	114,384,288
Fees & Commission Receipts in cash		2,072,489,873	1,973,335,994
Recoveries of loans Previously written off		200,762,156	286,179,959
Cash Payments to employees		(5,172,826,508)	(3,958,982,607)
Cash Payments to suppliers		(2,075,092,094)	(1,732,302,235)
Income taxes paid		(3,055,927,113)	(3,252,115,517)
Receipt from other operating activities	40	1,401,520,134	1,410,729,417
Payment for other operating activities	41	(955,329,498)	(906,527,218)
Operating profit before changes in operating assets and liabilities.		5,013,919,296	7,543,080,475
Increase/Decrease in operating assets and liabilities:			
Statutory Deposits		(10,662,462,087)	60,509,935
Purchase/Sales of trading Securities		(911,165,998)	(178,770,402)
Loans and advances to Customers		(26,860,662,790)	(23,460,120,125)
Other assets	42	(1,334,062,698)	437,734,272
Deposit from banks		(45,830,308)	72,454,839
Deposit from customers		36,883,652,057	9,721,965,319
Other Liabilities	43	168,685,261	1,424,237,528
		(2,761,846,563)	(11,921,988,634)
Net Cash from operating activities (A)		2,252,072,733	(4,378,908,159)
B. Cash flows from investing activities			
Proceeds from Sale of Securities		443,720,700	61,132,678
Purchase/Sale of property, plant & equipment		(344,890,516)	(624,585,723)
Net Cash from investing activities (B)		98,830,184	(563,453,045)
C. Cash flows from financing activities			
Receipts from borrowings		6,821,441,763	8,233,182,484
Dividends Paid		(2,007,867,914)	(836,611,631)
Cash received from Issuance of Rights Shares		-	-
Net cash from financing activities (C)		4,813,573,849	7,396,570,853
Net Increase/(Decrease) in cash (A+B+C)		7,164,476,766	2,454,209,649
Cash and Cash equivalents at beginning of the year		29,056,253,370	26,602,043,721
Cash and cash equivalents at the end of the year		36,220,730,136	29,056,253,370
Cash and cash Equivalents at end of the year			
Cash in hand (including foreign currencies)	3.1	3,386,497,419	2,582,113,708
Balance with Bangladesh bank and its agent bank	3.2	17,716,246,478	15,378,571,075
Balance with other banks & financial institution	4	14,167,986,239	10,705,568,587
Money at call on short notice	5	950,000,000	390,000,000
		36,220,730,136	29,056,253,370

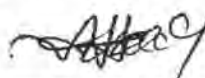
The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



Director



Director

UNITED COMMERCIAL BANK LIMITED
Statement of Changes in Equity

For the year ended 31 December 2016

Amount in BDT

Particulars	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Foreign Currency translation gain/(loss)	Retained Earnings	Total
Balance as at 01 January 2016	10,039,339,570	1,454,976,750	8,337,157,253	26,577,961	2,534,101,559	645,466,405	3,043,809	2,548,155,233	25,588,818,540
Changes in Accounting policy	-	-	-	-	-	-	-	-	-
Restated Balance	10,039,339,570	1,454,976,750	8,337,157,253	26,577,961	2,534,101,559	645,466,405	3,043,809	2,548,155,233	25,588,818,540
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	(454,825,444)	-	-	(454,825,444)
Currency translation difference (OBU)	-	-	-	-	-	-	1,561,284	-	1,561,284
Net Profit for the period	-	-	-	-	-	-	-	2,628,634,461	2,628,634,461
Transferred for statutory reserve	-	-	1,037,977,231	-	-	-	-	(1,037,977,231)	-
Dividend (Bonus Share Issued) for 2015	501,966,970	-	-	-	-	-	-	(501,966,970)	-
Dividend (Cash) for 2015	-	-	-	-	-	-	-	(2,007,867,914)	(2,007,867,914)
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	10,541,306,540	1,454,976,750	9,375,134,484	26,577,961	2,534,101,559	190,640,961	4,605,093	1,628,977,579	25,756,320,927

The annexed notes 01 to 46 form an integral part of these financial statements.



Managing Director



Director



Director

Liquidity Statement

Asset and Liability Maturity Analysis
As at 31 December 2016

Particulars	Amount in BDT					
	Up to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Assets						
Cash in hand	3,985,402,899	-	-	-	17,117,340,998	21,102,743,897
Balance with other banks & financial institutions	10,177,986,239	2,490,000,000	1,500,000,000	-	-	14,167,986,239
Money at call on short notice	950,000,000	-	-	-	-	950,000,000
Investment	23,234,768,523	21,698,293	7,034,294,073	8,885,718,422	16,299,158,946	55,475,638,257
Loans and Advances	29,685,597,928	51,355,057,738	64,814,415,137	50,092,620,107	27,749,491,494	223,697,182,404
Fixed assets including premises, furniture & fixture	50,000,000	100,000,000	450,000,000	2,400,000,000	5,380,175,741	8,380,175,741
Other Assets	224,742,709	966,518,010	302,375,544	1,979,969,475	2,473,447,310	5,947,053,048
Non banking assets	-	-	-	-	-	-
Total Assets (A)	68,308,498,298	54,933,274,041	74,101,084,754	63,358,308,004	69,019,614,489	329,720,779,586
Liabilities						
"Borrowing from Bangladesh bank, other banks, financial institutions and agents"	855,395,290	4,581,134,380	10,048,919,189	6,816,045,750	3,263,606,025	25,565,100,634
Deposits	39,163,452,004	51,660,091,484	60,067,406,079	53,685,431,241	53,127,921,273	257,704,302,081
Provision and other liabilities	1,422,008,545	1,655,300,927	2,018,531,334	7,525,745,317	8,073,469,821	20,695,055,944
Total Liabilities (B)	41,440,855,839	57,896,526,791	72,134,856,602	68,027,222,308	64,464,997,119	303,964,458,659
Net Liquidity Gap (A-B)	26,867,642,459	(2,963,252,750)	1,966,228,152	(4,668,914,304)	4,554,617,370	25,756,320,927

UNITED COMMERCIAL BANK LIMITED

Notes to the Financial Statements

As at and for the year ended 31 December 2016



Notes to the Financial Statements

As at and for the year ended 31 December 2016

1. The Bank & its activities

1.1 Status of the Bank

United Commercial Bank Limited ("UCBL" or the "Bank") was incorporated in Bangladesh as a public limited company with limited liability on 26 June 1983 under the Companies Act 1913 to carry on banking business in Bangladesh. It obtained permission from Bangladesh Bank on 13 November 1983 to commence its business. The Bank has 168 branches as on 31 December 2016. All the branches of the Bank run on Commercial Conventional basis. The Bank offers services for all commercial banking needs of the customers, which includes deposit banking, loans & advances, export import financing, inland and international remittance facility etc. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company.

The principal place of business and the registered office of the bank is located at Plot # CWS (A) 1, Gulshan Avenue, Dhaka - 1212.

1.2 Off-shore Banking Unit

Off-shore Bank is a Bank located outside the country of residence of depositors, typically in the low tax jurisdiction (or tax haven) that provides financial and legal advantage. Offshore Banking Unit (the Unit) a separate business unit of United Commercial Bank Limited, governed under the Rules and guideline of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3) 744 (117)/2010-2577 dated 9th June 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently the Bank has 1 (One) unit in Dhaka operating under the Rules and guideline of Bangladesh Bank.

1.3 Mobile Financial Services; UCash

With the view to bring the unbanked people to the banking facilities UCB started Mobile Banking Services under the title of UCash in 2013. The bank obtained the license from Bangladesh Bank for mobile banking business vide letter no. DCMPS/PSD/37(T)/2012-217 dated 19 April 2012.

1.4 Subsidiary Company

A subsidiary is an entity in which the bank has control as per as shareholding and voting right is concerned. Control exists when the bank has substantial shareholding (more than 50 percent) in the company or the power, directly or indirectly, to govern the financial and operating policies of an enterprise as on the date of the reporting. Separate (solo) Financial Statements and Consolidated Financial Statements is being prepared for subsidiary investment as per Bangladesh Accounting Standard (BAS) - 27; 'Separate Financial Statements' and BFRS-10; Consolidated Financial Statements. Interest of the minority is shown as the minority interest which includes share capital of the minority portion as well as profit earned that goes to the non-controlling interest. However, intergroup transactions, balances and the resulting unrealized profits/(loss) is eliminated on consolidation.

1.4.1 UCB Capital Management Limited

UCB Capital Management Limited is a subsidiary company of United Commercial Bank Limited. The activities of the company includes brokerage service, margin loan etc. The company is carrying out its activities under the license from both Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd.

UCBL holds 51,34,999 nos. of shares of UCB Capital Management Limited with face value of Tk. 100 each which equivalent to 99.99998% of total shares of the company.

1.4.2 UCB Investment Limited

UCB Investment Limited was incorporated in Bangladesh as a private limited company with limited liability as on 3 August of 2011 under Companies Act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities.

UCBL holds 24,990,000 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which equivalent to 99.96% of total shares of the company.

1.5 Separate and consolidated financial statements

The separate financial statements of the bank as at and for the year ended 31 December 2016 comprise those of Domestic Banking (Main Operations) and Offshore Banking Unit (OBU), and the consolidated financial statements of the group as at and for the year ended 31 December 2016 comprise those of 'the bank' (parent company) and its subsidiaries.

2. Summary of significant accounting policies and basis of preparation of the financial statements

Basis of preparation:

2.1 Statement of Compliance

The financial statements of the Bank have been prepared in accordance with the "first Schedule (Selection 38) of the Bank Company Act 1991 as amended by BRPD circular no. 14 dated 25 June 2003, the rules and regulations issued by Bangladesh Bank, Bangladesh Financial Reporting Standards (BFRSs), the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchange's listing regulations and other laws and rules applicable in Bangladesh. In case the requirement of provisions and Circulars issued by Bangladesh Bank differs with those of other regulatory authorities and accounting standards, the provisions and Circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from certain contradictory requirements of BFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

i) Presentation of financial statements

BFRSs: As per BAS 1 Presentation of Financial Statements, Financial Statements shall comprise statement of financial position, comprehensive income statement, changes in equity, cash flows statement, notes comprising a summary of significant accounting policies and other explanatory information. As per para 60 of BAS 1, the entity shall also present current and non-current assets and current and non-current liabilities as separate classifications in its statement of financial position.

Bangladesh Bank: The presentation of the financial statements in prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, changes in equity, liquidity statement) and certain disclosures therein are guided by the "First Schedule" (section 38) of the Bank Companies Act 1991 (amendment up to 2013) and BRPD Circular no. 14 dated 25 June 2003 and subsequent guidelines of Bangladesh Bank. In the prescribed format there is no option to present assets and liabilities under current and non-current classifications.

ii) 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 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 recognised at cost.

iii) Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 where securities will fall under the category of Held for Trading (HFT), any change in the fair value of held for trading assets is recognised through profit and loss account. Securities designated as Held to Maturity (HTM) are measured at amortised cost method and interest income is recognised through the profit and loss account using an effective interest rate.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market on weekly basis and any gains on revaluation of securities which have not matured as at the balance sheet date are recognised 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. Interest



Notes to the Financial Statements

on HFT securities including amortisation of discount are recognised in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortised at the year end and any losses are recognized through profit and loss account and gains on amortisation are recognised in other reserve as a part of equity.

iv) Provision on loans and advances/investments

BFRS: As per BAS 39 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 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013) and BRPD circular No. 16(18 November 2014) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 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.

v) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognized using an effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised 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 a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest in suspense account, which is presented as liability in the balance sheet.

vi) Other comprehensive income

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

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which is applicable for all the 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 statement of Comprehensive Income. 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.

vii) Financial instruments - presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39. As such full disclosure and presentation requirements of BFRS 7 and BAS 32 cannot be made in the financial statements.

viii) Financial guarantees

BFRS: As per BAS 39, 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 recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised 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, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. 1% provision is maintained on such off balance sheet items as per guidelines of Bangladesh Bank.

ix) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash item as per BAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the face of the balance sheet, and treasury bills, prize bonds are shown in investments.

x) Non-banking asset

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

Bangladesh Bank: As per BRPD 14, there must exist a face item named Non-banking asset.

xi) 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, cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.

xii) Presentation of intangible asset

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14.

xiii) 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, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Loans and advances/Investments net of provision

BFRS: Loans and advances/Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 14, provision on loans and advances/investments are presented separately as liability and cannot be netted off against loans and advances.

xv) Disclosure of appropriation of profit:

BFRSs: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular 14 dated 25 June 2003, an appropriation of profit should be disclosed on the face of Profit and Loss Account.

xvi) REPO transactions

BFRSs: When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a collateralized borrowing and the underlying asset continues to be recognized in the entity's financial statements. This transaction will be treated as borrowing and the difference between selling price and repurchase price will be treated as interest expense.

Bangladesh Bank: As per BB circulars/guidelines, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the same (or a similar asset) at a fixed price on a future date (REPO or stock lending), the arrangement is accounted for as a normal sale transaction and the financial assets should be derecognized in the seller's book and recognized in the buyer's book.

xvii) Recovery of written off loans:

BFRSs: As per BAS 1, an entity shall not offset assets and liabilities or income or expenses, unless required or permitted by a BFRS. Again recovery of written off loans should be charged to profit and loss account as per BAS 18.

Bangladesh Bank: As per BRPD circular # 14, recoveries of amount previously written off should be adjusted with the specific provision for loans and advances

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items:

- Government Treasury Bills and Bonds designated as 'Held for Trading (HFT)' at present value using 'mark to market' concept with gain credited to revaluation reserve but loss charged to Profit and Loss Account.
- Government Treasury Bills and Bonds designated as 'Held to Maturity (HTM)' at present value using amortization concept.
- Land is recognized at cost at the time of acquisition and subsequently measured at fair value as per BAS-16 Property Plant & Equipment and BSEC notification SEC/CMRRCD/2009-193/150/ Admin dated 18 August 2013.

2.3 Basis of consolidation

The consolidated financial statements include the financial statements of United Commercial Bank Limited and its subsidiaries 'UCB Capital Management Limited and 'UCB Investment Ltd'. The Separate (solo) financial statements and consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standard BAS -27: Separate Financial Statements and BFRS-10: Consolidated financial statements. The consolidated financial statements are prepared to a common financial year ended 31 December 2016. Basis of consolidation are as follows:

- The consolidated financial statements incorporate the financial statements of the bank and the financial statements of the subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the parent (bank) are eliminated against the corresponding share capital of group entities (subsidiaries) in the consolidated financial statements.
- Subsidiaries (investees) are entities controlled by the parent (investor). Control exists when the investor has the power over the investee that gives right to direct relevant activities, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.
- All financial assets and financial liabilities are offset and the net amount reported in the consolidated financial Statements only when there is legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. Items are not offset in the consolidated financial statements unless required or permitted by accounting standards and regulators.
- Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.
- Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- Loss of control: upon the loss of control of a subsidiary the group derecognizes the assets (including any goodwill) and liabilities of the subsidiary at carrying amount, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit and loss account. If the group retains any interest in the former/previous/ex subsidiary, then such interest is measured at fair value at the date that the control is lost.

2.4 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Key estimates include the following:

- Loan loss provision
- Revaluation of land
- Current tax, Deferred tax assets/liabilities
- Gratuity & Superannuation fund

2.5 Consistency

In accordance with BFRS framework for the presentation of financial statements together with BAS-1 and BAS-8, United Commercial Bank Limited discloses its information consistently from one period to the next. Where selecting and applying a new accounting policies, changes in accounting policies, correction of errors, the amount involved are accounted for and disclosed retrospectively in accordance with the requirement of BAS-8. However, for changes in the accounting estimates the related amount is recognized prospectively in the current period and in the next period or periods.

2.6 Foreign Currency Transactions and Translations:

Functional and presentation currency

The consolidated financial statements of the Group and the financial statements of the Bank are presented in Bangladesh Taka (BDT) which is the functional currency of the Group and the Bank except OBU where functional currency is US Dollar (USD). All financial information presented in Taka has been rounded off to the nearest integer, except when otherwise indicated.

Foreign currency transactions:

Transactions/Day End Balances in foreign currencies are converted into respective functional currencies at the rate of exchange ruling at the date of transactions as per BAS 21 'The Effects of Changes in Foreign Exchange Rates'. Effects of Exchange rate differences (rates at which transactions were initially recorded and the rate prevailing on the reporting date/date of settlements) applied on the monetary assets or liabilities of the bank are recorded in the Profit and Loss Account.

Foreign currency translations:

Assets and liabilities of OBU have been presented into Taka (which is functional currency of the Bank) using year end standard mid rate of exchange of the Bank and incomes and expenses are translated using monthly average of standard mid rate of exchange. The foreign currency translation difference is a net result of exchange difference of year end standard mid rate and monthly average of standard mid rate arising from translation of functional currency to presentation currency.

2.7 Cash flow statement

Cash flow statement has been prepared in accordance with Bangladesh Accounting Standard (BAS) 7 "Statement of Cash Flows" and under the guideline of Bangladesh Bank BRPD Circular no.14 dated 25 June 2003. The Statement shows the structure of changes in cash and cash equivalents during the financial year.

2.8 Statement of Changes in Equity

The Statement of Changes in Equity reflects information about the increase or decrease in net assets or wealth. The statement also shows item-wise movement along with the description of changes from the end of last year to the end of current year.

2.9 Statement of liquidity

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

Notes to the Financial Statements

Particulars	Basis of Use
Cash, Balance with other banks and financial institutions, money at call and short notice etc.	Stated maturity/observed behavioral trend.
Investments	Residual maturity term.
Loans and advances	Repayment/maturity schedule and behavioral trend (non-maturity products).
Fixed assets	Useful life.
Other assets	Realization/amortization basis.
Borrowings from other banks and financial institutions	Maturity/repayment term.
Deposits and other accounts	Maturity and behavioral trend (non-maturity products).
Other long term liability	Maturity term.
Provision and other liability	Settlement/adjustment schedule basis.

2.10 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities except otherwise instructed by the Central Bank as prime regulator. Certain comparative amounts in the financial statements have been reclassified and rearranged to conform to the current year's presentation.

Accounting policies of subsidiaries

The financial statements of subsidiaries have been prepared using uniform accounting policies of the Bank (Parent) for transactions and other events in similar nature. The financial statements of subsidiaries have been prepared using the calendar year ended 31 December which is also same for the Bank.

A. Assets and basis of their valuation

2.10.1 Cash and cash equivalents

Cash and cash equivalent include notes and coins on hand, unrestricted balance held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the Bank management for its short-term commitments.

2.10.2 Investments

All investment securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortized and discounts are accredited. Accounting treatment for government treasury securities (HFT and HTM) is made as per Bangladesh Bank Circular Ref. BRPD Circular no. 5 dated 26 May 2008 and subsequent clarification DOS circular letter no. 5 dated 28 January 2009.

2.10.3 Held to Maturity (HTM)

Investment which have "fixed or determinable payments" and are intended to be held to maturity are classified as "Held to Maturity". Initially these investments are recorded at cost. Subsequently at each year end, these investments are measured at amortized cost. Any increase or decrease in the value of such investment is recognized in shareholders' equity and profit and loss account respectively.

2.10.4 Held for Trading (HFT)

Investment classified in this category are acquired principally for the purpose of selling or repurchasing in short trading or if designated as such by the management. After initial recognition at cost, investments are revalued at Marked to Market (MTM) on weekly basis and any increase on such valuation is recognized as revaluation gain under the shareholders' equity and any loss is recognized in the profit and loss account.

2.10.5 REPO and Reverse REPO:

Securities purchased under re-sale agreements are treated as collateralized lending and recorded at the consideration paid and interest accrued thereon. The difference between purchase price and re-sale price is treated as interest received and accrued evenly over the life of Repo agreement.

Since 1 September 2010 transactions of REPO and Reverse REPO are recorded based on DOS Circular no. 06, dated 15 July 2010 of Bangladesh Bank. Securities under repo will be excluded from the investment portfolio and hence will not be eligible for SLR purpose. Securities acquired under reverse repo will be eligible for SLR purpose initially at its clean price (in case of coupon bearing security) or at its market value (in case of non-coupon bearing security).

2.10.6 Investment in listed/quoted securities

These securities are bought and held primarily for the purpose of selling them in future or hold for dividend income. These are reported at cost. Unrealized gains are not recognized in the profit and loss account. But provision for diminution in value of investment is recognized in the profit and loss account.

2.10.7 Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of Net Assets Value (NAV) over cost in the Profit & Loss Account, but no unrealized gain booking.

Investment class	Initial recognition	Measurement after initial recognition	Recording of changes
Govt. T-bills/bonds - Held for Trading (HFT)	Cost	Fair value (Weekly revalued at FMV through MTM valuation process)	Loss to Profit and Loss Account gain to Revaluation Reserve through Profit & Loss Account.
Govt. T-bills/bonds - Held to Maturity (HTM)	Cost	Amortized cost at each year end.	Increase or decrease in value to equity and Profit & Loss Account respectively.
Debenture/Bond	Face value	N/A	N/A
Shares (Quoted) *	Cost	Lower of Cost or Market Value (overall portfolio)	Loss (gain net off) to Profit and Loss Account but no unrealized gain booking.
Shares (Unquoted)*	Cost	Lower of Cost or Net Asset Value (NAV)	Loss to Profit & Loss Account but no unrealized gain booking.
Prize bond	Cost	Cost	N/A

2.10.8 Investment in subsidiaries

Investment in subsidiaries are accounted for under the cost method of accounting in the Bank's financial statements in accordance with BAS 27 "Separate Financial Statements" and BFRS 3 "Business Combination". Impairment of investment in subsidiaries is made as per the provision of BAS 36 "Impairment of Assets".

2.10.9 Loans, Advances and provisions

- Loans and advances are stated at gross amount.
- Loans and advances are broadly classified under the heads of Continuous, Demand, Term and Short term Agriculture and Micro Credit. Continuous and Demand Loans are accounted under Capitalized method where interest accrues monthly and applied to loan account quarterly. Term loans are accounted under amortized method where repayments consists of no. of EMIs.
- Interest on unclassified loans & advances and SMA loans are credited to Interest Income. Interest on Sub standard and Doubtful loans and advances are not credited to interest income, it is kept in suspense account as per Bangladesh Bank instructions and such interest is not accounted for as income until realized from borrowers. Interest accrual kept stopped for all Bad & Loss Advances.
- Commission and discounts on bills purchased and discounted are recognized at the time of realization.

Notes to the Financial Statements

- e) General provisions on unclassified loans and off balance sheet items, specific provisions for classified loans and interest suspense thereon are shown under other liabilities. Provision against classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012 and BRPD Circular no.16 dated 18 November 2014.

Particulars	Rates
General Provision on:	
Unclassified general loans and advances	1%
Unclassified small and medium enterprise	0.25%
Unclassified loans to BHs/MBs/SDs against shares etc.	2%
Unclassified loans consumer financing -Housing finance	2%
Unclassified loans consumer financing -Loans for professionals	2%
Unclassified consumer financing other than housing financing and loan for professionals	5%
Unclassified short-term Agricultural and Micro-Credits	2.50%
Special Mention Account	0.25%-5%
Off-balance sheet exposures	1%
Specific Provisions on:	
Substandard loans and advances other than short term agri credit and micro credit	20%
Doubtful loans and advances other than short term agri credit and micro credit	50%
Bad/Loss loans and advances	100%
Substandard short term agri credit and micro credit	5%
Doubtful short term agri credit and micro credit	5%

- f) Loans and advances are written off to the extent that (i) there is no realistic prospect of recovery and (ii) against which legal cases are pending for more than 05 (five) years as per guidelines of Bangladesh Bank. However, the write off will not reduce the claim against the borrower. Detailed memorandum records for all such write off accounts are maintained carefully and followed up.

As per BRPD circular no. 14 September 2012 and BRPD Circular No.05 dated 29 May 2013 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained. However such general provision cannot satisfy the conditions of provision as per IAS 37. At the year end the company has recognized an accumulated general provision of Tk. 1,741.87 million in the balance sheet under liabilities as per Bangladesh Bank's requirement.

2.10.10 Property, Plant and Equipment and depreciation:

Recognition:

The cost of an item of fixed assets is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably.

Initial Measurement:

Items of property, plant and equipment that qualify for recognition as an asset are measured initially at its cost. The cost of an item of PPE comprises:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent Measurement:

Subsequently, the Bank has the option to measure an entire class of property, plant and equipment either using cost model or revaluation model.

Fixed assets except land are stated at cost less accumulated depreciation. Land is recognized at cost at the time of acquisition and subsequently measured at revalued amounts which are the fair value at the time of revaluation done by independent professional valuer and any surplus on revaluation is shown as equity component until the asset is disposed.

Subsequent expenditure

The bank recognizes any subsequent expenditure in the carrying amount of an item of property, plant and equipment as part of the cost only when it is probable that future economic benefits embodied with the item will flow to the bank due to the subsequent expenditure. However, expenditure incurred after the assets have been put into operation, such as, repairs and maintenance is recognized as revenue expenditure in the period in which it is incurred.

Depreciation:

Depreciation is charged at the rates stated below on all fixed assets on the basis of estimated useful lives as determined in the fixed asset policy of the Bank. In all cases depreciation is calculated on the straight line method. Charging depreciation commences from the month of acquisition (for full month) and ceases at the month when the assets are disposed. No depreciation has been charged on land. Rate and method of charging depreciation/ amortization of fixed assets are mentioned below:

Name of the assets	Rate of depreciation	Method of charging depreciation/ amortization
Land	NIL	Not applicable
Building	2.50%	Straight Line Method
Furniture & Fixtures	10%	Straight Line Method
Office Equipment	20%	Straight Line Method
Computer Equipments	20%	Straight Line Method
Computer Software	25%	Straight Line Method
Vehicle	20%	Straight Line Method

Changes in useful life and method of depreciation of the property, plant and equipment:

Both changes in useful life of the property, plant and equipment and method of depreciation, i.e. consumption pattern of the assets shall be accounted for as a change in an accounting estimate in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Capital work in progress:

Property, plant and equipment under construction is recognized and reported under Fixed Assets as per BAS 16 'Property, Plant & Equipment' as Capital work in progress until the construction work is completed and the asset is ready for intended use. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

De-recognition of fixed assets:

The carrying amount of an item of fixed assets is derecognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de recognition of an item of fixed assets is recorded in profit or loss when the item is de recognized.

Revaluation of Property, Plant and Equipment

An item of Property, Plant and Equipment is revalued when fair value of the asset differs materially from its carrying amount. Such revaluation is normally carried out by professionally qualified valuers. Last revaluation of Bank's land property and Building was carried as at 27 December 2012 by Padma Techno Consult & Survey Ltd. Accordingly, revaluation surplus is included in fixed assets and assets revaluation reserve is recognized under shareholders equity as per guidelines of BAS-16; Property, Plant and Equipment. Such revaluation reserve will be disposed off upon retirement/de-recognition of the assets.

Notes to the Financial Statements

2.10.11 Accounting under lease operations:

2.10.11.1 Assets obtained under Lease Agreements:

Fixed assets which are procured under finance lease arrangement (under which substantially all the risks and rewards incidental to ownership are transferred to the lessees i.e. UCBL) are reported as leased assets as per BAS 17 'Leases'. These assets held under finance lease are recognized as assets of the bank at an amount equal to the lower of their fair value and the present value of minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Any initial direct costs incurred are added to the amount recognized as leased asset. These assets are depreciated fully over the shorter of the lease terms and their useful lives.

2.10.11.2 Assets given on operating and finance lease arrangements:

As per Bangladesh Accounting Standard (BAS) 17: Leases, the transactions for leasing operation have been recorded under finance lease method of accounting when all the risks and rewards associated with ownership of the assets are transferred substantially other than the legal title, otherwise, recorded under operating lease method.

As per this standard, the aggregate lease receivables including unguaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of gross lease receivables over the total acquisition costs including interest during the period of acquiring the lease assets constitutes the unearned lease income. Initial direct costs, if any, in respect of lease are charged in the year in which such costs are incurred.

The unearned lease income is usually amortized to revenue on monthly basis over the lease term yielding a constant rate of return over the period. Unrealized income is suspended where necessary in compliance with the requirements of relevant circulars issued by Bangladesh Bank.

2.10.12 Intangible asset

An intangible asset is to be recognized only if it is probable that future economic benefits attributable to the assets will flow to the bank and the cost of the asset can be measured reliably. Recognition & measurement of Intangible Assets are guided by Bangladesh Accounting Standard (BAS)-38; 'Intangible Asset'. Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Gain or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceed and the carrying amount of that intangible asset and are recognised in profit and loss account. Due to following BRPD circular no. 14 dated 25 June 2003 Intangible assets are not disclosed in a separate line rather in is reported under Fixed Assets. However, separate line item alongwith the rate of amortization is identifiable in the detail schedule of Fixed Asset.

2.10.13 Impairment of assets

The carrying amounts of bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Any impairment loss is recognized in the profit and loss account if the carrying amount of an asset exceeds its recoverable amount (BAS 36 Impairment of Assets). No such impairment loss has been arisen and recognized during the year ended 31 December 2016.

2.10.14 Other Assets

Other assets include mainly advance office rent, payment of advance income tax for which assessment of tax has not yet been finalized, investment in subsidiaries, fees and other unrealized income receivable, advance for operating and capital expenditure, stocks of stationery & stamps etc. As per BRPD Circular No. 14 dated 25 June 2003, Income & Non-income-generating other assets item(s) have been shown separately in the relevant notes to the financial statements.

2.10.15 Receivables

Receivables are recognized when there is a contractual right to receive cash or another financial asset from another entity or person.

2.10.16 Non banking assets:

Bangladesh Bank vide BRPD circular # 14 dated 25 June 2003 required that Non-banking assets should be shown separately in the books of accounts. Non-banking assets are acquired on account of the failure of a borrower to repay the loan in time after receiving the decree from the court regarding the right and title of the mortgaged property.

Recognition of non banking assets:

Although there is no indication of non banking assets found in any Bangladesh Financial Reporting Standards (BFRS), non banking assets are to be recorded in the books of accounts when all formalities regarding confirmation of ownership have been completed. Meaning that asset to be recognized when control over economic benefits flowing from the asset to the bank is established and its associated cost/value is reliably measured. Therefore, considering practical grounds, non banking assets are recorded in the books of accounts of UCBL when all of the following conditions have been met:

- a) Certification of ownership u/s 33(7) of the 'Artharin Adalat Act 2003' has been obtained.
- b) Registration from the Sub Registry Office completed
- c) DCR & Mutation form the concerned AC Land office completed
- d) Land Rent tax and Municipal tax (if any) Paid
- e) Valuation of the property done
- f) Physical possession obtained

Measurement of the non banking assets:

Non Banking Asset measured at the estimated Forced Sale Value (FSV) as determined by the independent professional valuing firm.

B. Liabilities and provisions:**2.10.17 Borrowings from other banks, financial institutions and agents**

Borrowings from other banks, financial institutions and agents include interest bearing borrowings, bonds etc which are stated in the financial statements at principal amount of the outstanding balance. Interest payables on such borrowings are reported under other liabilities.

2.10.18 Debt securities (Subordinated Bond):

In order to meet the requirement of regulatory capital, the bank issued UCB 2nd Sub-ordinated Bond of Tk. 500 crore on 29 July 2015 bearing coupon rate of benchmark rate (average of 6 months FDR rate of private commercial banks) plus 2.50% margin. Subordinated Bond is a long term borrowing raised mainly to increase tier-ii capital.

2.10.19 Deposits and other accounts:

Deposits and other accounts include current deposits redeemable at call, short term deposits, savings deposits and fixed deposits which are initially measured at the consideration received. These items are subsequently measured and accounted for at the gross value of the outstanding balance in accordance with the contractual agreements with the counter parties.

2.10.20 Other liabilities:

Other liabilities comprise items such as provision for loans and advances/ investments, provision for taxes, interest payable on borrowing, interest suspense and accrued expenses etc. Individual item-wise liabilities are recognized as per the guidelines of Bangladesh Bank and Bangladesh Financial Reporting Standards (BFRS).

2.10.21 Dividend payments:

Interim dividend is recognized when it is paid to shareholders. Final dividend is recognized when it is approved by the shareholders in AGM. The proposed dividend for the year 2016, therefore, has not been recognized as a liability in the balance sheet in accordance with BAS 10 'Events after the Reporting Period'. 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 the payment is established.

2.10.22 Provision for loans and advances:

Provision for classified loans and advances is made on the basis of quarter end review by the management and instructions contained in BRPD Circular no.14 dated 23 September 2012, BRPD Circular no.19 dated 27 December 2012, BRPD Circular no.16 dated 18 November 2014 and BRPD Circular No. 08 dated 2 August 2015. Details are stated in Note 12.

2.10.23 Provision for investment in capital market:

For recognition of loss suffered from investment in capital market, provision has been made on unrealized loss (gain net off) according to DOS Circular No. 04 dated 24 November 2011 on portfolio basis.

Notes to the Financial Statements

2.10.24 Provision for off-balance sheet exposures:

In compliance with Bangladesh Bank guidelines, contingent liabilities have been disclosed under off-balance sheet items. As per BRPD Circular no.14 dated 23 September 2012 and related earlier circulars, the Bank have been maintaining provision @ 1% against off-balance sheet exposures.

2.10.25 Provision for other assets

Provision for other assets is made as per the guidelines mentioned in the BRPD Circular No. 14 dated 25 June 2001 i.e. 100% provision is required on other assets which are outstanding for one year or more.

2.10.26 Provision for Nostro accounts:

Provision for unsettled transactions on nostro accounts is made in accordance with the guideline of Foreign Exchange Policy Department of Bangladesh Bank, FEPA Circular no. FEPA (FEMO) / 01/2005-677 dated 13 September 2005. On the reporting date, UCBL has no unsettled transactions outstanding for more than 3 months and no provision has been made in this regard.

2.10.27 Provision for liabilities and accrued expenses:

In compliance with BAS 37, provisions for other liabilities and accrued expenses are recognized in the financial statements when the Bank has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.10.28 Retirement Benefit Schemes

The retirement benefits accrued for the employees of the Bank as on reporting date has been accounted for in accordance with the provision of Bangladesh Accounting Standard-19, "Employees Benefits". Various types retirement benefit schemes in the bank is enumerated as follows:

Provident fund

Provident fund benefits are given to the employees of the Bank in accordance with the registered provident fund rules. The Commissioner of Income Tax, Dhaka (North) has approved the provident fund as a recognized provident fund within the meaning of section 2 (52) read with the provision of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from November 30, 1988. The Fund is operated by a Board of Trustees consisting 03 (three) members of the Bank. All confirmed employees of the Bank are contributing 10% of their basic salary as subscription to the fund. The bank also contributes equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

Gratuity

Gratuity benefits are given to the employees of the bank in accordance with the approved gratuity fund rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund on December 27, 1995. The fund is operated by a Board of Trustees consisting 3 (Three) members of the bank. Employees are entitled to gratuity benefit after completion of minimum 5 (five) years of service in the bank. The gratuity is calculated on the basis of last basic pay. Obligation for Gratuity Fund is determined on the basis of actuary valuation.

Workers' Profit Participation Fund (WPPF)

Consistent with the industry practice and in accordance with The Bank Company Act, 1991, no provision has been made for WPPF.

2.10.29 Taxation

Income tax represented the sum of the current Tax and deferred tax payable for the year under reporting.

a) Current Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Provision for current income tax has been made as per prescribed rate in the Income Tax Ordinance 1984 on 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 with BAS-12 "Income Taxes". Tax Assets under the group head of other assets are recognized for payment of advance income tax, tax deducted at source and tax paid at the time of IT Return for the year/years for which assessment has not been yet finalized. On the other hand, the tax provision (as estimated as per BAS-12; Income Taxes, provision of latest Finance Act, related SROs/guidelines etc) are recognized as tax liability under the group head of other liability for the year/years for which assessment has not been yet finalized.

b) Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income tax recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets & liabilities are measured using tax rate & tax laws enacted or at the balance sheet date. Tax impact on the account of changes in deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS-12 "Income taxes".

C. Capital / Shareholder's equity**2.10.30 Capital:****(a) Authorized capital**

Authorized capital is the maximum amount of share capital that the bank is authorized by its Memorandum and Article of Association to issue to shareholders.

(b) Paid-up capital

Paid-up Capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meetings. In the event of a winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

2.10.31 Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act, 1991 until such reserves along with share premium equal to its paid up capital.

2.10.32 Asset revaluation reserve:

When an asset's carrying amount is increased as a result of revaluation, the increased amount is credited directly to equity under the heading of assets revaluation reserve as per BAS 16 'Property, Plant and Equipment. The Bank also follows the assets revaluation guidelines issued by BSEC on 18 August 2013.

2.10.33 Reserve for Amortization/ revaluation of securities:

When a Financial Asset categorized under HTM or HFT and subsequent value of the asset is increased as a result of amortization of assets or mark to market revaluation, the net increased amount (for HTM increase or decrease of book value and for HFT loss to P&L but gain to revaluation reserve through P&L) is credited directly to equity under the heading of reserve for amortization/ revaluation of securities as per Bangladesh Bank DOS circular no. 06, dated 15 July 2010.

2.10.34 Retained Earnings

The surplus amount after appropriation of yearly profit, kept in Retained Earnings.

2.10.35 Share premium

The Share premium represents the excess amount received by the bank from its shareholders over the nominal/par value of its share. The amount of share premium can be utilized as per the provision of Section 57 of the Companies Act 1994.

2.10.36 Contingent asset and contingent liability

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events and on the other hand a contingent liability is a possible obligation that arises from past events and whose existence will also be confirmed only by the occurrence or non-occurrence of one or more uncertain future events. Contingent asset and liability is not recognized rather disclosed in the financial statements.

Bank also undertakes forward rate agreements and transaction of similar financial instruments and derivatives. Such activities are undertaken in line with Bangladesh Bank guidelines and appropriate provision has been made against such contingent items.

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2.10.37 Accounting of Derivative Financial Instruments:

Derivatives:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Derivative is a financial instrument meeting all of the following three features:

1. whose value changes in response to the change in price of an underlying security, commodity, currency, index or other financial instruments
2. where the initial net investment is zero or is small in relation to the value of underlying security or index
3. that is settled at a future date

Derivatives are classified as held for trading (unless they are hedging instruments) and accordingly, measured at fair value. Any changes in fair value recorded in profit and loss account.

Cross Currency swaps:

At UCB, we perform only plain vanilla cross currency swaps. In this simple form, the principal amount of the deal is exchanged between the counterparties in the First Leg of the Deal. During the 2nd Leg the principals are again transacted but only at an exchange rate that is different from the 1st leg. The Buy rate of SWAP is different from the Sell rate as forward points are either added or subtracted from the 1st leg rate.

Embedded derivatives:

Certain contracts that are not themselves derivatives (and may not be financial instruments) include derivative contracts that are 'embedded' within. An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract. Embedded derivative causes some or all of the cash flows of the host contract to be modified. Besides, embedded derivative cannot be transferred to a third party independently of the instrument. The basic rule for accounting for an embedded derivative is that it should be separated from its host contract and accounted for as a derivative, i.e., measured at fair value and any changes in fair value recognized in profit and loss account. Separation of embedded derivative from the host contract is made only when the following conditions are met:

1. The economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract.
2. The embedded derivative would meet the definition of a derivative if separated from the host contract
3. The hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit and loss.

D. Revenue Recognition:

2.10.38 Interest income

Interest on unclassified (Standard and SMA) loans and advances is accounted for as income on accrual basis, interest on classified loans and advances (SS and DF only) is credited to interest suspense account with actual receipt of interest there from credited to income as and when received as per instruction contained in BRPD 14 dated 23 September 2012, BRPD 19 dated 27 December 2012 and BRPD 16 dated 18 November 2014 of Bangladesh Bank.

2.10.39 Fees and commission income

Fees and commission income arises on services provided by the Bank and recognized as and when received basis. Commission charged to customers on letters of credit, letters of guarantee and acceptance are credited to income at the time of effecting the transactions.

2.10.40 Interest income from investments

Interest income on investments in Government and other securities, debentures and bonds is accounted for on accrual basis.

2.10.41 Income from Exchange

Exchange income includes all gain and losses from foreign currency day to day transactions, conversions and revaluation of Non Monetary items.

2.10.42 Dividend income

Dividend income from investments is recognized at the time when it is declared, ascertained and right to receive the payment is established.

2.10.43 Interest paid on borrowings and deposits

- a. Interest expenses are generally recognized on accrual basis taking into account of daily balance outstanding at the rate applicable for respective deposits and interest on savings and SND accounts is credited to depositors' account on half yearly basis. No interest is applicable on balance lying in current deposit account. Interest on FDR accrued but not due to clients A/c was credited to "Other Liability A/c - Interest Payable".
- b. Other expenses are also recognized and recorded on accrual basis.

2.10.44 Management and other expenses

Expenses incurred by the Bank are recognized on actual and accrual basis.

E. Others:**2.10.45 Materiality and aggregation:**

Each material class of similar items has been presented separately in the financial statements. Items of dissimilar nature also have been presented separately unless they are immaterial in accordance with BAS 1 'Presentation of Financial Statements'.

2.10.46 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented 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.

2.10.47 Earnings per share (EPS)

The company calculates earnings per share (EPS) in accordance with BAS 33 "Earnings Per Share" which has been shown on the face of Profit and Loss Account. Earning per share (EPS) has been calculated by dividing the net profit after tax by the total number of ordinary shares outstanding at the end of the year. Details are shown in note 39 to the financial statements.

Basic Earnings per Share

Basic earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

Diluted Earnings per Share

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. However, diluted earnings per share are not required to calculate as there are no dilution possibilities during the financial year 2016.

2.10.48 Related party transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged as per BAS 24 'Related Party Disclosures', Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in notes 45.1 to 45.8.

2.10.49 Reconciliation of books and account:

Books of account in regard to inter-bank (in Bangladesh and outside Bangladesh) as well as inter-branches are reconciled at regular intervals to keep the un-reconciled balances within non-material level.

2.10.50 Events after the reporting period

Where necessary, all the material events after the balance sheet date have been considered and appropriate adjustment/ disclosures have been made in the financial statements as per BAS 10 'Events after the Reporting Period'. The only material event after the balance sheet date is: the Board of Directors recommended Cash dividend @ 15% for the year 2016 in its meeting no. 406 held on. 04 April 2017.

2.10.51 Credit rating

ECRL has rated the Bank based on December 31, 2015 with "AA"(pronounced as Double A) in the Long Term and ECRL-2 for the Short Term. The date of rating was May 07, 2016.

Year	Long Term Rating	Short Term Rating
2014	AA	ECRL-2
2015	AA	ECRL-2

The outlook of the rating is Stable. The rating reflects the strengths of the company which is backed by a strong team of management, growth in the non-interest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

2.10.52 Compliance report on Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

The Institute of Chartered Accountants of Bangladesh (ICAB) is the sole authority for adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in Bangladesh. While preparing the financial statements, United Commercial Bank applied most of the IAS and IFRS as adopted by ICAB. Details are given below:

Name of the BAS / BFRS	BAS/ BFRS	Status of compliance
Presentation of Financial Statements	BAS-1	Applied
Inventories	BAS-2	N/A
Statement of Cash Flow	BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	BAS-8	Applied
Events after the Reporting Period	BAS-10	Applied
Construction Contracts	BAS-11	N/A
Income Taxes	BAS-12	Applied
Property, Plant and Equipment	BAS-16	Applied
Leases	BAS-17	Applied
Revenue	BAS-18	Applied
Employee Benefits	BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	BAS-20	N/A
The Effects of Changes in Foreign Exchange Rates	BAS-21	Applied
Borrowing Costs	BAS-23	N/A
Related Party Disclosures	BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	BAS-26	N/A
Separate Financial Statements	BAS-27	Applied
Investments in Associates & Joint Ventures	BAS-28	N/A, UCB does not have any such relationship
Interests in Joint Ventures	BAS-31	N/A
Financial Instruments: Presentation	BAS-32	Applied to the extent of compliance with BRPD Circular no. 14 dated June 2003, DOS Circular no. 5 dated 26 May 2008 and DOS Circular no. 5 dated 28 January 2009.
Earnings per share	BAS-33	Applied
Interim Financial Reporting	BAS-34	Applied
Impairment of Assets	BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS-37	Applied to the extent of compliance with BRPD Circular no. 5 dated 5 June 2006 and BRPD Circular no. 14 September 2012.
Intangible Assets	BAS-38	Applied
Financial Instruments: Recognition and Measurement	BAS-39	*Applied to the extent of compliance with BRPD Circular no. 14 dated June 2003, DOS Circular no. 5 dated 26 May 2008 and DOS Circular no. 5 dated 28 January 2009.

Name of the BAS / BFRS	BAS/ BFRS	Status of compliance
Investment Property	BAS-40	N/A
Agriculture	BAS-41	N/A
First-time Adoption of Bangladesh Financial Reporting Standards	BFRS-1	N/A
Share Based Payment	BFRS-2	N/A
Business Combinations	BFRS-3	Applied
Insurance Contracts	BFRS-4	N/A
Non-current Assets Held for Sale and Discontinued Operations	BFRS-5	N/A
Exploration for and Evaluation of Mineral Resources	BFRS-6	N/A
Financial Instruments: Disclosures	BFRS-7	Applied to the extent of compliance with core risk management guideline of Bangladesh Bank.
Operating Segments	BFRS-8	Applied
Financial Instruments	BFRS-9	*BFRS 9 will replace BAS 39 on or after 1 January 2018
Consolidated Financial Statements	BFRS-10	Applied
Joint arrangements	BFRS- 11	N/A
Disclosure of interest in other entities	BFRS- 12	N/A
Fair value measurement	BFRS- 13	Applied
Regulatory Deferral Accounts	BFRS-14	N/A
Revenue from Contracts with customers	BFRS-15	*BFRS-15 will replace BAS-11 & BAS-18 on or after 1 January 2018

2.10.53 Operating segments:

Business segments report consists of products and services whose risks and returns are different from those of other business segments. The Bank has ten reportable segments, as described below, which are the Bank's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Bank's management and internal reporting structure. Each of the strategic business units of the Bank are periodically reviewed by the Management Committee. The following summary describes the operations in each of the Bank's reportable segments:

Segment Name	Description
Corporate Banking	This unit focuses on large corporate groups including structured/syndicated finance with a variety of advances & deposit products and other transactions.
SME Banking	Includes loans, deposits and other transactions and balances with SME customers.
Consumer Banking	Includes loans, deposits and other transactions and balances with retail customers.
Treasury	Treasury unit undertakes the Bank's funding and maintenance of SLR, Asset-liability management through money market operation, Fx. Market dealings, investing in derivatives including forwards, futures and swaps.
Investment Banking	Includes the Bank's trading, investment in equities and other capital market activities.
Offshore Banking	This unit aims to provide all kinds of commercial banking services to its customers in freely convertible currencies. Presently the Bank has one unit in Dhaka.
Card and Alternate Delivery Channel	This includes offering a variety of debit card and credit card to the customers according to their needs.
Mobile Financial Services	Mobile Financial services came up with the aim to cover a large number of people under banking channel though mobile network facilitating convenient cash in/out, bill payment, POS purchase etc.
UCB Capital Management Limited	The principal activity of the Co. is to act as a TREC Holder of DSE & CSE to carry on the business of stock brokers in relation to shares and securities dealings and other services.
UCB Investment Limited	The objective of the company is underwriting, managing and distributing the issue of stock shares, bonds and other securities, portfolio management, share transfer agent, fund management etc.

2.10.54 Risk Management

In banking organization, risk is the possibility that outcome of an action or event could bring up adverse impact. Such outcome could either result in a direct loss of earnings/capital or may result in imposition of constraints on banks' ability to meet their business objectives. Risk is the outcome of losses due to sudden downturn in economy or falling interest rates. Banks have to rely on their capital as a buffer to absorb such losses. The types and degree of risks of an organization may be exposed depend upon a number of factors such as its size, complexity business activities, volume etc. Initially Bangladesh Bank has issued guidelines on six core risk areas and accordingly scheduled banks operating in Bangladesh has implemented the guidelines for better risk management practice. Implementation of core risk management guidelines by United Commercial Bank Limited and its status are discussed below.

2.10.54.1 Credit risk Management

Credit risk arises while the borrowers or counterparty to a financial transaction fails to discharge an obligation as per agreed covenants, resulting in financial loss to the Bank. Credit exposures may arise from both the banking and trading books as well as Off-Balance sheet exposures. Credit risk is managed in the UCBL through a framework that spells out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework. Credit policies and standards are considered and approved by the Board of Directors.

Credit Risk measurement

Risk measurement plays a central role, along with judgment and experience, in informing risk taking and portfolio management decisions. It is a primary area for sustained investment and senior management attention. The standard Credit Risk Grading (CRG) system is used in both Corporate and SME Banking. The grading is used to assess the client along with a range of quantitative and qualitative factors. Our credit grades against Corporate & Medium clients are supported by external credit grades, and ratings assigned by external ratings agencies.

Credit approval

Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by the risk review units and recommend the loan to the approval authority. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases.

Credit Monitoring

We regularly monitor credit exposures, portfolio performance, and external trends through relationship and credit administration team at Branch and Head Office. Internal risk management reports containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; as well as credit grade migration are presented to risk committee. The PAMC meets regularly to assess the impact of external events and trends on the credit risk portfolio and to define and implement our response in terms of appropriate changes to portfolio shape, underwriting standards, risk policy and procedures. Accounts or portfolios are placed on Early Alert (EA) when they display signs of weakness or financial deterioration, for example, where there is a decline in the customer's position within the industry, a breach of covenants, non-performance of an obligation, or there are issues relating to ownership or management. Such accounts and portfolios are subjected to a dedicated process overseen by the Special Asset Management Division. Account plans are re-evaluated and remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exiting the account or immediate movement of the account into the control of Recovery unit. In Retail/Consumer Banking, portfolio delinquency trends are monitored continuously at a detailed level. Individual customer behavior is also tracked and informed in lending decisions. Accounts which are past due are subject to a collections process, monitored in collaboration with the Relationship manager by the Risk function. Charged-off accounts of the Bank are managed by specialist recovery teams of Special Asset Management Division.

Credit Concentration risk

Credit concentration risk is managed within concentration caps set for counterparty or groups of connected counterparty, for industry sector; and for product. Additional targets are set and monitored for concentrations by credit committee. Credit concentrations are monitored by the responsible risk committees in each of the businesses and concentration limits that are material to the Bank are reviewed and approved at least annually by the Board of Directors.

Credit risk mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, insurance, and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, plant and machinery; marketable securities; commodities; bank guarantees; and letter of credit. Collateral is valued in accordance with our risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value.

2.10.54.2 Foreign Exchange Risk Management

Foreign exchange risk is the risk that an investment's value changing due to changes in currency exchange rates. This risk usually affects businesses that export and/or import but also affect investors making international investments. Financial risk management is the practice of creating economic value in a firm by using financial instruments to manage exposure to risk. The most common cause of foreign exchange (FX) risk arises from making overseas payments for imports that are priced in a foreign currency and receiving foreign currency as payment against exports. Exposure to foreign exchange risk can also arise from foreign currency borrowing and deposits, overseas subsidiaries, assets located overseas.

UCB has developed a Foreign Exchange Risk Management policy in line with the Bangladesh Bank foreign exchange guideline to minimize different types of risks associated with foreign exchange transactions. In this guideline treasury functions are clearly demarcated between treasury front office, mid office and back office. The front office is involved only in dealing activities and the back office is responsible for all related support and monitoring functions on the other hand, mid Office will be responsible to monitor market risk, liquidity risk and operational risks at treasury. Treasury Front Office' 'Treasury Mid office and 'Treasury Back Office' has separate and independent reporting lines to ensure segregation of duties and accountability.

The Bank has also developed different strategies to handle foreign exchange risk by setting different types of limits and risk parameters to measure and monitor foreign exchange risk exposure of the Bank. Treasury department is vested with the responsibility to measure and minimize the foreign exchange risk associated with bank. To assess the degree of risk associated with foreign exchange position bank computes VaR (Value at Risk) on its foreign exchange position at 97.50% confidence level on daily basis. To deal smoothly dealers have various limits with triggers such as counterparty limit, stop loss limit, intraday limit, per deal limit etc.

Dealing room is equipped with Reuter's information and dealing system, a voice recorder for recording deals taking place over the telephone, television with financial news channels. Before entering into any deal with a counter party, a dealer ensures they have knowledge about the counter party's dealing style, product mix and assess whether the customer is dealing in an appropriate manner.

2.10.54.3 Asset Liability Management Risk

ALM is an integral part of the financial management process of any bank. It is concerned with strategic balance sheet management involving risks caused by changes in the interest rates, exchange rates and the liquidity position of the bank.

The Asset Liability Management Committee (ALCO) of UCB is headed by Managing Director of the Bank which meets at least once in every month to look after the financial market activities, manage liquidity risk, interest rate risk and FX or currency risk. Asset Liability Management (ALM) desk of the Treasury is primarily responsible for management of liquidity risk on a daily basis by appropriate coordination of funding activities.

Asset liability Committee (ALCO) reviews the country's overall economic position, market outlook (local and global) and Bank's liquidity position. A quarterly projection of fund flows is reviewed in ALCO meeting regularly. ALCO also examines key ratios such as Maximum Cumulative Outflow, Advance Deposit Ratio, Capital Adequacy Ratio, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Leverage ratio etc. ALCO also monitors concentration of deposits of large institutional depositors which is volatile in nature.

In addition to the above ratios ALCO also analyses following statements to measure and monitor liquidity risk, interest rate risk and FX or currency risk:

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Risks	Statement
Liquidity Risk	<ul style="list-style-type: none"> • Structural Liquidity profile • Dynamic liquidity profile • Key Management Ratios • Cash flow projection
Interest rate Risk	<ul style="list-style-type: none"> • Traditional Gap Analysis (up to 1 Year) • Traditional Gap Analysis (Total A-L) • Duration Gap Analysis • Balance Sheet VaR • Stress Testing
Currency Risk	<ul style="list-style-type: none"> • Currency wise Exposure • Value at Risk (VaR)

2.10.54.4 (i) Internal Control and Compliance Risk:

In today's stringent regulatory business environment with new standards and mandates coming to effect at a never-before pace, the need to keep up with regulatory changes and ensure ongoing compliance with them has emerged as the bank's crucial priority. Also, as banks face increasing compliance complexity from the growth of regulations, ad hoc approaches to compliance management can expose them to significant risks. Because of the nature and levels of risks inherent to their business activities, complex banking organizations should have in place a compliance-risk management framework that makes it possible to identify monitor, and effectively control the compliance risks facing their entire organization. As a result, compliance risk management has emerged as key business concerns.

Compliance risk, which is often overlooked as it blends into operational risk and transaction processing, is the risk to earnings or capital arising from violations of, or non-conformance with, laws, rules & regulations, code of conduct, customer relationship rules or ethical standards. It encompasses all laws, as well as prudent ethical standards and contractual obligations. Compliance risk also arises in situations where the laws or rules governing certain bank products or activities of the bank's clients may be ambiguous or untested. Compliance risk, also referred to as integrity risk sometimes, exposes the organization to legal penalties, payment of damages, limitation of business opportunities, diminished reputation, reduced franchise value, lessened expansion potential and the voiding of contracts.

Following international banking standard, Bangladesh Bank has identified 6 (six) core areas of risk-management which are related to banking operations and accordingly issued necessary guidelines in those areas. The core risks are: 'Credit Risk', 'Asset and Liability or Balance Sheet Risk', 'Foreign Exchange Risk', 'Money Laundering Risk', 'Internal Control and Compliance Risk' and 'Information and Technological Risk'. Bangladesh Bank has recently issued amended guidelines on ICC Risk namely 'Guidelines on Internal Control & Compliance in Banks'. In this backdrop, UCBL develops and maintains a robust internal control framework comprising the following internal control functions:

- Compliance
- Information Security
- Internal Audit
- Risk Management

The above functions are independent from the operational functions and also have sufficient authority, stature, resources and access to the Board. Successful management of compliance risk contains following elements:

- Board and Senior Management oversight
- Effective policies and procedures
- Compliance risk analysis and comprehensive controls
- Effective compliance monitoring and reporting
- Independent testing for verification of compliance-risk mitigation activities.

ICCD under guidance of Board & Senior Management has been working on the issue in light of Bangladesh Bank guidelines. Audit function is now totally independent with reporting line of 'Head of Audit' to Audit Committee of Board along with administrative reporting line to 'Head of ICCD'. Competent authority of the bank has taken various steps to strengthen internal audit as well as compliance activities for ensuring a standard compliance culture within the organization towards mitigating Internal Control & Compliance Risks.

Some of major initiatives are given below:

- Approval & implementation of new organogram of ICCD in light of regulatory guidelines;
- Review of existing 'ICC Guidelines', Internal Audit Charter, IT System Audit Policy, Compliance Policy, Audit & Inspection Process Manual etc.;
- Arranging adequate training for internal auditors including enhancement of IT knowledge;
- Hands on training & workshop on 'Risk Based Internal Audit and Compliance activities' of Branch Compliance officers and department Head of Credit & Customer Services';
- Strengthening Monitoring functionalities introducing 'CONCURRENT AUDITING' as a part of off-site supervision;
- Updated Information Systems Security Audit checklist;
- Continuous review of Audit Report Format, Audit Checklist & Branch Risks Scoring Sheet etc.
- Recruitment of professional auditors and placement of sufficient manpower with adequate knowledge;
- Formation of 'FX Audit Team' as per guidelines of Bangladesh Bank.

Growing regulatory environment, higher business complexity and increased focus on accountability has led banks to pursue risk and compliance initiatives across the organization. However, Compliance Risk Management system through control, definition, enforcement, and monitoring have the ability to coordinate and integrate all initiatives and address the above mentioned issues.

2.10.54.4 (ii) Fraud and Forgeries Risk

Fraud is deliberate deception to secure unfair or unlawful gain. UCB has been relentlessly striving for effective anti-fraud control mechanisms to be in place and are working properly so that attempts to make fraud and forgeries can be indentified at the initiation, escalated to the appropriate level of management and necessary corrective measures are undertaken accordingly. Moreover, as part of practicing compliant culture, the Bank reported all instances of fraud and forgeries detected in 2016 to the central bank.

2.10.54.5 Money Laundering Risk:

Money Laundering Risk is one of the vulnerable 6 (six) Core Risks in Banking Business as per Bangladesh Bank Guidelines. To combat Money Laundering and Terrorist Financing Risk, Bank's existing Policy guidelines on AML/CFT issues has been reviewed and revised in January, 2016 having approval of the Board of Directors. The revised Guidelines has been circulated among all the Branches for meticulous compliance. To increase knowledge and awareness on AML/CFT issues, we have undertaken comprehensive programme for providing fresh/re-fresh training on AML/CFT issues to all level of employees. Mentionable that 3,203 No's employees of Corporate Office and different Branches have been brought under the training programme through one day long training session and e-learning system in 2016. As per BFIU instruction, we have conducted a day long Training Programme on AML/CFT issues for the BAMLCO(s) and concerned Officers of different Banks operating at Narsingdi District as Lead Bank. Mr. Md. Showkatul Alam, DGM and other 03 (three) Executives of BFIU conducted the Training Programme as Resource Persons.

We have procured a software namely Velocity AML Solution Suite from the renowned vendor M/s. Datasoft in 2016 as to ensure total AML solutions. The Velocity AML Solution Suite has gone live in November, 2016 by which screening of UN, OFAC, UK, EU, HMT Sanction Screening Resolutions are checking up presently while total solution is yet to be completed within March, 2017. As per instruction of BFIU, we have been verifying the genuineness of the clients National Identity Cards (NID) from the database of Bangladesh Election Commission (BEC) which is practicing by designated users of all the Branches and concerned Divisions at Corporate Office in respect of on boarding new and existing customers.

Yearly Message of the Managing Director on Bank's measures for Prevention of Money Laundering & Terrorist Financing has been sent to all the Branches vide Instruction Circular No. 1345 dated 14.08.2016 for meticulous compliance by all concerned. We have submitted 05 (Five) Suspicious Transaction Reports (STRs) to BFIU in 2016.

2.10.54.6 Information Communication Technology Risk

In the recent years, banking industry has been reshaped significantly in terms of its operational processes, service delivery channels, market strategies including targeting, segmenting, positioning / penetrating and with the wide varieties of product & services catered for individual customer needs mostly. Among all other pivotal factors, 'Information and Communication Technology' (ICT) has been regarded as the core to bring such momentous transformation into successful reality. Consequently, the importance of information security for the banks has gained much importance, and it is of the critical essence for us to ensure that the ICT risks are being properly identified measured and adequate mitigation strategies are in place.

ICT Risk management is a systematic approach for the identification, assessment and management of information security related risks in Bank. It encompasses not only the negative impacts of operations and

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service delivery which can bring destruction or reduction of the value of the Bank, but also the risk associated with opportunities losses to explore the technological benefits with adverse business impact.

UCB regarded 'Effective Risk Management Process' is a vital constituent of a thriving IT security program. Therefore, we developed our ICT risk management process in a way to aid the bank in achieving the new-fangled business changes, potential investment in information technology system, mitigating existing and imminent ICT threats.

The ICT Policy of the Bank has been recently revised and restructured to comply with the recent technology, risk management trends and Bangladesh Bank latest ICT guideline. The Business Continuity Plan, Disaster Recovery Plan and Information Security Management Policy have been republished after the revision. Moreover, UCB has developed ICT Risks Management Policy and approved by board, which covered all areas of IT risks according to Bangladesh Bank risks grading guideline.

UCB has the following footprints on reducing ICT risks including fraud prevention which will eventually ensure our sustainable banking operation in the foreseeable future:

- Vulnerability Assessment and Penetration Testing (VA/PT) Solution Introduced.
- Optimization of SWIFT System has been successfully completed.
- Internet Banking Solution with two factor authenticator (2FA) mechanisms and OTP.
- Anti-Money Laundering (AML) Solution Implemented.
- National Identity Card (NID) Verification System Introduced for avoiding duplicated NID use in Customer Account Opening.
- Two Factor Authentication (2FA), SMS, E-mail alerts for Credit card transactions.
- Anti-Skimming devices have installed in all UCB ATM for protecting Card Counterfeit.
- EMV standard solution (Chip Based) have been implemented that can reduce optimum level of card fraudulent activities (Skimming, Duplicate card, etc).
- Dual control mechanism: Bank has introduced maker checker roles in FCUBS & card management software which results internal user cannot process any CBS and credit card related tasks by one person.
- Real Time Automated Fraud Management Solution: IT has the capability to monitor fraudulent transaction based on defined rules. This solution can identify and manage risks properly.
- Call Centre Solution has been implemented as a result: Customers who are calling UCB call center for any emergency help (card activation, deactivation, lost, transactions details etc) will be served accordingly which helps to reduce risk and improve customer services.
- Human Resource Management Information System (HRMIS) Solution has been implemented. So to maintain and control HR related issues faster and accurately (Employee screening, recruitment, promotions, benefits, retirement, etc) which also reduce the employee risks.
- Optimization of CORE Banking Software and Database.
- ICT Risks Management Policy, Process up gradation as per the latest Bangladesh Bank ICT guideline. It can reduce Regularity & Compliance related risks.
- Improvement in ICT Awareness Risk: ITD has continuously conducting ICT awareness related training for employee which are aligned with Learning and Development Center.

2.10.55 Internal Audit

The Bank has established an independent internal audit function for conducting risk based internal audit on various business and operation areas of the Bank on continuous basis.

2.10.56 General

Functional and presentation currency

The financial statements are presented in Bangladeshi Taka, which is the Bank's functional currency. Financial information have been rounded to the nearest Taka.

Comparative information

Comparative information in respect of the previous year has been presented from the audited financial statements for the year ended 31 December 2016. Figures of previous year have been rearranged whenever necessary to confirm the current year/period presentation.

Reporting period

These financial statements cover the period from 1 January 2016 to 31 December 2016.

Approval of financial statements

The financial statements have been approved by the Board of Directors of the bank in its meeting held on April 04, 2017.

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
3 Cash	21,102,743,897	17,960,684,783
3.1 Cash in hand		
Local currency	3,030,368,611	2,287,797,177
Cash in ATM	324,003,000	257,915,700
Foreign currency	32,125,808	36,400,831
	3,386,497,419	2,582,113,708
3.2 Balance with Bangladesh Bank and its agent Bank(s)		
Local currency	17,117,361,434	15,038,505,820
Foreign currency	598,885,044	340,065,255
	17,716,246,478	15,378,571,075
Total Cash in hand including balance with Bangladesh Bank & its agent Bank's	21,102,743,897	17,960,684,783
3.2.1 Balance with Bangladesh Bank		
Local currency	17,117,340,998	15,035,978,471
Foreign currency	598,885,044	340,065,255
	17,716,226,042	15,376,043,726
* The above balance represents amount as per Bank Book. The differences due to reconciling items with Bangladesh Bank are subsequently adjusted.		
3.2.2 Balance with Sonali Bank (as agent of Bangladesh Bank)		
Local currency	20,436	2,527,349
Foreign currency	-	-
	20,436	2,527,349
3.3 Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with section 33 of Bank Companies Act, 1991 (amendment upto 2013) and of instructions contained in DOS Circular No. 01 dated 19 January 2014 and MPD circular No. 01 dated 23 June 2014 issued by Bangladesh Bank.		
The Cash Reserve Requirement (CRR) of the Bank calculated @ 6.50% of total time and demand liabilities and maintained with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained with Bangladesh Bank in the form of treasury bills, bonds and debentures including foreign currency balances with Bangladesh Bank. In year end position of CRR & SLR maintained by UCB clearly reflects that, both the reserve are excess over the requirement. Details are as follows :		
3.3.1 Cash Reserve Requirement (CRR) (6.50% of average Demand & Time Liabilities)		
Required reserve	16,188,719,414	14,329,083,197
Actual reserve held (note - 3.2.1)	17,117,340,998	15,007,338,090
Surplus/(Deficit)	928,621,584	678,254,893
3.3.2 Statutory Liquidity Ratio (SLR) (13% of average Demand & Time Liabilities)		
Required reserve	32,377,439,000	28,658,166,394
Actual reserve held (note-3.3.3)	55,067,676,338	43,352,970,762
Surplus/Deficit	22,690,237,338	14,694,804,368
3.3.3 Held for Statutory Liquidity Ratio		
Cash in hand (note- 3.1)	3,386,497,419	2,582,113,708
Balance with Sonali Bank (agent Bank) (note-3.2.2)	20,436	2,527,349
Govt. Securities (Treasury Bills) (note:6.1)	2,247,381,140	12,501,231,172
Govt. Treasury Bond (HTM) (note : 6.1)	26,784,735,034	22,413,002,954
Govt. Treasury Bond (HFT) (note : 6.1)	728,421,242	2,175,275,340
Bangladesh Bank Bills (note : 6.1)	20,987,387,383	2,994,474,546
Stock of Prize Bond (note : 6.1)	4,612,100	6,090,800
Excess Reserve of CRR (note : 3.1.1)	928,621,584	678,254,893
	55,067,676,338	43,352,970,762

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
3 (a) Consolidated Cash		
United Commercial Bank Ltd.	21,102,743,897	17,960,684,783
UCB Capital Management Ltd.	40,000	125,000
UCB Investment Ltd.	-	-
	21,102,783,897	17,960,809,783
4 Balance with other banks and financial institutions		
In Bangladesh (note - 4.1)	11,520,603,696	9,593,677,087
Outside Bangladesh (Annexure-A)	2,647,382,543	1,111,891,500
	14,167,986,239	10,705,568,587
4.1 In Bangladesh		
A. Current account		
Janata Bank Limited.	98,245,507	141,659,919
Agrani Bank Limited.	16,102,202	70,231,116
Rupali Bank Limited.	12,698,235	14,599,648
Sonali Bank Limited.	1,030,764,116	1,038,231,719
Standard Chartered Bank	5,682,636	1,450,185
	1,163,492,696	1,266,172,587
B. Fixed Deposits		
Industrial and Infrastructure Development Finance Company Limited	150,000,000	300,000,000
Peoples Leasing and Financial Services Limited	250,000,000	300,000,000
National Finance Limited	300,000,000	350,000,000
Standard Bank Limited	980,000,000	500,000,000
Trust Bank Limited	393,555,500	392,501,500
Dhaka Bank Limited	1,000,000,000	500,000,000
Delta Brac Housing Finance Limited	450,000,000	350,000,000
Uttara Finance & Investment Limited	250,000,000	100,000,000
Reliance Finance Ltd.	400,000,000	150,000,000
Jamuna Bank Limited	1,300,000,000	1,200,000,000
South East Bank Ltd.	500,000,000	1,000,000,000
National Bank Limited	1,000,000,000	-
Modhumoti Bank Limited	150,000,000	-
IPDC Finance Limited	240,000,000	-
Investment Corporation of Bangladesh	1,950,000,000	-
Fareast Finance & Investment Ltd.	100,000,000	-
Lanka Bangla Finance Limited	300,000,000	-
Meridian Finance & Investment Limited	250,000,000	-
Eastern Bank Limited	393,555,500	-
Union Capital Limited	-	300,000,000
AB Bank Limited	-	1,000,000,000
Islami Bank Bangladesh Limited	-	785,003,000
One Bank Limited	-	1,000,000,000
United Finance Ltd.	-	100,000,000
	10,357,111,000	8,327,504,500
Total (A+B)	11,520,603,696	9,593,677,087
4.2 Maturity grouping of balance with other banks & financial institutions		
On demand	1,163,492,696	1,268,699,936
Upto three months	11,504,493,543	7,786,868,651
More than three months but less than six months	950,000,000	1,400,000,000
More than six months but less than one year	550,000,000	250,000,000
	14,167,986,239	10,705,568,587

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
4(a) Consolidated Balance with other banks & financial institutions in Bangladesh		
United Commercial Bank Ltd. (note-4.1)	11,520,603,696	9,593,677,087
UCB Capital management Ltd.	926,217,970	82,964,616
UCB Investment Ltd.	374,402	273,426,893
	12,447,196,068	9,950,068,596
Less: Inter Company balance eliminated	746,983,042	298,025,498
	11,700,213,026	9,652,043,098
Outside Bangladesh		
United Commercial Bank Ltd.	2,647,382,543	1,111,891,500
UCB Capital Management Ltd.	-	-
UCB Investment Ltd.	-	-
	2,647,382,543	1,111,891,500
	14,347,595,569	10,763,934,598
5 Money at call on short notice		
Industrial and Infrastructure Development Finance Company Limited	220,000,000	70,000,000
Midland Bank Limited	150,000,000	-
Habib Bank Limited	50,000,000	-
Mercantile Bank Limited	250,000,000	-
Lanka Bangla Finance Limited	280,000,000	-
Delta Brac Housing Finance Corporation Limited	-	40,000,000
MIDAS Financing Limited	-	150,000,000
Premier Leasing & Finance Limited	-	90,000,000
Fareast Finance & Investment Limited	-	40,000,000
	950,000,000	390,000,000
6 Investments		
Government Securities (note-6.a)	50,752,536,899	40,090,074,812
Other Investments (note-6.b)	4,723,101,358	4,255,656,060
	55,475,638,257	44,345,730,872
a) Government Securities		
Treasury Bills		
28 days Treasury bills	-	-
91 days Treasury bills	-	3,487,723,849
182 days Treasury bills	2,247,381,140	7,057,817,770
364 days Treasury bills	-	1,955,689,553
Total Treasury Bills	2,247,381,140	12,501,231,172
Government Bonds		
Prize Bonds	4,612,100	6,090,800
Reverse Repo with other Bank	-	-
Bangladesh Bank Bills	20,987,387,383	2,994,474,546
Government Bonds	27,513,156,276	24,588,278,294
Total Government Bonds	48,505,155,759	27,588,843,640
Total Government Securities	50,752,536,899	40,090,074,812
b) Other investments		
Shares in listed companies (note- 6.3)	4,253,564,966	3,342,398,968
Shares in un-listed companies (note- 6.3)	469,536,392	913,257,092
Total other investments	4,723,101,358	4,255,656,060
Total Investments (a+b)	55,475,638,257	44,345,730,872

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
6.1 Government Securities are Classified as per Bangladesh Bank Circular		
Held to Maturity (HTM)	26,784,735,034	22,413,002,954
Held for Trading (HFT)	728,421,242	2,175,275,340
Treasury Bills	2,247,381,140	12,501,231,172
Bangladesh Bank Bills	20,987,387,383	2,994,474,546
Other Securities (Prize Bond)	4,612,100	6,090,800
	50,752,536,899	40,090,074,812
6.2 Maturity grouping of investments		
On demand	4,612,100	6,090,000
Up to three months	23,230,156,423	13,387,409,200
More than three months but less then one year	7,055,992,366	9,259,300,000
More than one year but less then five years	8,885,718,422	8,117,800,000
Over five years	16,299,158,946	13,575,131,672
	55,475,638,257	44,345,730,872

6.3 Other Investments

Name of the Company	Market Price On 31.12.2016	Cost Price On 31.12.2016	Cost Price On 31.12.2015
A) Shares in listed companies			
Square Pharmaceuticals Ltd.	205,507,500	156,648,075	162,027,996
Grameenphone Ltd.	582,344,203	351,643,033	244,675,475
Brac Bank Ltd.	446,071,900	245,724,459	149,815,129
Linde Bangladesh Limited	165,518,640	127,629,688	120,151,370
Active Fine Chemicals Limited	92,716,688	95,729,611	95,729,611
AFC Agro biotech Ltd.	58,930,871	46,724,546	56,638,451
Bangladesh Export Import Company Ltd.	42,482,804	166,594,283	166,594,283
BSRM Steels Limited	66,093,274	91,465,420	100,082,442
Envoy Textiles Limited	19,982,000	23,767,194	24,814,043
Heidelberg Cement Bangladesh Ltd.	16,845,150	15,441,234	19,668,589
IDLC Finance Ltd.	133,942,191	130,319,648	105,180,985
Matin Spinning Mills Ltd.	144,133,361	156,278,496	148,620,726
Meghna Life Insurance Co. Ltd.	12,792,062	36,104,351	36,104,351
National Housing Fin. and Inv. Ltd.	276,657,930	44,648,560	44,648,560
Powergrid Company of Bangladesh Ltd.	32,853,978	48,552,524	43,459,051
RAK Ceramics (Bangladesh) Limited	66,815,479	115,249,913	94,165,071
Renata Ltd.	21,648,127	7,276,528	7,276,528
Shinepukur Ceramics Limited	7,642,492	31,229,133	31,229,133
Square Textile Ltd.	82,173,685	91,140,285	104,486,512
Summit Power Limited	98,050,000	100,308,215	100,402,505
Titas Gas Transmission & Dist. Co. Ltd.	85,406,326	123,241,248	83,235,439
Unique Hotel & Resorts Limited	30,992,500	80,000,000	80,000,000
ACI Limited.	212,094,390	248,339,595	251,634,984
Agni Systems Ltd.	98,794	127,603	22,199,128
Appollo Ispat Complex Limited	55,092,336	44,543,331	190,956,119
Bata Shoe Co. (Bangladesh) Ltd.	77,033,610	81,860,294	6,613,200
Shasha Denims Limited	411,811,376	306,700,692	130,404,107
Premier Cement Mills Limited	51,105,653	55,023,415	7,632,046
Lanka Bangla Finance Ltd.	28,729,871	28,808,550	-
Olympic Industries Ltd.	8,331,466	7,333,742	-
The ACME Laboratories Limited	761,537,700	399,999,600	-
Green Delta Insurance Co. Ltd.	4,074,307	3,696,113	-
Reckitt Benckiser(BD)Ltd.	2,317,250	2,284,435	-
Yeakin Polymer Limited	34,686	10,373	-
Fortune Shoes Limited	511,200	100,630	-
Golden Harvest Agro Industries Ltd.	98,446,688	80,128,221	-

Name of the Company	Market Price On 31.12.2016	Cost Price On 31.12.2016	Cost Price On 31.12.2015
MJL Bangladesh Limited	164,774,834	163,438,492	-
Bangladesh Building Systems Ltd.	-	-	9,542,647
Orion Infusion Ltd.	-	-	27,942,025
Industrial Prom. & Dev. Co. of BD Ltd.	-	-	262,363
Jmi Syringes & Medical Devices Ltd.	-	-	435,826
First Janata Bank Mutual Fund	9,580,957	8,686,889	8,686,890
AB Bank 1 st Mutual Fund	20,620,960	20,908,284	20,908,284
DBH First Mutual Fund	29,554,050	54,878,042	54,878,042
EBL First Mutual Fund	15,284,736	34,256,310	34,256,310
EBL NRB Mutual Fund	134,802,761	149,710,000	149,710,000
ICB AMCL 2 nd NRB Mutual Fund	8,400,000	21,895,048	21,895,048
ICB AMCL 2 nd Mutual Fund	7,803,000	19,104,499	19,104,499
IFIC Bank 1 st Mutual Fund	27,966,373	35,692,178	35,692,178
MBL 1 st Mutual Fund	36,000,000	49,073,187	49,073,187
NLI First Mutual Fund	58,422,057	39,087,009	39,087,009
PHP First Mutual Fund	21,791,484	24,039,695	24,039,695
Popular Life First Mutual Fund	35,942,686	33,463,845	33,463,845
"Reliance One" the 1st Scheme of Reliance Insurance Mutual Fund	26,049,350	23,928,260	23,928,260
Trust Bank 1 st Mutual Fund	4,861,101	8,695,444	8,695,444
Asian Tiger Sandhani Life Growth Fund	9,443,074	6,164,961	6,164,961
NCCBL Mutual Fund-1	17,841,587	15,869,785	-
Grameen Mutual Fund One	-	-	4,109,843
AIMS 1 st Mutual Fund	-	-	142,076,781
Sub Total (a)	5,029,959,498	4,253,564,966	3,342,398,968
B) Shares in un-listed companies			
Employment Bank	10,000,000	10,000,000	10,000,000
Central Depository (BD) Ltd	6,277,770	6,277,770	6,277,770
STS Holdings Ltd	100,000,000	100,000,000	100,000,000
Prime Financial 1st Unit Fund	15,000,000	15,000,000	15,000,000
Energies Power Corporation	320,000,000	320,000,000	320,000,000
Fiber shine	10,000,000	10,000,000	10,000,000
SWIFT	8,258,622	8,258,622	8,258,622
Summit Purbanchol Power Co. Ltd.	-	-	30,734,600
Summit UttarancholPower Co. Ltd.	-	-	12,986,500
The ACME Laboratories Ltd.	-	-	399,999,600
Sub total (b)	469,536,392	469,536,392	913,257,092
Total (a +b)	5,499,495,890	4,723,101,358	4,255,656,060

Notes to the Financial Statements

6.4 Cost and market value of investment as on 31 December 2016

	Cost Price (Taka)	Market Value/ Amortized Cost	Market Value/ Amortized Cost
Government securities:			
Treasury Bills (Govt. Securities)	2,195,249,500	2,247,381,140	12,501,231,172
Govt. Treasury Bond (HTM)	26,641,191,712	26,784,735,034	22,413,002,954
Govt. Treasury Bond (HFT)	715,524,425	728,421,242	2,175,275,340
Bangladesh Bank Bills	20,987,387,383	20,987,387,383	2,994,474,546
Stock of Prize Bond	4,612,100	4,612,100	6,090,800
	50,543,965,120	50,752,536,899	40,090,074,812

Investment in Shares, Bond & Debenture:

	Market Value/ Amortized Cost	Cost Price	Cost Price
Quoted Shares	5,029,959,498	4,253,564,966	3,342,398,968
Un-Quoted Shares	469,536,392	469,536,392	913,257,092
Total investment in shares	5,499,495,890	4,723,101,358	4,255,656,060

6(a) Consolidated Investments

Governments Securities

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
United Commercial Bank Ltd	50,752,536,899	40,090,074,812
UCB Capital Management Ltd.	-	-
UCB Investment Ltd.	-	-
	50,752,536,899	40,090,074,812

Other Investments

United Commercial Bank Ltd	4,723,101,358	4,255,656,060
UCB Capital Management Ltd. *	804,621,226	524,770,097
UCB Investment Ltd.	236,900,779	-
	5,764,623,363	4,780,426,157
Less: Inter Company balance eliminated	100,000	100,000
	5,764,523,363	4,780,326,157
	56,517,060,262	44,870,400,969

* Investment includes Tk. 391,150,000 for DSE membership and Tk. 124,610,823 for CSE membership. As per the Demutualization Act, 2013 memberships of both stock exchanges have been converted into certain number of shares as well as "Trading Right Entitlement Certificate (TREC)". No transactions of shares as well as "TREC" have been started and hence cost price is considered as fair value.

7 Loans and Advances

223,697,182,404 **197,413,637,963**

7.1 Maturity grouping of Loans & Advances (including bills purchased and discounted)

On demand	16,020,517,916	1,964,300,000
Not more than three months	65,020,137,751	74,798,700,000
More than three months but less than one year	64,814,415,137	40,803,887,120
More than one year but less than five years	50,092,620,107	53,504,301,200
More than five years	27,749,491,493	26,342,449,643
	223,697,182,404	197,413,637,963

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
7.2 Loans & Advances		
i) Loans, Cash credit & overdraft etc		
a) Within Bangladesh		
Loan	140,883,872,006	116,215,286,786
Cash credits	33,067,211,255	33,380,881,557
Overdrafts	39,137,405,260	35,760,911,866
	213,088,488,521	185,357,080,209
b) Outside Bangladesh	-	-
	213,088,488,521	185,357,080,209
ii) Bills Purchased & Discounted (note : 7.13)		
a) Payable Inside Bangladesh		
Inland Bills Purchased	2,340,650,621	2,229,409,267
b) Payable outside Bangladesh		
Foreign bills purchased & discounted	8,268,043,262	9,827,148,487
	10,608,693,883	12,056,557,754
	223,697,182,404	197,413,637,963
7.3 Net Loans & Advances		
Gross Loans & Advances (note- 7.2)	223,697,182,404	197,413,637,963
Less : Non Performing Loans & Advances (note- 7.10 b)	17,920,567,311	10,324,686,488
Interest suspense (note- 12.18)	3,399,350,429	2,168,204,541
Provision for Loans & Advances (note- 7.11)	5,901,986,309	4,403,243,519
	27,221,904,049	16,896,134,548
	196,475,278,355	180,517,503,415
7.4 Loans & Advances according to significant concentration		
a) Advances to the companies or firms in which the Directors of the Bank are interested	-	-
b) Advances to Chief Executive and other senior executives	749,867,679	651,891,812
c) Advances to customers group		
i) Commercial Lending	52,971,615,325	51,245,012,315
ii) Import Finance	12,863,463,128	11,266,309,512
iii) Export Finance	4,833,007,675	12,884,693,668
iv) House Building Loan	18,227,610,820	11,266,405,200
v) Transport Loan	3,569,906,180	2,740,111,318
vi) Retail Loan	11,993,406,795	8,615,412,765
vii) Staff Loan	2,351,766,895	1,768,454,785
viii) Industrial Loan	85,329,904,205	76,068,920,300
ix) Agricultural Loan	2,608,056,000	2,787,201,458
x) Others	28,198,577,702	18,119,224,830
Total Loans & Advances	223,697,182,404	197,413,637,963
7.5 Industry wise Loans and Advances		
RMG & Accessories	27,753,018,515	20,005,625,000
Textile Industries	13,847,282,216	8,101,236,000
Agriculture	2,608,056,000	2,787,215,000
Food Products & Processing	7,584,828,727	4,980,413,000
Jute Industries	949,512,183	1,070,305,000
Leather & Leather Products	519,915,732	352,125,366
Paper & Paper Products Industries	2,990,603,109	3,826,306,000

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
Wood & Wooden Products	1,540,067,755	1,194,507,000
Chemical & Chemical Products	2,301,710,779	1,549,132,000
Cement Industries	3,772,613,794	3,366,522,000
Glass & Glassware Product Industries	9,498,920	21,917,000
Brick Field, Auto Bricks, Tiles	413,133,082	834,308,000
Engineering, Basic Metal & Products	9,406,775,263	7,522,011,000
Ship Re-cycling	657,642,366	211,503,625
Ship Manufacturing	1,160,979,836	1,103,902,310
Educational Institute, Hotel, Restaurant	2,730,732,516	3,420,709,625
Telecommunication	2,626,061,148	2,989,904,520
Transport & Communication	3,507,399,647	2,740,106,785
Diagnostic/Medical/Clinic	1,161,664,298	1,731,307,982
Housing Industry	18,227,644,224	11,266,418,635
Construction (Other than Housing)	20,379,195,432	17,587,122,348
Electronics Media	331,848,540	333,912,540
Power & Energy	8,397,566,703	4,945,103,528
Commercial Trade Financing	40,176,313,054	38,420,500,000
Others	50,643,118,565	57,051,523,699
	223,697,182,404	197,413,637,963
7.6 Geographical Location wise Loans & Advances		
Urban branches		
Dhaka	150,591,899,944	129,349,958,989
Chittagong	45,401,080,338	41,725,061,146
Sylhet	1,291,503,307	1,378,805,089
Rajshahi	5,139,397,249	4,850,922,328
Rangpur	1,098,615,840	789,225,796
Khulna	5,570,009,644	5,379,316,607
Barisal	291,514,660	343,105,687
	209,384,020,983	183,816,395,642
Rural branches		
Dhaka	11,139,902,648	11,144,365,217
Chittagong	2,143,568,451	1,876,513,775
Sylhet	320,833,885	300,582,697
Rajshahi	430,419,072	57,935,400
Rangpur	-	-
Khulna	278,437,366	217,845,231
Barisal	-	-
	14,313,161,421	13,597,242,320
	223,697,182,404	197,413,637,963
7.7 Sector - wise Loans and Advances		
Government & autonomous	-	-
Co-operative sector	-	-
Other public sector	-	-
Private sector	223,697,182,404	197,413,637,963
	223,697,182,404	197,413,637,963

Amount in BDT

31 Dec. 2016 31 Dec. 2015

7.8 Details of large Loans and Advances

Number of clients which sanctioned amount of loans exceeding 10% of total capital of the Bank with outstanding and classified amount.

Total Capital of the Bank (Taka in crore)

Outstanding Advances (note : 7.8.1)

Number of customers

Classified amount

Measures taken for recovery

3,352.19 3,322.64

15,474.25 13,199.66

37 30

342 342

Suit Filed Suit Filed

7.8.1 Detail of information on Advances more than 10% of Bank's total Capital as on 31 December 2016.

(Figure in crore)

Name of the Borrower	Outstanding as on		31 Dec. 2016	31 Dec. 2015
	Funded	Non-Funded	Total Taka	Total Taka
Four H group	324.44	462.68	787.12	646.07
Smart Group	44.06	260.93	304.99	58.69
Kabir Group	117.84	174.96	292.80	290.86
Abul Khair group	282.85	635.46	918.31	721.52
Rangs Group	222.43	17.21	239.64	231.56
Unique Group	189.34	74.86	264.20	-
Orion Group	326.14	37.62	363.76	257.37
Malek Group	121.12	140.95	262.07	-
Spectra Group	193.17	339.20	532.37	414.39
Micro Fibre Group	5.09	468.08	473.17	482.21
Baraka Patenga Power Ltd.	260.29	51.48	311.77	232.34
Summit Group	66.36	225.83	292.19	47.41
Mahmud Group	74.43	56.19	130.62	235.95
Max Group	114.62	85.08	199.70	378.72
Max Power Ltd	248.22	18.36	266.58	277.48
Bulk Group	18.33	47.73	66.06	177.09
Toma Group	68.73	167.01	235.74	261.64
Bashundhara Group	339.23	128.02	467.25	594.33
Robintex	43.02	9.03	52.05	-
ECPV Group	47.61	163.51	211.12	244.27
Chaina Railway Major Bridge Engineering Group Co Ltd.	-	3,043.57	3,043.57	3,061.92
Syno Hydro Corporation Ltd.	-	2,182.36	2,182.36	2,179.89
BSRM	183.19	163.40	346.59	76.59
Pran Group	261.09	162.76	423.85	173.89
LIZ Group	69.12	144.28	213.40	190.25
DIRD Group	282.23	35.03	317.26	135.78
Palmal	62.03	59.72	121.75	229.39
Thermax	104.33	140.88	245.21	210.89
BNS Group	341.54	0.03	341.57	341.57
Mondol Group	129.04	389.77	518.81	445.87
Anwar Group	242.34	63.86	306.20	222.76
Metro	141.74	198.03	339.77	-
Abdul Monem	27.32	77.31	104.63	-
Sonia	-	-	-	-
Noapara Trade	55.86	-	55.86	-
Rafiqul Islam	58.94	1.84	60.78	-
GPH	172.67	8.46	181.13	-
Ruby Food Products Ltd.	-	-	-	127.16
Antim	-	-	-	251.80
Total	5,238.76	10,235.49	15,474.25	13,199.66

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
7.9 Disclosure of Particulars of Advances		
i) Loans considered good in respect of which the banking company is fully & partly secured.	187,808,088,336	171,135,592,479
ii) Loans considered good against which the banking company holds no security than the debtors personal guarantee.	20,028,560,901	22,655,746,123
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	15,860,533,167	3,622,299,361
iv) Loans adversely classified, provision not maintained there against.	-	-
	223,697,182,404	197,413,637,963
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	-	-
vi) Loans due by companies or firms in which the directors of the banking company have interests as directors, partners, or managing agents or in case of private companies, as members	-	-
vii) Maximum total amount of advances 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 severally or jointly with any other person	1,266,998,281	618,815,000
viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as directors, partners or managing agents or in the case of private companies as members	-	-
ix) Due from banking companies	-	-
x) Amount of classified loans on which interest has not been charged:	14,034,892,020	9,501,691,040
a) (Decrease)/ Increase in provision	1,498,742,790	722,425,848
b) Amount realized against loan previously written off	200,762,156	286,179,959
c) Amount of provision kept against loan classified as Bad /Loss on the balance sheet date	3,698,617,423	2,641,788,308
d) Interest credited to the interest suspense account.	4,134,348,063	3,024,891,865
xi) Cumulative amount of the written off loan	9,126,463,925	8,674,807,311
xii) Amount written off during the year	652,418,770	244,817,606
xiii) Amount of written off loan for which law suit filed	10,690,078,834	10,060,128,889
7.10 Classification of Loans & Advances		
a) Unclassified		
Standard (SMA)	9,100,586,741	6,132,832,518
Standard (Small & Medium Ent.)	70,853,524,960	71,190,692,528
Standard (Consumer Finance- Credit Card)	983,618,823	934,913,846
Standard (Consumer Finance-House Finance)	7,094,684,809	7,945,478,146
Standard (Consumer Finance - Loan Professional)	15,306,386	19,283,613
Standard (Consumer Finance-Others)	2,622,770,400	2,143,433,213
Standard (Agri Loan)	1,520,158,659	1,348,766,807
Standard (Staff Loan)	2,458,036,325	1,768,454,785
Standard (Others.)	111,127,927,990	95,605,096,019
	205,776,615,093	187,088,951,475
b) Classified		
Sub - Standard	3,167,866,190	500,311,898
Doubtful	717,809,101	322,683,550
Bad & Loss	14,034,892,020	9,501,691,040
	17,920,567,311	10,324,686,488
Total	223,697,182,404	197,413,637,963

7.11 Particulars of required provision for Loans & Advances	Amount in BDT			
	31 Dec. 2016	31 Dec. 2015		
Particulars	Base for Provision	Rate of Provision	Provision required	
General Provision (a):				
Special Mention Account	9,147,112,638	0.25% - 5%	92,852,682	78,407,020
Small & Medium Enterprise	70,853,524,960	0.25%	177,133,812	177,976,731
Consumer Fin.- Credit Card	983,618,823	5%	49,180,941	46,745,692
Consumer Fin-House Finance	7,094,684,809	2%	141,893,696	158,909,563
Consumer Fin - Loan Prof.	15,306,386	2%	306,128	385,672
Consumer Fin-Others	2,622,770,207	5%	131,138,510	107,171,661
Short Term Agri & Micro Credit	1,520,158,659	2.50%	38,003,966	33,719,170
Loan to BHs/MBs/SDs against share	7,808,183	2%	156,164	24,026,232
Standard loans & advances	111,120,119,506	1%	1,111,201,195	944,037,844
Total	203,365,104,171		1,741,867,094	1,571,379,586
Specific Provision (b)				
Sub - Standard	1,574,839,010	20% & 5%	329,972,297	37,852,663
Doubtful	263,058,990	50% & 5%	131,529,495	40,625,059
Bad & Loss	3,698,617,423	100%	3,698,617,423	2,589,968,148
Total	5,536,515,423		4,160,119,215	2,668,445,870
Required provision for Loans & Advances (A+B)			5,901,986,309	4,239,825,456
Total provision held for Loans & Advances			5,901,986,309	4,403,243,519
Excess/(Short) Provision			-	163,418,063

Large loan restructure"

The Bank has restructured certain loan facilities of "M/S Jamuna Builders Limited" and "M/S Jamuna Television Limited" under BRPD Circular No 04 dated 29 January 2015 as confirmed vide BRPD letter dated 02 September 2015 for an aggregate amount of Tk. 1,948,300,823 as per the terms and conditions of BRPD Circular No 04/2015.

7.12 Suit filed by different branches against defaulted borrowers during the year**(Branch wise details)**

Principal branch	424,605,180	1,111,434,400
Gulshan branch	42,402,308	22,632,176
Beanibazar Sylhet	3,750,925	43,475,074
Khan Jahan Ali Road branch	121,360	2,418,872
Mirpur branch	26,030,357	98,366,050
Khatungong branch	15,644,174	19,193,462
New Eskaton branch	6,464,755	247,357,907
Goalabazar branch	1,669,299	2,144,684
Northbrook Hall Road branch	8,949,888	5,834,247
Tejgaon branch	1,703,296	499,965
Agrabad branch	14,543,368	123,008,091
Bhulta branch	35,717,290	12,327,325
Chapai Nawabgonj branch	21,382,723	248,502
Dohazari branch	3,243,803	9,005,604
Shahjalal Upashahor branch	375,725	145,248,514
Serajgonj branch	1,527,045	23,067,640
Uttara Branch	-	10,058,655
Bashundhara branch	-	17,410,791
Corporate branch	-	1,808,182

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
Bogra Branch	-	257,671,702
Chuadanga branch	-	9,301,693
Rangpur branch	-	97,686
Sonargaon Janapath branch	-	5,192,283
Anderkilla branch	-	121,438,375
Bangshal branch	-	3,148,406
Bijaynagar branch	-	4,021,314
Dinajpur branch	-	67,718,152
Lamabazar branch	-	3,190,378
Muradpur branch	-	702,393
O.R Nizam Road branch	-	45,464,151
Paglabazar branch	-	10,491,122
Elephant road branch	-	225,726,930
Amborkhana branch	35,675,632	-
Bahaddarhat branch	9,434,683	-
Barolekha branch	7,768,321	-
Chashara branch	15,540,868	-
Dhanmondi branch	125,364	-
Eidgaon branch	366,288	-
Feni branch	14,669,668	-
Jessore branch	73,824,552	-
Jhenaidah branch	1,298,023	-
Kawranbazar branch	698,255	-
Khulna branch	16,466,605	-
Kushtia branch	3,070,000	-
Lakshmipur branch	10,515,915	-
Madhabdi branch	93,082,687	-
Mohakhali branch	251,526,824	-
Nabigonj branch	5,168,533	-
Noapara bazar branch (Jessore)	10,693,338	-
Rangunia branch	12,301,391	-
Mohammadpur branch	614,441	-
Uttarkhan branch	6,462,196	-
Nayabazar branch	97,985,350	-
Kadamtali branch	45,374,157	-
Naogaon branch	28,093,763	-
Card division	98,906,332	-
	1,447,794,682	2,649,704,726
7.13 Bills purchased and discounted		
a) Payable in Bangladesh	2,340,650,621	2,229,409,267
b) Payable outside Bangladesh	8,268,043,262	9,827,148,487
	10,608,693,883	12,056,557,754
7.13.1 Maturity grouping of bills purchased and discounted		
Payable within one month	2,737,545,837	3,069,000,192
Over one month but less than three months	3,164,855,759	4,194,553,707
Over three months but less than six months	3,121,424,167	2,816,805,567
Six months or more	1,584,868,120	1,976,198,288
	10,608,693,883	12,056,557,754

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
7(a) Consolidated Loans and Advances		
Loans, Cash Credits, Overdrafts etc		
United Commercial Bank Ltd.	213,088,488,521	185,357,080,209
UCB Capital Management Ltd.	640,642,581	456,357,815
UCB Investment Ltd.	-	-
	213,729,131,102	185,813,438,024
Less: Inter Company balance eliminated	-	376,366,641
	213,729,131,102	185,437,071,383
Bills Purchased and discounted		
United Commercial Bank Ltd.	10,608,693,883	12,056,557,754
UCB Capital Management Ltd.	-	-
UCB Investment Ltd.	-	-
	10,608,693,883	12,056,557,754
Less: Inter Company balance eliminated	-	-
	10,608,693,883	12,056,557,754
	224,337,824,985	197,493,629,137
8. Fixed assets including premises, furniture & fixture.		
Land	4,395,054,283	4,395,054,283
Building	1,683,875,932	1,683,875,932
Furniture and fixtures	1,324,506,338	1,171,797,039
Office equipments	937,780,242	889,596,202
Computer & equipments	844,842,456	803,825,844
Vehicles	398,111,326	391,423,532
Capital Expenditure Work in Progress	1,013,611,594	1,000,958,230
Total	10,597,782,171	10,336,531,062
Intangible assets		
Computer software	517,527,698	480,781,172
Total	11,115,309,869	10,817,312,234
Less: Accumulated depreciation & amortization	2,735,134,128	2,230,579,939
Written down value at the end of the year	8,380,175,741	8,586,732,295
Fixed Assets Schedule:		
A schedule of Fixed assets is given in Annexure - B		
8 (a) Consolidated Fixed Assets including premises ,furniture & fixture		
United Commercial Bank Ltd.	8,380,175,741	8,586,732,295
UCB Capital Management Ltd.	7,068,725	6,339,813
UCB Investment Ltd.	-	-
	8,387,244,466	8,593,072,108
Less: Inter Company balance eliminated	-	-
	8,387,244,466	8,593,072,108

Notes to the Financial Statements

9. Other assets

Investment in share of subsidiary companies.	767,592,757	767,592,757
Receivable from Subsidiary Company	744,021	40,542,139
Stock of Stationery & Stamps	44,214,586	41,527,361
Account with Stock Broker	121,155,893	43,353,307
Advance Payment	845,352,690	917,054,569
Advance Deposit	8,016,380	7,877,430
Suspense Account (note - 9.1)	1,915,964,760	531,198,648
Advance Income Tax Paid (note - 9.2)	1,472,757,862	11,397,222,565
Interest Receivable	768,203,354	675,619,675
Income Receivable	-	28,515
Head Office General Account (note - 9.3)	8,030	3,053,288
FC Placement as Security Deposit	-	16,751,253
Others (note - 9.4)	3,042,715	3,049,867
	5,947,053,048	14,444,871,374

9.1 Suspense accounts

Advance against expenses	1,587,630,382	253,258,669
Advance against others	895,651	3,645,651
Claims on Sanchaypatra	79,803,166	28,774,354
Interest on sanchay patra	67,656,866	14,419,332
Excise duty	42,409,960	96,868,220
Protested bill	73,681,536	89,845,785
Sundry receivable ATM	13,387,200	11,643,200
Cash in Transit	50,500,000	29,200,000
Cash in Excess/(Short) ATM	-	1,451,000
Receivable from Customers	-	2,092,437
	1,915,964,760	531,198,648

9.2 Advance income tax paid

Opening balance	11,397,222,565	8,145,107,048
Add: Advance Tax paid during the year	3,055,927,113	3,252,115,517
Less: Advance Tax adjustment with tax Provision	(12,980,391,816)	-
Balance at the end of the year	1,472,757,862	11,397,222,565

9.2.1 Advance income tax

A) Assessment year wise break up is as follows:

Tax refundable Up to the year 2009	119,691,400	119,691,400
2011-2012	1,166,692,098	1,166,692,098
2012-2013	2,152,262,332	2,152,262,332
2013-2014	1,801,862,346	1,801,862,346
2014-2015	2,257,875,995	2,257,875,995
2015-2016	2,590,092,879	2,590,092,879
2016-2017	3,011,606,166	1,308,745,515
2017-2018	1,353,066,462	-
	14,453,149,678	11,397,222,565
Less: Advance Tax Adjusted with tax provision up to the year 2015	(12,980,391,816)	-
	1,472,757,862	11,397,222,565

Amount in BDT

31 Dec. 2016 31 Dec. 2015

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
9.3 Head Office General Account		
This is made up as follows :		
Due from branches	114,699,312,804	90,373,715,141
Due to branches	114,699,304,774	90,370,661,853
	8,030	3,053,288
9.4 Others		
UCB International school project	3,042,606	3,042,606
Receivable from Others	100	100
MFS fraction digit	9	9
OBU exchange equalization	-	7,152
	3,042,715	3,049,867
9.5 Non-income generating other assets		
Stock of Stationery & Stamps	44,214,586	41,527,361
Account with Stock Broker	121,155,893	43,353,307
Advance Payment	845,352,690	917,054,569
Advance Deposit	8,016,380	7,877,430
Advance Income Tax Paid	1,472,757,862	11,397,222,565
Suspense Account	1,915,964,760	531,198,648
Head Office General Account	8,030	3,053,288
Others	3,042,715	3,049,867
	4,410,512,916	12,944,337,035
9(a) Consolidated Other assets		
United Commercial Bank Ltd.	5,947,053,048	14,444,871,374
UCB Capital Management Ltd.	45,957,979	23,966,514
UCB Investment Ltd.	58,811,624	2,607,880
	6,051,822,651	14,471,445,768
Less: Inter Company balance eliminated	2,250,643,921	803,942,039
Investment in shares of subsidiary companies	763,399,900	763,399,900
Receivables from Subsidiary Company	1,487,244,021	40,542,139
	3,801,178,730	13,667,503,729

Notes to the Financial Statements

10 Borrowings from other banks, financial institutions & agent.

In Bangladesh (note - 10.1)

Out Side Bangladesh (note - 10.2)

10.1 In Bangladesh

UCBL Subordinated Bond

Bangladesh Bank IPFF Fund

EDF Borrowings from Bangladesh Bank

Borrowing from Bangladesh Bank Refinancing scheme

BASIC Bank Ltd.

10.2 Outside Bangladesh

International Finance Corporation

PROPARCO

ICICI-UAE

Secured

Unsecured

10.3 Maturity Grouping of Borrowings from other banks, financial institutions & agent.

Payable on demand

Payable within one month

Over one month but within six months

Over six month but within one year

Over one year but within five years

Over five years but within ten years

10 (a) Consolidated Borrowings from other banks, financial institutions & agent.

United Commercial Bank Ltd.

UCB Capital Management Ltd.

UCB Investment Ltd.

Less: Inter Company balance eliminated

11 Deposits and other accounts

Inter Bank deposits

Other deposits

a. Current accounts & other accounts

Current deposits

Foreign currency deposits

Sundry deposits (note - 11.1)

b. Bills Payable

Pay order

Demand draft payable

Others Payable

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
	22,113,148,872	16,781,151,371
	3,451,951,762	1,962,507,500
	25,565,100,634	18,743,658,871
	7,000,000,000	7,000,000,000
	1,476,457,783	1,577,910,750
	13,607,745,339	7,886,949,421
	28,945,750	2,290,000
	-	314,001,200
	22,113,148,872	16,781,151,371
	1,967,777,500	1,962,507,500
	787,111,000	-
	697,063,262	-
	3,451,951,762	1,962,507,500
	-	-
	25,565,100,634	18,743,658,871
	25,565,100,634	18,743,658,871
	-	-
	855,395,290	1,259,600,000
	13,449,403,569	6,940,727,500
	1,180,650,000	785,572,500
	6,816,045,750	6,179,848,121
	3,263,606,025	3,577,910,750
	25,565,100,634	18,743,658,871
	25,565,100,634	18,743,658,871
	-	376,366,641
	-	-
	25,565,100,634	19,120,025,512
	-	376,366,641
	25,565,100,634	18,743,658,871
	38,034,307	83,864,615
	257,666,267,774	220,782,615,717
	257,704,302,081	220,866,480,332
	24,496,339,538	22,315,147,405
	1,851,441,039	1,261,948,867
	16,393,380,444	13,403,935,258
	42,741,161,021	36,981,031,530
	7,610,727,480	3,415,004,381
	10,838,580	11,096,885
	3,500	3,500
	7,621,569,560	3,426,104,766

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
c. Savings Bank deposits		
Savings Bank deposits	43,379,427,197	31,946,122,205
	43,379,427,197	31,946,122,205
d. Fixed deposits		
Fixed deposits	82,916,346,791	91,392,442,726
Special notice deposits	48,437,553,848	27,628,640,929
Scheme Deposits	32,608,243,664	29,492,138,176
	163,962,144,303	148,513,221,831
Total Deposits and other accounts (a+b+c+d)	257,704,302,081	220,866,480,332
11.1 Sundry deposits		
Sundry creditors	189,584,370	275,786,391
Security deposits	5,678,400	5,592,360
Debit & Credit card	638,600	578,000
Others	3,366,578	4,306,943
FC held against deemed export LC	612,926,506	361,893,259
FC held against BTB LC	11,018,316,430	8,948,240,165
Margin		
Letter of guarantees	1,063,031,075	855,918,851
Letter of credit	3,186,365,268	2,871,003,174
Export Proceed	313,473,216	80,616,115
	16,393,380,444	13,403,935,258
11.2 Maturity analysis of deposits & other accounts Inter- Bank Deposits		
Payable on demand	32,368,873	23,154,652
Payable within one month	5,665,434	60,709,963
Over one month but within six months	-	-
Over six month but within one year	-	-
Over one year but within five years	-	-
Over five years but within ten years	-	-
	38,034,307	83,864,615
Other Deposits		
Payable on demand	2,274,476,620	1,165,345,348
Payable within one month	36,850,941,078	30,653,390,037
Over one month but within six months	83,053,527,999	67,967,600,000
Over six month but within one year	28,673,969,564	20,104,600,000
Over one year but within five years	53,685,431,241	53,525,580,332
Over five years but within ten years	53,127,921,272	47,366,100,000
	257,666,267,774	220,782,615,717
	257,704,302,081	220,866,480,332
11.3 Sector-wise deposits		
Government	651,871,974	391,263,563
Semi-Government	3,564,468,053	2,550,714,649
Public	38,719,975,636	23,326,934,613
Private	212,916,545,379	193,335,618,640
Foreign Currency Deposits	1,851,441,039	1,261,948,867
	257,704,302,081	220,866,480,332

Notes to the Financial Statements

		Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
11 (a) Consolidated Deposits and other accounts			
Current accounts & other accounts			
United Commercial Bank Ltd.		42,741,161,021	36,981,031,530
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		42,741,161,021	36,981,031,530
Less: Inter company balance eliminated		746,983,042	24,599,580
		41,994,177,979	36,956,431,950
Bills Payable			
United Commercial Bank Ltd.		7,621,569,560	3,426,104,766
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		7,621,569,560	3,426,104,766
Savings Bank deposits			
United Commercial Bank Ltd.		43,379,427,197	31,946,122,205
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		43,379,427,197	31,946,122,205
Fixed deposits			
United Commercial Bank Ltd.		163,962,144,303	148,513,221,831
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		163,962,144,303	148,513,221,831
Less: Inter company balance eliminated		-	273,425,918
		163,962,144,303	148,239,795,913
		256,957,319,039	220,568,454,834
12 Other Liabilities			
Provision for classified loans & advances	(note - 12.1)	4,160,119,215	2,730,266,308
Provision for diminution in value of investment	(note - 12.2)	292,839,246	292,839,246
Provision for classified fixed assets	(note - 12.3)	3,972,000	3,972,000
Provision for classified other assets	(note - 12.4)	85,850,000	93,463,754
Provision for standard loans & advance	(note - 12.5)	1,111,201,270	982,083,861
Provision for special mention account	(note - 12.6)	92,852,645	109,147,000
Provision for small & medium enterprise (SME)	(note - 12.7)	177,133,812	189,668,000
Provision for consumer finance (Credit Card)	(note - 12.8)	49,180,941	46,765,692
Provision for consumer finance (House Finance)	(note - 12.9)	141,893,696	168,910,000
Provision for consumer finance (L.p)	(note - 12.10)	306,128	486,000
Provision for consumer finance (Others)	(note - 12.11)	131,138,520	117,171,661
Provision for short term agri micro finance	(note - 12.12)	38,003,966	34,219,000
Provision for off-balance sheet exposure	(note - 12.13)	1,581,680,000	1,252,103,000
Provision for BHs/MBs/SDs/against share	(note - 12.14)	156,164	24,526,000
Provision for current tax	(note - 12.15)	4,144,685,514	14,563,825,636
Provision for deferred tax	(note - 12.16)	206,445,374	206,445,374
Provision for UCB foundation	(note - 12.17)	105,274,987	39,534,987
Interest suspense account	(note - 12.18)	3,399,350,429	2,168,204,541
Advance income		-	91,066,639
Dividend payable		41,400	41,400
Sundry liabilities		1,421,967,145	2,006,165,403
Interest payable		3,550,963,492	3,527,362,629
		20,695,055,944	28,648,268,131

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
12.1 Provision for classified loans & advances		
Opening balance	2,730,266,308	1,929,581,670
Adjustment due to written off	(577,118,349)	(192,586,499)
Provision made during the year	1,918,962,947	812,265,870
Transferred from surplus of other provision heads	88,008,309	181,005,267
	4,160,119,215	2,730,266,308
12.2 Provision for diminution in value of investment		
Opening balance	292,839,246	292,839,246
Provision made during the year	-	-
	292,839,246	292,839,246
12.3 Provision for classified fixed assets		
Opening balance	3,972,000	3,972,000
Provision made during the year	-	-
	3,972,000	3,972,000
12.4 Provision for classified other assets		
Opening balance	93,463,754	54,369,000
Provision made during the year	-	39,094,754
Transferred the surplus to other provision heads	(7,613,754)	-
	85,850,000	93,463,754
12.5 Provision for standard loans & advance		
Opening balance	982,083,861	947,978,042
Provision made during the year	128,795,444	33,406,715
Adjustment during the year	321,965	699,104
	1,111,201,270	982,083,861
12.6 Provision for special mention account		
Opening balance	109,147,000	76,796,000
Provision made during the year	-	32,351,000
Transferred the surplus to other provision heads	(16,294,355)	-
	92,852,645	109,147,000
12.7 Provision for small & medium enterprise(SME)		
Opening balance	189,668,000	243,243,000
Provision made during the year	-	-
Transferred the surplus to other provision heads	(12,534,188)	(53,575,000)
	177,133,812	189,668,000
12.8 Provision for consumer finance (Credit Card)		
Opening balance	46,765,692	76,615,000
Provision made during the year	2,415,249	-
Transferred the surplus to other provision heads	-	(29,849,308)
	49,180,941	46,765,692
12.9 Provision for consumer finance (House Finance)		
Opening balance	168,910,000	256,157,959
Provision made during the year	-	-
Transferred the surplus to other provision heads	(27,016,304)	(87,247,959)
	141,893,696	168,910,000
12.10 Provision for consumer finance (Loan Professionals)		
Opening balance	486,000	1,129,000
Transferred the surplus to other provision heads	(179,872)	(643,000)
	306,128	486,000

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
12.11 Provision for consumer finance (Others)		
Opening balance	117,171,661	101,767,000
Provision made during the year	13,966,859	15,404,661
Transferred the surplus to other provision heads	-	-
	131,138,520	117,171,661
12.12 Provision for short term agri micro finance		
Opening balance	34,219,000	13,334,000
Provision made during the year	3,784,966	20,885,000
Transferred the surplus to other provision heads	-	-
	38,003,966	34,219,000
12.13 Provision for off-balance sheet exposure		
Opening balance	1,252,103,000	1,055,511,000
Provision made during the year	329,570,535	196,592,000
Adjustment during the year	6,465	-
	1,581,680,000	1,252,103,000
12.14 Provision for BHs/MBs/SDs/against share		
Opening balance	24,526,000	34,216,000
Addition during the year	-	-
Transferred the surplus to other provision heads	(24,369,836)	(9,690,000)
	156,164	24,526,000
12.15 Provision for current tax		
Opening balance	14,563,825,636	11,298,825,636
Add: Addition during the year	2,561,251,694	3,265,000,000
Less: Adjustment with advance Tax	(12,980,391,816)	-
	4,144,685,514	14,563,825,636
12.15.1 Provision for Current Tax		
Assessment year wise breakup is as follows:		
2011-2012	1,238,047,578	1,238,047,578
2012-2013	2,183,460,319	2,183,460,319
2013-2014	2,152,935,623	2,152,935,623
2014-2015	2,562,437,098	2,562,437,098
2015-2016	3,161,945,018	3,161,945,018
2016-2017	3,265,000,000	3,265,000,000
2017-2018	2,561,251,694	-
	17,125,077,330	14,563,825,636
Less: Adjustment of Current Tax Provision with advance Tax up to the year 2015.	(12,980,391,816)	-
	4,144,685,514	14,563,825,636
12.16 Provision for deferred tax		
Opening balance	206,445,374	196,445,374
Addition during the year	-	10,000,000
	206,445,374	206,445,374
12.17 Provision for UCB foundation		
Opening balance	39,534,987	39,534,987
Addition during the year	65,740,000	-
	105,274,987	39,534,987

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
12.18 Interest suspense account		
Opening balance	2,168,204,541	1,559,796,970
Add: Amount transferred to interest suspense account during the year	4,134,348,063	3,024,891,865
Less: Amount recovered in interest suspense account during the year	(2,808,104,857)	(2,227,630,709)
Less: Interest waiver/remission allowed	(19,796,897)	(136,622,478)
Less: Amount written off during the year	(75,300,421)	(52,231,107)
	3,399,350,429	2,168,204,541
12(a) Consolidated Other Liabilities		
United Commercial Bank Ltd.	20,695,055,944	28,648,268,131
UCB Capital Management Ltd.	376,993,907	147,007,626
UCB Investment Ltd.	20,476,103	9,843,563
	21,092,525,954	28,805,119,320
Less: Inter company balance eliminated	744,020	40,542,139
	21,091,781,934	28,764,577,181
13 Share Capital		
Opening balance	10,039,339,570	8,366,116,310
Add: Bonus shares issue (5,01,96,697 ordinary shares of Tk-10.00 each)	501,966,970	1,673,223,260
	10,541,306,540	10,039,339,570
13.1 Authorized Capital		
1,500,000,000 ordinary shares of Tk 10.00 each	15,000,000,000	15,000,000,000
13.2 Issued subscribed and paid up Capital		
1,003,933,957 ordinary shares @ Taka 10.00 each	10,039,339,570	8,366,116,310
50,196,697 ordinary shares of Tk-10.00 each issued as bonus	501,966,970	1,673,223,260
	10,541,306,540	10,039,339,570

Shareholding position:

Particulars	2016		2015	
	" No. of Shares "	Amount in BDT	" No. of Shares "	Amount in BDT
Sponsors/Directors	411,316,069	4,113,160,690	370,955,347	3,709,553,470
Institution(Financial & Others)	135,567,387	1,355,673,870	142,073,687	1,420,736,870
General Public	498,697,365	4,986,973,650	482,762,224	4,827,622,240
Govt. of Peoples Republic of BD	8,549,833	85,498,330	8,142,699	81,426,990
Total	1,054,130,654	10,541,306,540	1,003,933,957	10,039,339,570

13.3 Share Premium

290,995,350 ordinary shares of Taka 5 each per share	1,454,976,750	1,454,976,750
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Rights share (1:1; 1 share for each share held) has been issued in the year 2011 @ Tk. 15 each including share premium of Tk. 5 each.

Notes to the Financial Statements

13.4 Classification of Shareholders by holding as at 31 December 2016

Shareholding Range	Number of Shareholders	Number of Shares	Value of Shares in BDT	Total Holdings %
Upto 500 Shares	35,434	5,342,508	53,425,080	0.51%
501 to 5,000 Shares	31,323	52,696,434	526,964,340	5.00%
5,001 to 10,000 Shares	3,932	27,413,487	274,134,870	2.60%
10,001 to 20,000 Shares	2,045	28,490,695	284,906,950	2.70%
20,001 to 30,000 Shares	619	15,188,070	151,880,700	1.44%
30,001 to 40,000 Shares	293	10,267,680	102,676,800	0.97%
40,001 to 50,000 Shares	165	7,559,545	75,595,450	0.72%
50,001 to 100,000 Shares	312	22,340,763	223,407,630	2.12%
100,001 to 10,00,000 Shares	324	90,546,505	905,465,050	8.59%
10,00,001 & above	118	794,284,967	7,942,849,670	75.35%
Total	74,565	1,054,130,654	10,541,306,540	100.00%

13.5 History of Paid Up Capital

Year	Number of Shares Issued	Amount in BDT	Cumulative Paid up Capital
1983	355,000	35,500,000	35,500,000
1984	85,000	8,500,000	44,000,000
1986	360,000	36,000,000	80,000,000
1988	400,000	40,000,000	120,000,000
1991	171,428	17,142,800	137,142,800
1994	397,963	39,796,300	176,939,100
1995	176,939	17,693,900	194,633,000
1996	291,949	29,194,900	223,827,900
1997	63,296	6,329,600	230,157,500
2007	690,473	69,047,300	299,204,800
2010	26,107,487	2,610,748,700	2,909,953,500
2011	436,493,025	4,364,930,250	7,274,883,750
2012	109,123,256	1,091,232,560	8,366,116,310
2013	-	-	8,366,116,310
2014	-	-	8,366,116,310
2015	167,322,326	1,673,223,260	10,039,339,570
2016	50,196,697	501,966,970	10,541,306,540

13.6 Capital to Risk Weighted Asset Ratio (CRAR)

The calculation of CRAR has been done as per Guidelines on Risk Based Capital Adequacy - Revised regulatory Capital Framework for Banks in line with BASEL-III vide BRPD circular no.18 dated December 21, 2014. Minimum Required Capital with Capital Conservation Buffer of the Bank at the close of business on 31 December 2016 was Taka 31,279,100,919 as against available Tier-1 Capital of Taka 23,026,973,314 and Tier-2 Capital of Taka 10,494,919,326 making a Total Regulatory Capital of Taka 33,521,892,640 thereby an excess of capital of Taka 2,242,791,721 at that date.

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
Details are shown below :		
Tier-I Capital :		
Common Equity Tier-1 capital (CET1):		
Paid-up Capital (note: 13.2)	10,541,306,540	10,039,339,570
Share Premium (note: 13.3)	1,454,976,750	1,454,976,750
Statutory Reserve (note: 14)	9,375,134,484	8,337,157,253
General Reserve (note : 15)	26,577,961	26,577,961
Retained Earnings (note : 17)	1,628,977,579	2,548,155,233
	23,026,973,314	22,406,206,767
Additional Tier-1 Capital (AT-1)	-	-
Total Tier-1 Capital	23,026,973,314	22,406,206,767
Tier-II Capital:		
General Provision	3,323,547,142	2,925,080,214
Revaluation Reserve (note: a)	971,372,184	1,295,162,912
Subordinated Bond	6,200,000,000	6,600,000,000
	10,494,919,326	10,820,243,126
Less: Investment in subsidiaries which are not consolidated	-	-
	10,494,919,326	10,820,243,126
Total Regulatory Capital	33,521,892,640	33,226,449,893
Risk Weighted Assets (note-13.8)	294,391,538,065	273,327,105,121
Minimum Capital Requirement with Capital Conservation Buffer (10.625% on risk Weighted Assets)	31,279,100,919	27,332,710,512
Capital Surplus/(Shortfall)	2,242,791,721	5,893,739,381

Note :

a)The amount of Revaluation Reserve is 60 percent of the balance stood as on 31 December, 2014 (50% of Fixed Assets and Securities Revaluation Reserve & 10% of Equities Revaluation Reserve)

13.7 Composition of Capital	Required	Held	Required	Held
Common Equity Tier -I	4.50%	7.82%	4.50%	8.20%
Tier-I Capital	5.50%	7.82%	5.50%	8.20%
Tier-II Capital		3.56%		3.96%
Total CRAR		11.39%		12.16%

13.8 Computation of Risk weighted assets

On- Balance Sheet	195,403,414,812	183,839,754,363
Off-Balance sheet	63,935,317,219	59,755,777,593
Credit Risk (A)	259,338,732,031	243,595,531,956
Market Risk (B)	10,287,687,985	7,455,234,159
Operational risk (C)	24,765,118,049	22,276,339,005
Total: Risk Weighted assets (A+B+C)	294,391,538,065	273,327,105,121

14 Statutory Reserve

As per section 24(1) of the Bank company Act, 1991 (amendment upto 2013), an amount equivalent to 20% of the profit before taxes for the year has been transferred to the statutory reserve fund as under:

Opening Balance	8,337,157,253	6,886,689,170
Add : Transferred during the year	1,037,977,231	1,450,468,083
	9,375,134,484	8,337,157,253

15 General Reserve

Opening Balance	26,577,961	26,577,961
Add: Transferred during for the year	-	-
	26,577,961	26,577,961

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
16 Other Reserve		
Asset Revaluation Reserve (notes: 16.1)	2,534,101,559	2,534,101,559
Foreign currency translation gain/(loss)	4,605,093	3,043,809
Revaluation Reserve on HTM Securities (notes: 16.2.1)	175,532,010	421,069,294
Revaluation Reserve on HFT Securities (notes: 16.2.2)	15,108,951	224,397,111
	2,729,347,613	3,182,611,773
16.1 Asset Revaluation Reserve		
In terms of Bangladesh Accounting Standard (BAS) 16, 'Property, Plant & Equipment' and instruction contained in BRPD Circular No. 10 dated 25 November 2002 issued by Bangladesh Bank, all the immovable properties of the Bank were revalued as at 27.12.2012 by Padma Techno Consult & Survey Ltd. an independent professionally qualified valuation firm of the country based on market survey. Accordingly, revaluation surplus of Tk. 2,534,101,559/- for land & building has been included as asset revaluation reserve at reporting date as follows:		
Opening Balance	2,534,101,559	2,534,101,559
Reserve made for the year	-	-
	2,534,101,559	2,534,101,559
16.2 Revaluation Reserve		
HTM Securities (notes 16.2.1)	175,532,010	421,069,294
HFT Securities (notes 16.2.2)	15,108,951	224,397,111
	190,640,961	645,466,405
As per the DOS Circular Letter # 05 dated 26 May 2008, HFT securities are revalued on weekly basis and HTM securities are amortized on yearly basis.		
16.2.1 Revaluation Reserve on HTM Securities		
Opening Balance	421,069,294	392,401,064
Net Revaluation gain/adjustment during the year	(245,537,284)	28,668,230
	175,532,010	421,069,294
16.2.2 Revaluation Reserve on HFT Securities		
Opening Balance	224,397,111	299,560,919
Net Revaluation gain/adjustment during the year	(209,288,160)	(75,163,808)
	15,108,951	224,397,111
17 Retained Earnings		
Opening Balance	2,548,155,233	2,531,117,791
Add: Transferred during for the year	1,590,657,230	2,526,872,333
Less: Issuance of Stock Dividend	(501,966,970)	(1,673,223,260)
Less: Issuance of Cash Dividend	(2,007,867,914)	(836,611,631)
	1,628,977,579	2,548,155,233
17(a) Consolidated Retained Earnings		
United Commercial Bank Ltd.	1,628,977,579	2,548,155,233
UCB Capital Management Ltd.	47,554,573	57,649,588
UCB Investment Ltd.	25,610,702	16,191,210
	1,702,142,854	2,621,996,031
Less: Non controlling Interest	10	11
Total balance of retained earnings attributable to the ordinary Share holders.	1,702,142,844	2,621,996,020
Paid up Capital	763,500,000	763,500,000
Retained earnings	73,165,275	73,840,798
	836,665,275	837,340,798
Non controlling interest	110	111

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
18 Contingent liabilities & commitment		
Acceptances & endorsement (note- 18.1)	43,841,462,303	37,879,280,267
Letters of guarantee (note- 18.2)	85,075,111,234	75,561,302,582
Irrecoverable letters of credit (note- 18.3)	29,541,631,966	24,948,050,367
Bills for collection (note-18.4)	11,846,654,556	11,304,647,889
Other Commitments	864,888,800	1,020,503,900
	171,169,748,859	150,713,785,005
18.1 Acceptances & endorsements		
Bankers liabilities for accepted against usance LC	28,835,836,977	23,755,332,622
Bankers liabilities for accepted against BB usance	15,005,625,326	14,123,947,645
	43,841,462,303	37,879,280,267
18.2 Letters of guarantee		
Bankers liabilities for letters of guarantee (Inland)	56,391,850,635	49,882,297,190
Bankers liabilities for letters of guarantee (Foreign)	28,683,260,599	25,679,005,392
	85,075,111,234	75,561,302,582
18.3 Irrecoverable letters of credit		
Letters of credit (Inland)	714,802,821	1,180,356,064
Letters of credit (Foreign)	19,490,904,460	14,929,795,082
Back to back L/C	8,360,674,595	8,434,170,879
Letters of credit EDF	970,812,122	402,515,512
Letters of credit EPZ	4,437,968	1,212,830
	29,541,631,966	24,948,050,367
18.4 Bills for collection		
Bills for collection	6,105,874,282	6,177,103,695
Foreign Bills for collection	5,740,780,274	5,127,544,194
	11,846,654,556	11,304,647,889
19 Income Statement		
Income		
Interest, discount and similar income (note - 19.1)	24,679,990,643	26,474,556,451
Dividend income	181,355,250	114,384,288
Fees, commission and brokerage	2,072,489,873	1,973,335,994
Gain less losses arising from dealing in securities	-	-
Gain less losses arising from investment securities	111,316,923	74,207,804
Gain less losses arising from dealing in foreign currencies	1,128,783,474	1,137,095,533
Income from non-banking asset	-	-
Other operating income	362,181,893	485,606,039
	28,536,118,056	30,259,186,108
Expenses		
Interest paid on deposits and borrowings etc	12,194,040,731	14,711,183,204
Administrative expenses (note - 19.2)	7,453,206,095	5,873,646,727
Other operating expenses	750,042,005	724,165,333
Depreciation on banks assets	551,447,070	547,850,428
	20,948,735,901	21,856,845,692
	7,587,382,155	8,402,340,416
19.1 Interest, discount and similar income		
Interest Income	20,832,146,431	22,434,566,831
Interest income from investments	3,847,844,212	4,039,989,620
	24,679,990,643	26,474,556,451

Notes to the Financial Statements

19.2 Administrative expenses

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
Salary and allowances	5,161,506,508	3,947,662,607
Rent, taxes, insurance, electricity etc.	1,070,587,114	934,536,016
Legal expenses	33,234,739	57,054,555
Postage, stamps, telecommunications etc.	122,073,132	112,894,098
Stationery, printing, advertisements etc.	882,431,848	684,872,121
Chief Executive's salary and fees	11,320,000	11,320,000
Directors' fees	5,943,623	5,716,247
Auditors' fees	805,000	805,000
Repair of banks assets	165,304,131	118,786,083
	7,453,206,095	5,873,646,727

20 Interest Income

Interest on loans and advances	20,410,435,306	21,992,040,170
Interest on balances with other banks & Fin Ins.	336,872,772	309,449,582
Interest on money at call on short notice	84,183,681	132,899,694
Interest on balance with foreign Bank	654,672	177,385
	20,832,146,431	22,434,566,831

20 (a) Consolidated Interest Income

United Commercial Bank Ltd.	20,832,146,431	22,434,566,831
UCB Capital Management Ltd.	52,965,894	70,922,991
UCB Investment Ltd.	12,645,854	21,079,498
	20,897,758,179	22,526,569,320

21 Interests Paid on deposits and borrowings etc.

Interest paid on deposits (note - 21.1)	11,039,682,843	13,934,770,086
Interest paid on borrowings (note - 21.2)	1,154,357,888	776,413,118
	12,194,040,731	14,711,183,204

21.1 Interest paid on deposits

Savings Deposit	1,357,173,836	1,086,631,643
Special Notice Deposit	873,253,387	1,592,686,344
Fixed Term Deposit	5,212,229,781	8,053,198,070
Scheme Term Deposit	3,597,025,839	3,202,254,029
	11,039,682,843	13,934,770,086

21.2 Interest paid on borrowings

Borrowing from Bangladesh Bank	23,143,901	8,783,028
Borrowing from other Bank & financial institution	13,546,655	24,516,817
Interest Paid on Subordinated Bond	733,125,001	454,541,669
F.C borrowings	202,547,183	99,448,968
Interest Exp. On Bangladesh Bank repo borrowings	-	74,169,043
Interest Exp. On Other Bank repo borrowings	2,059,353	4,982,757
Interest on money at call on short notice	359,305	751,750
Interest on EDF borrowings from Bangladesh Bank	179,576,490	109,219,086
	1,154,357,888	776,413,118

21 (a) Consolidated Interests Paid on deposits and borrowings etc.

United Commercial Bank Ltd.	12,194,040,731	14,711,183,204
UCB Capital Management Ltd.	25,854,602	47,304,323
UCB Investment Ltd.	-	-
	12,219,895,333	14,758,487,527

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
22 Investment income		
Interest income from investments (note - 22.1)	3,847,844,212	4,039,989,620
Non interest income from investments (note - 22.2)	292,722,173	188,600,092
	4,140,566,385	4,228,589,712
22.1 Interest income from investments		
Government treasury bond	2,756,024,947	2,645,389,531
Discount on Bill/Bond Purchase	623,920,672	945,205,337
Bangladesh Bank Bill	316,683,874	31,642,853
Commercial Paper	669,664	-
Zero coupon bond	-	6,716,402
Debenture	-	2,887,500
Reverse Repo with Bangladesh Bank	-	65,360,343
Reverse Repo with Other Bank	17,039,853	101,852,193
Gain/(Loss) on revaluation on govt. securities (note - 22.2.1)	133,505,202	240,935,461
	3,847,844,212	4,039,989,620
22.2 Non interest income from investments		
Dividend on shares	181,355,250	114,384,288
Gain/(Loss) on sale of share (note - 22.2.2)	111,316,923	74,207,804
Prize money on prize bond	50,000	8,000
	292,722,173	188,600,092
	4,140,566,385	4,228,589,712
22.2.1 Gain/(Loss) on revaluation on govt. securities		
Gain on revaluation on govt. securities	678,885,795	498,351,998
Less : Loss on revaluation on govt. securities	(545,380,593)	(257,416,537)
	133,505,202	240,935,461
22.2.2 Gain/(Loss) on sale of shares		
Gain on sale of shares	131,846,759	301,500,794
Less : Loss on sale of shares	(20,529,836)	(227,292,990)
	111,316,923	74,207,804
22(a) Consolidated Investment Income		
United Commercial Bank Ltd.	4,140,566,385	4,228,589,712
UCB Capital Management Ltd.	15,302,556	33,952
UCB Investment Ltd.	7,452,158	-
	4,163,321,099	4,228,623,664
23 Commission, Fees, Exchange & Brokerage		
Commission (note - 23.1)	1,246,841,738	1,251,398,805
Fees (note - 23.2)	825,648,135	721,937,189
Exchange earning (note - 23.3)	1,128,783,474	1,137,095,533
	3,201,273,347	3,110,431,527
23.1 Commission		
Remittance Inland	1,738,637	4,822,012
Remittance Foreign	5,952,305	5,840,782
Commission on Letters of guarantee	234,266,444	322,057,407
Commission on Letters of credit	340,042,506	312,359,065
Letters of credit (back to back)	179,355,698	184,526,447
Irrevocable Reimbursement Undertaking	5,932,610	-
Commission on sale of shares	578	25,048
Commission on BSP / PSP	6,437,544	3,366,708
Commission on acceptance	304,888,418	274,152,199
Exchange comm. & rebate	145,917,478	127,285,585
Clearance	9,316,542	7,540,684
Commission (Card)	2,841,624	2,101,233
MFS Commission	7,988,086	5,851,773
Others	2,163,268	1,469,862
	1,246,841,738	1,251,398,805

Notes to the Financial Statements

23.2 Fees

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
Bills for collection	44,967,820	35,219,777
Account maintenance fees	135,396,500	106,173,798
Appraisal/processing fees	38,530,325	32,592,496
Online transaction fees	75,028,916	63,607,792
BACH/BEFTN charges	50,052	509,893
Cash incentive charges	7,179,430	5,669,325
Standing instruction charges	13,000	8,450
FC Endorsement charges	547,091	482,122
LC,BC,& BG (Others) Fees & Charges	309,816,302	265,748,668
Debit card	28,173,701	14,429,354
Credit card	161,888,520	185,126,283
Arrangement Fees	7,000,000	818,812
Agency fees	2,000,000	3,000,000
Participation Fees	-	575,000
Misc fees	15,056,478	7,975,419
	825,648,135	721,937,189

23.3 Exchange

Exchange earning (general)	1,120,631,691	998,470,940
Revaluation gain/(Loss) on foreign currency	(16,150,347)	81,230,309
FX Deal Discount Income	24,302,130	57,394,284
	1,128,783,474	1,137,095,533
Less : Exchange loss (general)	-	-
Less : Exchange loss (dealing room)	-	-
	1,128,783,474	1,137,095,533

23 (a) Consolidated Commission, Fees, Exchange & Brokerage

United Commercial Bank Ltd.	3,201,273,347	3,110,431,527
UCB Capital Management Ltd.	48,142,160	34,480,871
UCB Investment Ltd.	-	-
	3,249,415,507	3,144,912,398

24 Other Operating Income

Locker	5,744,780	5,754,270
Godown rent	173,080	76,715
Gain on sale of assets (Note-24.1)	-	9,357,103
Miscellaneous earning	82,868,911	134,168,803
Premises rent	-	814,500
Swift charges	72,182,966	49,246,689
Recoveries from Operational Loss	400,000	-
Recoveries from previously written off loan	200,762,156	286,179,959
	362,131,893	485,598,039

24.1 Gain on sale of assets

Gain on sale of fixed assets	-	14,473,625
Less : Loss on sale of fixed assets	-	(5,116,522)
	-	9,357,103

24(a) Consolidated Other Operating Income

United Commercial Bank Ltd.	362,131,893	485,598,039
UCB Capital Management Ltd.	324,639	647,477
UCB Investment Ltd.	-	-
	362,456,532	486,245,516

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
25 Salaries and allowances		
Basic salary	1,963,260,446	1,509,561,580
Allowances	1,711,334,783	1,303,672,153
Bonus	864,097,789	694,407,214
Provident fund	190,862,120	147,139,661
Gratuity	390,000,000	258,000,000
Welfare fund	41,951,370	34,881,999
	5,161,506,508	3,947,662,607
25(a) Consolidated Salary and allowances		
United Commercial Bank Ltd.	5,161,506,508	3,947,662,607
UCB Capital Management Ltd.	27,867,058	9,567,335
UCB Investment Ltd.	-	-
	5,189,373,566	3,957,229,942
26 Rent, taxes, insurance, electricity etc.		
Rent premises	649,046,951	583,797,065
Rent, rates & taxes	44,890,087	30,430,361
Other rental charges	30,083,208	35,685,559
Insurance charge	190,528,815	148,137,788
Electricity, Water & Gas	156,038,053	136,485,243
	1,070,587,114	934,536,016
26(a) Consolidated Rent, taxes, insurance, electricity etc.		
United Commercial Bank Ltd.	1,070,587,114	934,536,016
UCB Capital Management Ltd.	1,791,669	233,669
UCB Investment Ltd.	-	-
	1,072,378,783	934,769,685
27 Legal expenses		
Professional fees	20,919,808	48,425,417
Other legal charges	12,183,645	8,533,000
Stamp, power of attorney & notary public	131,286	96,138
	33,234,739	57,054,555
27(a) Consolidated Legal expenses		
United Commercial Bank Ltd.	33,234,739	57,054,555
UCB Capital Management Ltd.	189,550	69,000
UCB Investment Ltd.	-	-
	33,424,289	57,123,555
28 Postage, stamps, telecommunications etc.		
Postage	11,431,969	9,950,135
Telecommunication charges	36,273,205	27,092,799
Reuter	3,500,000	5,000,000
Internet	79,483	654,433
Online connectivity charge	70,788,475	70,196,731
	122,073,132	112,894,098
28(a) Consolidated Postage, stamps, telecommunications etc.		
United Commercial Bank Ltd.	122,073,132	112,894,098
UCB Capital Management Ltd.	401,712	578,913
UCB Investment Ltd.	-	-
	122,474,844	113,473,011

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
29 Stationery, printing & advertisements etc.		
Security Stationery	17,644,714	11,159,368
Petty Stationery	30,831,873	37,065,096
Office Stationery	101,813,565	112,255,242
	150,290,152	160,479,706
Advertisement		
News paper	19,190,455	27,649,020
Magazine	2,586,400	2,354,350
Sponsorship	49,385,427	15,695,909
Point of sales material (POSM)	8,262,089	629,212
Business Development	3,667,117	1,500,320
Branding expenses	469,819,500	143,626,583
Promotional Material	112,604,127	106,239,791
Misc. advertisement	49,959,186	7,308,855
Hoarding & neon sign	2,387,500	2,037,700
Television	13,359,575	215,280,275
Radio	920,320	2,070,400
	732,141,696	524,392,415
	882,431,848	684,872,121
29(a) Consolidated Stationery, printing & advertisement etc.		
United Commercial Bank Ltd.	882,431,848	684,872,121
UCB Capital Management Ltd.	865,265	120,579
UCB Investment Ltd.	-	-
	883,297,113	684,992,700
30 Chief Executive's salary and fees		
Basic salary	7,200,000	7,200,000
Festival Bonus	1,200,000	1,200,000
Incentive Bonus	1,000,000	1,000,000
House rent allowance	1,200,000	1,200,000
Provident fund	720,000	720,000
	11,320,000	11,320,000
31.00 Directors' fees		
Meeting fees	3,477,600	2,656,500
Other meeting fee (travelling expenses)	2,466,023	3,059,747
	5,943,623	5,716,247
Note : Board Meeting attendance fees, traveling and living expenses are being allowed to the Directors as per clause no.100,101& 102 of Articles of Association of the Bank and subsequent Board approval.		
32 Auditors' fees	805,000	805,000
32(a) Consolidated Auditors fees		
United Commercial Bank Ltd.	805,000	805,000
UCB Capital Management Ltd.	142,000	-
UCB Investment Ltd.	23,000	23,000
	970,000	828,000

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
33 Depreciation and repair of bank's assets	716,751,201	666,636,511
33.1 Depreciation		
Furniture/fixtures	138,483,076	109,139,052
Vehicles	54,329,320	56,899,545
Office equipments	120,374,268	138,188,679
Computer equipments	93,434,575	98,234,993
Computer software	102,728,933	103,291,261
Immovable property (Building)	42,096,898	42,096,898
	551,447,070	547,850,428
33.2 Repair renovation & maintenance		
Furniture /fixtures	3,015,730	2,851,579
Vehicles	11,736,220	12,138,098
Office equipments	27,149,687	27,513,749
Computer equipments	260,305	5,644,598
Renovation & maintenance	106,745,155	65,617,721
Premises	6,808,742	1,081,575
Repair building	9,588,292	3,938,763
	165,304,131	118,786,083
33(a) Consolidated Depreciation and repair of bank's assets		
United Commercial Bank Ltd.	716,751,201	666,636,511
UCB Capital Management Ltd.	3,046,613	1,903,226
UCB Investment Ltd.	-	-
	719,797,814	668,539,737
34 Other expenses		
Entertainment	60,470,984	106,515,908
Petrol, oil & lubricant	115,489,194	108,602,873
Subscription	12,374,008	11,203,745
Donation	29,894,400	21,022,700
Traveling	73,598,843	71,381,355
Cartage and freight	9,550,619	10,527,689
Hon. general	857,725	1,021,578
Fees commission & charges	35,484,421	75,559,660
Meeting Seminar and staff training	40,086,474	32,942,786
Fees Commission and Charges_Dabit Card	13,436,784	6,917,066
Fees Commission and Charges_Visa Card_Local	12,597,745	54,847,943
Liveries & uniforms	1,630,738	953,661
Operational Loss	1,048,167	500,000
Medical expenses	154,034,935	116,420,317
Car expenses	112,334,299	97,371,865
Loss on sale of assets	3,505,526	-
Write off of assets	57,442	47,443
BATCH/BEFTN Charges	7,849,701	8,328,744
UCB Foundation	65,740,000	-
	750,042,005	724,165,333
34(a) Consolidated Other Expenses		
United Commercial Bank Ltd.	750,042,005	724,165,333
UCB Capital Management Ltd.	8,322,991	5,950,549
UCB Investment Ltd.	45,980	10,000
	758,410,976	730,125,882

Notes to the Financial Statements

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
35 Provision for Loans & Advances		
Classified loans & advances	1,918,962,947	812,265,870
Standard Loans & advances	128,795,444	33,406,715
Special mention account (SMA)	-	32,351,000
Small & medium enterprise (SME)	-	-
Consumer finance (Credit Card)	2,415,249	-
Consumer finance (House Finance)	-	-
Consumer finance (Credit Card)	-	-
Consumer finance (Others)	13,966,859	15,404,661
Short Term Agri. Micro Finance	3,784,966	20,885,000
Provision for BHs/MBs/SDs/against share	-	-
	2,067,925,465	914,313,246
35(a) Consolidated Provision for Loans & Advances		
United Commercial Bank Ltd.	2,067,925,465	914,313,246
UCB Capital Management Ltd.	41,462,343	6,521,000
UCB Investment Ltd.	-	-
	2,109,387,808	920,834,246
36 Provision for diminution in value of investments		
Provision required during the year	-	-
	-	-
36(a) Consolidated Provision for diminution in value of investment		
United Commercial Bank Ltd.	-	-
UCB Capital Management Ltd.	2,722,371	167,887
UCB Investment Ltd.	5,191,480	-
	7,913,851	167,887
37 Other Provision		
Provision for other assets	-	39,094,754
Provision for off-balance sheet exposures	329,570,535	196,592,000
	329,570,535	235,686,754
Provision for Off-Balance Sheet Exposure		
As per BRPD Circular No. 14 dated 23 September 2012, general provision @ 1.00% is required to be maintained against off balance sheet exposures. However Bangladesh Bank vide letter no. BRPD(P-1)/661/13/2014-8164 dated 23.12.2014 allowed us to maintain @ 0.25% provision phase by phase in four years instead of one year against Bank guarantee given to China Bridge Engineering Company Ltd and Sinohydro Corporation Ltd considering importance of Padma Bridge project in national economy. Accordingly at the end of 3rd year total provision for Tk. 1,581,680,000 has been provided upto 31.12.2016 out of which Tk. 329,570,535 has been provided as provision for off balance sheet items for the year ended up to December 31,2016.		
38 Provision for Taxation		
Provision for current tax has been calculated based on the profit before provision considering admissible & inadmissible expenses as per provision of the Income Tax Ordinance 1984.		
Current Tax Provision	2,561,251,694	3,265,000,000
Deferred Tax Provision	-	10,000,000
	2,561,251,694	3,275,000,000
38(a) Consolidated Provision for Taxation		
Current Tax		
United Commercial Bank Ltd.	2,561,251,694	3,265,000,000
UCB Capital Management Ltd.	14,164,089	8,651,578
UCB Investment Ltd.	5,418,060	7,366,274
	2,580,833,843	3,281,017,852
Deferred Tax		
United Commercial Bank Ltd.	-	10,000,000
UCB Capital Management Ltd.	-	-
UCB Investment Ltd.	-	-
	-	10,000,000
	2,580,833,843	3,291,017,852

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
39 Earnings per Share (EPS)		
Earnings per share has been calculated in accordance with BAS-33: "Earnings Per Share (EPS)".		
Net Profit after Tax (Numerator)	2,628,634,461	3,977,340,416
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654
Earning Per Share (EPS)	2.49	3.77
EPS of 2015 has been restated as per BAS-33: "Earnings Per Share (EPS)".		
39 (a) Consolidated Earnings per Share (CEPS)		
Consolidated Earnings per share has been calculated in accordance with BAS-33: "Earnings Per Share (EPS)".		
Net Profit after Tax (Numerator)	2,627,958,939	4,016,037,872
Non controlling interest	(2)	5
	2,627,958,941	4,016,037,867
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654
Consolidated Earning Per Share (CEPS)	2.49	3.81
40 Receipt from other operating activities		
Exchange earning & brokerage	1,128,783,474	1,137,095,533
Other operating income	272,736,660	273,633,884
	1,401,520,134	1,410,729,417
40(a) Consolidated Receipt from other operating activities		
United Commercial Bank Ltd.	1,401,520,134	1,410,729,417
UCB Capital Management Ltd.	4,720,991	648,309
UCB Investment Ltd.	4,742,775	-
	1,410,983,900	1,411,377,726
41 Payment for other operating activities		
Legal expenses	33,234,739	57,054,555
Directors fees & other expenses	5,943,623	5,716,247
Auditors fees	805,000	805,000
Repair to fixed assets	165,304,131	118,786,083
Other expenditure	750,042,005	724,165,333
	955,329,498	906,527,218
41 (a) Consolidated Payment for other operating activities		
United Commercial Bank Ltd.	955,329,498	906,527,218
UCB Capital Management Ltd.	9,241,378	6,449,329
UCB Investment Ltd.	68,980	33,000
	964,639,856	913,009,547
42 Increase / Decrease of other assets		
Closing other assets	5,178,849,694	13,769,251,699
Advance income tax	(1,472,757,862)	(11,397,222,565)
Opening other assets	(2,372,029,134)	(2,809,763,406)
Increase /Decrease for the year	1,334,062,698	(437,734,272)
42 (a) Consolidated Increase / Decrease of other assets		
Closing other assets	3,032,975,376	14,591,002,536
Advance income tax paid	(3,076,743,771)	(11,411,107,305)
Opening other assets	(1,492,238)	(2,614,583,421)
Increase /Decrease for the year	(55,260,633)	565,311,810

Notes to the Financial Statements

43 Increase / Decrease of other liabilities

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
Closing other liabilities	19,873,440,065	28,304,216,379
Provision for classified loans & advances	(4,160,119,215)	(2,730,266,308)
Provision for classified investment	(292,839,246)	(292,839,246)
Provision for classified fixed assets	(3,972,000)	(3,972,000)
Provision for classified other assets	(85,850,000)	(93,463,754)
Provision for unclassified loans & advances	(1,111,201,270)	(982,083,861)
Provision for special mention account (SMA)	(92,852,645)	(109,147,000)
Provision for small & medium enterprise (SME)	(177,133,812)	(189,668,000)
Provision for consumer finance (Credit Card)	(49,180,941)	(46,765,692)
Provision for consumer finance (House Finance)	(141,893,696)	(168,910,000)
Provision for consumer finance (L.p)	(306,128)	(486,000)
Provision for consumer finance (Others)	(131,138,520)	(117,171,661)
Provision for short term agri micro finance	(38,003,966)	(34,219,000)
Provision for others	(156,164)	(24,526,000)
Provision for off-balance sheet exposures	(1,581,680,000)	(1,252,103,000)
Provision for current tax	(4,144,685,514)	(14,563,825,636)
Provision for deferred tax	(206,445,374)	(206,445,374)
Adjustment of provision of OBU	328,430	-
Opening other liabilities	(7,487,624,743)	(6,064,086,319)
Increase /Decrease for the year	168,685,261	1,424,237,528

44 Audit Committee

The Audit Committee of the Board was constituted by the Board of Directors of the Bank in its emergent meeting held on 03 April 2004. Subsequently the Committee was reconstituted in its Board meeting. The Audit Committee of the Board of Director consisted of the following 05 (five) members of the Board as on 31 December 2016.

Name of the Members	Status with the Bank	Status in the Committee	Educational Qualification
Akhter Matin Chaudhury	Independent Director	Chairman	FCA (England & Wales), FCA (Bangladesh), FCS
Md. Shabbir Ahmed	Director	Member	Bachelor of Arts
Md. Tanvir Khan	Director	Member	MBA (University of Toronto, Canada)
Asifuzzaman Chowdhury	Director	Member	BBA (Atlantic University, Florida, USA)
Syed Mohammed Nuruddin	Independent Director	Member	Bachelor of Arts

During the period from 01 January 2016 to 31 December 2016 the Audit Committee has conducted 11 (Eleven) meetings. Details of the meeting are shown below by datewise.

Details of the Audit Committee Meeting in the year 2016

Sl. No	Meeting No	Held On
1	71st	31-01-2016
2	72nd	23-02-2016
3	73rd	29-03-2016
4	74th	28-04-2016
5	75th	09-05-2016
6	76th	26-06-2016
7	77th	28-07-2016
8	78th	01-09-2016
9	79th	24-09-2016
10	80th	20-10-2016
11	81st	24-11-2016

The Audit Committee discussed the following issues during the year 2016

- Summary Report on the Audit findings of Bangladesh Bank and Bank's Internal Control & Compliance Department and corrective actions taken there.
- Annual Report based on various parameters on the performance of the Bank during the period ended on 31 Dec. 2016
- Review of Quarterly, Half- yearly and Annual Financial Statements.
- Introduction of a modern, efficient Internal Control & Compliance system to mitigate the risks.
- Establishment of Compliance Culture, efficient HRM, MIS & Computerization.
- Recommendation of the Board of Directors for approval of auditors report, Audited Financial Statements of the Bank for the year ended on 31 December 2016 in its 83rd meeting held on 04.04.2017.

45 Related Party Disclosers :**45.1 (a): Name of the Directors and their shareholding in the Bank.**

Name of the Directors	Status in the Board	Opening Share holding position as on 01 Jan. 2016	Closing Share holding position as on 31 Dec. 2016
M. A. Sabur	Chairman	20604844	22322585
Anisuzzaman Chowdhury	Vice - Chairman	28096692	29501526
Showkat Aziz Russell	Chairman - Executive Committee	20164155	21172362
Akhter Matin Chaudhury	Chairman - Audit Committee (Independent Director)	-	-
Md. Jahangir Alam Khan	Chairman - Risk Management Committee	20079960	21083958
M. A. Hashem	Director	23859750	25052737
Hajee Yunus Ahmed	Director	21683456	22767628
Hajee M. A. Kalam	Director	20080777	21084815
Sultana Rezia Begum	Director	20138065	21144968
Nurul Islam Chowdhury	Director	20082738	21086874
Bazal Ahmed	Director	19658854	21125467
Sharif Zahir	Director	20116203	21122013
Shabbir Ahmed	Director	20118968	21124915
Md. Tanvir Khan	Director	20080737	21084773
Ahmed Arif Billah	Director	20717635	21753516
Asifuzzaman Chowdhury	Director	28319274	29735237
Rukhmila Zaman	Director	20079841	21083833
Syed Mohammed Nuruddin	Independent Director	-	-
Dr. Salim Mahmud	Independent Director	-	-
Muhammed Ali	Managing Director	-	-

Notes to the Financial Statements

45.1 (b): Name of the Directors and the entities in which they had interest as at 31 December 2016

Name of Directors	Status	Entities where they have interest.
M.A. Sabur	Chairman	<ol style="list-style-type: none"> 1. Maxim Limited. 2. Maxim International Limited. 3. Concept Knitting Limited 4. Masco Shares & Securities Limited. 5. Masco Properties Limited. 6. Masco Poultry Limited. 7. Masco Cottons Limited. 8. Masco Services Limited 9. Shanta Expressions Limited 10. Masco Superknits Limited 11. Massminu Energy Limited
Anisuzzaman Chowdhury	Vice Chairman	<ol style="list-style-type: none"> 1. Ronny Chemical Industries Ltd.
Showkat Aziz Russell	Chairman Executive Committee	<ol style="list-style-type: none"> 1. Amber Cotton Mills Ltd. 2. Partex Sugar Mills Ltd. 3. Amber IT Ltd. 4. Partex Energy Ltd. 5. Amber Rotor Spinning Mills Ltd. 6. Amber Denim Ltd. 7. Amber Rotor Mills Ltd. 8. Partex Holdings Ltd. 9. Amber Board Mills Ltd. 10. Amber Denim Mills Ltd. 11. Amber Super Yarn Ltd. 12. Partex Real Estate Ltd. 13. Partex Fisheries Ltd. 14. Amber Yarn Dying Ltd. 15. Amber Group Ltd. 16. Amber Plastics Ltd. 17. Amber Holdings Ltd. 18. Amber Power Ltd. 19. Amber Wood & plastic Ltd. 20. Amber Furniture's Ltd. 21. IBAIS University 22. Amber Sporting Club Ltd. 23. Amber Jeans & Washing Ltd. 24. Amber Electric Ltd. 25. Amber Media & Publications Ltd. 26. Amber Software Solutions Ltd. 27. Bhawal Resort Ltd. 28. Amber Textile Sevices Ltd. 29. Amber Life Style Ltd.
Akhter Matin Chaudhury	Independent Director & Chairman, Audit Committee	<ol style="list-style-type: none"> 1. Nuvista Pharma Ltd 2. Nuvista AnimalHealth & CropCare Ltd

Name of Directors	Status	Entities where they have interest.
Md. Jahangir Alam Khan	Chairman - Risk Management Committee	<ol style="list-style-type: none"> 1. J. K. Fabrics Ltd. 2. J. K. Knit Composite Ltd. 3. J. K. Spinning Mills Ltd. 4. J. K. Cotton Mills Ltd. 5. Tanima Knit Composite Ltd. 6. J.K. Synthetic Mills Ltd. 7. J. K. Memorial Hospital. 8. MM Fishing Ltd. 9. MR Fishing Ltd. 10. Ocean Tiger Bangladesh Ltd.
M.A. Hashem	Director	<ol style="list-style-type: none"> 1. Amber Pulp & Paper Mills Ltd. 2. Amber Cotton Mills Ltd." 3. Partex Rotor Mills Ltd. 4. Partex Rotor Spinning Mills Ltd. 5. Partex Denim Ltd. 6. Partex Sugar Mills Ltd. 7. Partex Energy Ltd." 8. Partex Spinning Mills Ltd." 9. Partex Beverage Ltd." 10. Partex Plastic Ltd. 11. Partex Plastics Furniture Ltd. 12. Partex Properties Ltd. 13. Plastic Accessories Ltd. 14. Partex Real Estate Ltd. 15. Partex Fisheries Ltd. 16. Partex Foundry Ltd. 17. Partex Paper Mills Ltd. 18. Partex Board Mills Limited. 19. Partex Denim Mills Ltd." 20. Partex Jute Mills Ltd. 21. Partex Petro Ltd. 22. Partex Shipyards Ltd. 23. Star Foods Ltd. 24. Partex Foods Ltd. 25. Partex Feed Mills Ltd. 26. Partex Batteries Ltd. 27. Partex Coal Ltd. 28. Partex Building Materials Ltd. 29. North South University 30. IBAIS Ltd.
Hajee Yunus Ahmed	Director	<ol style="list-style-type: none"> 1. Yunusco T&A (BD) Ltd. 2. Yunusco K. Textiles Ltd. 3. Adapt ID Bangladesh Ltd. 4. Yunusco Stone & Engineering Ltd. 5. Yunusco Properties Ltd. 6. Yunusco Ltd. 7. Yunusco (BD) Ltd. 8. Yunusco Global Sourcing Ltd. 9. YK Limited. 10. Best Eat (Pvt) Ltd. 11. Nine 2 Nine Intimates Ltd. 12. Wonder Gas Ltd.

Notes to the Financial Statements

Name of Directors	Status	Entities where they have interest.
Hajee M.A. Kalam	Director	1. M/s. M. A. Kalam Ltd. 2. M/s. United Overseas (BD) Ltd. 3. Arab Plantation Ltd.
Sultana Rezia Begum	Director	1. SamudraJatra Shipping Lines Ltd.
Nurul Islam Chowdhury	Director	1. Islam Steel Mills Ltd. 2. Eastern Engineers (CTG.) Ltd. 3. Shoppers World Express Ltd. 4. NAMS Trading Corporation.
Bazal Ahmed	Director	1. Taj Accessories (Pvt.) Ltd. 2. Saikat Textile Ind. Ltd. 3. Taj Trading
Sharif Zahir	Director	1. Ananta Apparels Ltd. 2. Ananta Denim Technology Ltd. 3. Ananta Casual Wear Ltd. 4. Ananta Properties Ltd. 5. Ananta Energy Resources. 6. Ananta Development Ltd. 7. Ananta Real Estate Ltd. 8. Ananta Knitwear Ltd. 9. Ananta Huaxiang Ltd. 10. Universal Menswear Ltd. 11. DNV Clothing Ltd. 12. Zero Gravity Ventures Ltd. 13. Vanguard Asset management.
Shabbir Ahmed	Director	1. Farid Level & Accessories. 2. Sharafat & Brothers (Unit 1 & 2). 3. Kashfi Knitting Ltd. 4. East End Automobiles Ltd. 5. Pro-Packaging Ltd.
Md. Tanvir Khan	Director	1. J. K. Fabrics Ltd. 2. J. K. Knit Composite Ltd.
Ahmed Arif Billah	Director	1. Masco Industries Limited. 2. Masco Cottons Limited. 3. Mascotex Limited. 4. MPL Wear Limited 5. Masco Printing and Embroidery Limited. 6. Tasniah Fabrics Limited 7. Masco Poultry Limited 8. Masco Linens Limited 9. Masco Yarn Dyeing & Printing Limited. 10. Shanta Expressions Limited. 11. Masco Exports Limited. 12. Masco Overseas Limited. 13. Masco Services Limited. 14. Masco Picasso Limited. 15. Masco Properties Limited. 16. Concept Knitting Limited 17. Masco Superknits Limited 18. Massminu Energy Limited.

Name of Directors	Status	Entities where they have interest.
Asifuzzaman Chowdhury	Director	1. Synthetic Rezin Products (Pvt) Ltd. 2. Ronny Chemical Industries Ltd.
Rukhmila Zaman	Director	1. Aramit Limited. 2. Aramit Cement Limited. 3. Aramit Thai Aluminum Limited. 4. Aramit Power Limited. 5. Aramit Footwear Limited. 6. Aramit Alu Composite Panels Limited. 7. Aramit Steel Pipes Limited.
Syed Mohammed Nuruddin	Independent Director	1. Allport Cargo Services (Ocean) Ltd. JV with ACS, UK 2. Mariners Cargo Services Ltd. JV with ACS, UK 3. Mariners Trading Corporation Ltd. 4. Mariners (Bangladesh) Ltd. 5. Sundaram Tiles Ltd. 6. Orbit Pharmaceuticals Ltd. 7. American Education Council Ltd.
Dr. Salim Mahmud	Independent Director	Member, Bangladesh Energy Regulatory Commission, GOB
Muhammed Ali	Managing Director	-

Notes to the Financial Statements

45.2 Significant Contracts where Bank is a party and wherein Directors have interest:

Sl. No	Name of the Contract	Branch Name	Name of the Directors and related by
-	-	-	-

45.3 Shares issued to Directors & Executives without consideration or exercisable at a discount: Nil

45.4 Related Party Transactions:

Sl. No	Name of the Party	Relationship	Nature of Transaction	Amount
1	Amber IT Ltd.	Common Director	Data Connectivity Service for Online Banking & ATM	Tk. 25,00,000/ (As average recurring monthly cost)

45.5 Lending policies to related parties: Lending to related parties is affected as [er requirement of section 27 (1) of the Bank company Act 1991.

45.6 Loans and advances to concern related to directors: Nil

45.7 Business other than banking business with any related concern of the Directors as per section 18(2) of the Bank company Act 1991:
Nil

45.8 Investment in securities of Directors and their related concern:
Nil

46 Events after Balance Sheet date:

a) The Board of Directors of United Commercial Bank Limited in its Board meeting held on April 04, 2017 recommended Cash dividend @ 15% for the year 2016.

General:

46.1 Banks share capital has not been utilized for acquiring any other direct or indirect business.

46.2 No amount was spent by the bank for compensating any members of the board for special services rendered during the period.

46.3 During the period under report, United Commercial Bank Ltd did not place any of its assets under pledge as security to obtain any liabilities.



Managing Director



Director



Director



Director

Balance with Nostro Accounts

As at 31 December 2016

(Annexure-A)

Nostro Bank	Name of the Country	Currency	2016			2015		
			Amount in FC	Rate	Amount in BDT	Amount in FC	Rate	Amount in BDT
AB Bank Ltd.	India	ACU	617,176.63	78.71	48,578,651.44	(138,643.97)	78.50	(10,883,593.24)
Bank of Bhutan	Bhutan	ACU	142,512.87	78.71	11,217,344.76	137,325.55	78.50	10,780,096.87
Commerz Bank AG	Germany	USD	2,274,995.48	78.71	179,067,396.73	200,263.36	78.50	15,720,733.84
Commerz Bank AG	Germany	EUR	31,428.88	82.20	2,583,391.08	377,459.37	85.79	32,383,371.73
Habib American Bank	USA	USD	9,309,115.13	78.71	732,730,691.91	715,759.29	78.50	56,187,318.99
Habib Metropolitan Bank Limited	Pakistan	ACU	558,336.49	78.71	43,947,279.30	284,279.04	47.72	13,565,561.48
HDFC Bank Limited	India	ACU	199,656.10	78.71	15,715,151.25	53,620.39	78.50	4,209,216.70
HSBC Bank	USA	USD	-	-	-	285,599.70	78.50	22,419,662.13
ICICI Bank Ltd	India	ACU	840,994.96	78.71	66,195,638.40	223,127.67	78.50	17,515,589.03
JP Morgan NY	USA	USD	3,843,085.13	78.71	302,493,457.98	2,104,641.13	78.50	165,214,960.10
Mashreq Bank Psc	India	ACU	232,596.96	78.71	18,307,962.58	116,761.92	78.50	9,165,845.75
Mashreq Bank Psc	USA	USD	3,482,914.11	78.71	274,144,000.80	6,099,276.32	78.50	478,795,020.90
Nepal Bangladesh Bank	Nepal	ACU	5,357.33	78.71	421,681.34	44,371.37	78.50	3,483,165.86
Peoples Bank Colombo	Sri Lanka	ACU	68,746.39	78.71	5,411,103.98	211,816.35	78.50	16,627,647.02
Sonali Bank Ltd	India	ACU	1,154.42	78.71	90,865.67	4,721.42	78.50	370,632.89
Standard Chartered Bank Ltd	India	ACU	695,223.55	78.71	54,721,810.37	158,043.42	78.50	12,406,455.88
Standard Chartered Bank Ltd	USA	USD	7,126,307.47	78.71	560,919,499.90	1,755,714.95	78.50	137,824,150.29
State Bank of India	India	ACU	2,456.17	78.71	193,327.84	2,456.17	78.50	192,810.08
The Bank of Tokyo Mitsubishi	Japan	JPY	1,631,668.00	0.67	1,100,233.73	1,154,077.00	0.65	752,458.20
Wells Fargo Bank N.A	USA	USD	2,249,855.37	78.71	177,088,591.01	201,930.44	78.50	15,851,600.12
Mashreq Bank PSC	UAE	AED	6,500.00	21.43	139,296.30	6,500.00	21.38	138,968.70
Saudi Hollandi Bank	Saudi Arabia	SAR	620,092.40	20.98	13,012,390.98	15,065.41	20.94	315,462.15
BANK AL-JAZIRA	Saudi Arabia	SAR	550,000.00	20.98	11,541,530.00	550,000.00	20.94	11,516,725.00
KOOKMIN BANK	Korea	USD	215,232.68	78.71	16,941,201.00	96,969.54	78.50	7,612,137.98
Mashreq Bank PSC	UK	GBP	6,722.55	96.42	648,195.67	13,604.67	116.37	1,583,159.12
Mashreq Bank PSC	UK	EUR	38,235.93	82.20	3,142,916.97	75,690.50	85.79	6,493,715.07
UBL Switzerland AG	Switzerland	CHF	5,369.57	76.68	411,733.79	13,845.60	79.44	1,099,862.62
Axis Bank Limited	India	ACU	450,812.43	78.71	35,483,942.26	4,290.00	78.50	336,766.29
Yes Bank Limited	India	ACU	4,010.67	78.71	315,684.25	-	-	-
Mashreq Bank NY (OBU)	USA	USD	324,826.82	78.71	25,567,476.31	1,021,804.99	78.50	80,211,998.26
Habib American Bank, NY, (OBU)	USA	USD	574,888.36	78.71	45,250,095.19	-	-	-
Total					2,647,382,543			1,111,891,500

Schedule of Fixed Assets

As at 31 December 2016

(Annexure-B)

Amount in BDT

Particulars	COST				DEPRECIATION				Written down value as on 31 Dec. 2016	
	Opening Balance at Cost as on 01 Jan. 2016	Addition during the year	Adjustment during the year	Total Cost as on 31 Dec. 2016	Rate	Charged upto 31 Dec. 2015	Adjustment during the year	Charged during the year		Total Depreciation as on 31 Dec. 2016
Land	4,395,054,283	-	-	4,395,054,283	0.0%	-	-	-	-	4,395,054,283
Building	1,683,875,932	-	-	1,683,875,932	2.5%	178,284,224	-	42,096,898	220,381,122	1,463,494,810
Furniture & Fixtures	1,171,797,039	173,837,420	21,128,122	1,324,506,337	10.0%	436,536,262	13,582,972	138,483,076	561,436,366	763,069,971
Office Equipment	889,596,202	69,137,596	20,953,556	937,780,242	20.0%	593,521,271	20,853,147	120,374,268	693,042,392	244,737,850
Computer Equipment	803,825,844	49,504,498	8,487,885	844,842,457	20.0%	537,096,981	8,396,764	93,434,575	622,134,792	222,707,665
Vehicles	391,423,532	10,747,794	4,060,000	398,111,326	20.0%	263,806,078	4,059,998	54,329,320	314,075,400	84,035,926
Computer Software	480,781,172	36,746,527	-	517,527,699	25.0%	221,335,123	-	102,728,933	324,064,056	193,463,643
Capital Expenditure Work In Progress	1,000,958,230	352,627,198	339,973,835	1,013,611,593	0.0%	-	-	-	-	1,013,611,593
Total as on 31 Dec. 2016	10,817,312,234	692,601,033	394,603,398	11,115,309,869		2,230,579,939	46,892,881	551,447,070	2,735,134,128	8,380,175,741
Total as on 31 Dec. 2015	10,262,818,321	1,235,098,742	680,604,829	10,817,312,234		1,752,821,321	70,091,810	547,850,428	2,230,579,939	8,586,732,295

Highlights on Overall Activities

Particulars:	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
Paid-up Capital	10,541,306,540	10,039,339,570
Total Capital	33,521,892,640	33,226,449,893
Capital Surplus/(Deficit)	2,242,791,721	5,893,739,381
Total Assets	329,720,779,586	293,847,225,874
Total Deposits	257,704,302,081	220,866,480,332
Total Loans & Advances	223,697,182,404	197,413,637,963
Total Contingent Liabilities & Commitments	171,169,748,859	150,713,785,005
Credit Deposit Ratio (%)	80.54	84.57
% of Classified Loans against Total Loans and Advances	8.01	5.23
Operating Profit	7,587,382,155	8,402,340,416
Profit after Tax & Provision	2,628,634,461	3,977,340,416
Amount of Classified Loans during the year	9,306,207,858	5,396,051,712
Classified Advance at the end of the year	17,920,567,311	10,324,686,488
Provision kept against Classified Loans	4,160,119,215	2,730,266,308
Provision Surplus/(Deficit)	-	163,418,063
Cost of Fund (%)	7.60	9.18
Interest Earning Assets	288,998,485,790	247,667,083,230
Non-interest earning Assets	40,722,293,796	46,180,142,644
Return on Investment (ROI) (%)	8.30	9.54
Return on Assets (ROA) (%)	0.84	1.42
Net Asset value per share	24.43	25.49
Income from Investments	4,140,566,385	4,228,589,712
Earning per share (Taka)	2.49	3.77
Net Income per share (Taka)	2.49	3.77
Price earning ratio (Times)	8.54	5.38





FINANCIAL STATEMENTS
OFFSHORE

BANKING UNIT

Balance Sheet

Profit and Loss Account

Cash Flow Statement

Notes to the Financial Statements

Off-shore Banking Unit Balance Sheet

As at 31 December 2016

	Notes	31 Dec. 2016		31 Dec. 2015
		USD	BDT	BDT
PROPERTY AND ASSETS				
Cash				
In hand (including foreign currencies)		-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)		-	-	-
Balance with other banks and financial institutions	3	4,043,313	318,253,574	325,797,723
In Bangladesh		3,125,353	245,999,992	244,086,910
Outside Bangladesh		917,959	72,253,582	81,710,814
Loans and advances	4	149,501,416	11,767,420,943	9,847,582,605
Loans, cash credits, overdrafts, etc.		62,174,237	4,893,802,559	906,456,603
Bills purchased and discounted		87,327,180	6,873,618,384	8,941,126,002
Fixed assets including premises, furniture and fixtures	5	11,084	864,003	1,011,981
Other assets	6	24,224	1,915,149	2,561,977
Non - banking assets		-	-	-
Total assets		153,580,037	12,088,453,669	10,176,954,286
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	7	151,592,829	1,932,038,297	10,066,675,017
Deposits and other accounts		-	-	-
Other liabilities	8	1,987,209	156,415,372	110,279,269
Total liabilities		153,580,037	12,088,453,669	10,176,954,286
Capital / Shareholders' equity				
Paid up capital		-	-	-
Statutory reserve		-	-	-
Foreign currency gain		-	-	-
Other reserve		-	-	-
Deficit in profit and loss account / Retained earnings	9	-	-	-
Total Shareholders' equity		-	-	-
Total liabilities and Shareholders' equity		153,580,037	12,088,453,669	10,176,954,286

Off-shore Banking Unit Profit and Loss Account

For the year ended 31 December 2016

	Notes	31 Dec. 2016		31 Dec. 2015
		USD	BDT	BDT
Interest income	10	9,588,480	752,406,083	599,094,956
Interest paid on deposits, borrowings, etc.	11	(3,306,922)	(259,493,530)	(138,140,667)
Net interest income		6,281,557	492,912,553	460,954,289
Investment Income		8,534	669,664	-
Commission, exchange, brokerage, etc.	12	455,920	35,775,933	24,157,016
Other operating income	13	-	-	-
Total operating income (A)		6,746,011	529,358,150	485,111,304
Salaries and allowances	14	9,629	755,597	562,020
Rent, taxes, insurance, electricity, etc.		-	-	-
Legal expenses		-	-	-
Postage, stamp, telecommunication, etc.		-	-	-
Stationery, printing, advertisements, etc.		-	-	-
Auditors' fees		-	-	-
Depreciation and repair of Bank's assets		1,898	147,978	160,521
Other expenditure	15	10,000	784,698	24,407,874
Total operating expenses (B)		21,528	1,688,272	25,130,415
Profit / (loss) before provision (C=A-B)		6,724,484	527,669,878	459,980,889
Provision for loans and advances / investments				
Specific provision		-	-	-
General provision		223,293	17,521,757	25,724,787
Provision for Off Balance Sheet Exposure		26,793	2,102,441	-
Total provision (D)		250,086	19,624,198	25,724,787
Total profit / (loss) before taxes (C-D)		6,474,398	508,045,680	434,256,102
Provision for taxation		-	-	-
Current tax		-	-	-
Deferred tax		-	-	-
Net profit / (loss) after taxation		6,474,398	508,045,680	434,256,102
Retained earnings brought forward from previous years		-	-	-
		6,474,398	508,045,680	434,256,102

Off-shore Banking Unit Cash Flow Statement

For the year ended 31 December 2016

	31 Dec. 2016		31 Dec. 2015
	USD	BDT	BDT
A) Cash flows from operating activities			
Interest receipts in cash	9,597,014	753,075,747	599,094,956
Interest payments	(3,306,922)	(259,493,530)	(138,140,667)
Fees and commission receipts in cash	455,920	35,775,933	24,157,016
Cash payments to employees	(9,629)	(755,597)	(560,550)
Cash payments to suppliers	-	-	-
Receipts from other operating activities	-	-	-
Payments for other operating activities	(10,000)	(784,698)	(24,407,874)
Cash generated from operating activities before changes in operating assets and liabilities	6,726,382	527,817,856	460,142,880
Increase / (decrease) in operating assets and liabilities			
Loans and advances to other banks	-	-	-
Loans and advances to customers	(24,054,983)	(1,893,394,210)	(2,467,316,377)
Other assets	8,321	654,947	123,116,698
Deposits from other banks / borrowings	23,355,421	1,838,330,852	2,180,919,452
Deposits from customers	-	-	-
Other liabilities	332,296	26,155,422	(2,031,431)
	(358,945)	(28,252,989)	(165,311,657)
Net cash from operating activities	6,367,437	499,564,867	294,831,224
B) Cash flows from investing activities			
Purchase / sale of property, plant and equipment	-	-	-
Proceeds from sale of property, plant and equipment	-	-	-
Net cash used in investing activities	-	-	-
C) Cash flows from financing activities			
Retained earnings sent to Central Operation	(6,474,398)	(508,045,680)	(434,256,102)
Net Cash from financing activities	(6,474,398)	(508,045,680)	(434,256,102)
D) Net increase / (decrease) in cash and cash equivalents (A+B+C)	(106,961)	(8,480,813)	(139,424,879)
E) Effects of exchange rate changes on cash and cash equivalents	-	936,665	3,443,477
F) Cash and cash equivalents at beginning of the year	4,150,274	325,797,723	461,779,125
G) Cash and cash equivalents at end of the year (D+E+F)	4,043,313	318,253,575	325,797,723
Cash and cash equivalents at end of the year			
Cash in hand (including foreign currencies)	-	-	-
Balance with Bangladesh Bank and its agent bank (s) (including foreign currencies)	-	-	-
Balance with other banks and financial institutions	4,043,313	318,253,575	325,797,723
	4,043,313	318,253,575	325,797,723



Off-shore Banking Unit

Notes to the Financial Statements

For the year ended 31 December 2016

1.1 Status of the units

Off-shore Banking Units of United Commercial Bank Limited, governed under the rules and guidelines of Bangladesh Bank. The Bank obtained permission for 2 (two) units of Off-shore Banking Unit (OBU) vide letter no. BRPD (P-3) 744 (117)/2010-2577 dated 9th June 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently the Bank has 1 (one) unit in Dhaka.

1.1.1 Principal activities

The principal activities of the unit is to provide all kinds of commercial banking services to its customers through its off-shore Banking Units in Bangladesh.

1.2 Significant accounting policies and basis of preparation of financial statements

1.2.1 Basis of accounting

The Off-shore Banking Units maintain its accounting records in USD from which accounts are prepared according to the Bank Company Act 1991, Bangladesh Accounting Standards and other applicable directives issued by Bangladesh Bank.

1.2.2 Use of estimates and judgments

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

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

1.2.3 Foreign currency transaction

a) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per BAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

b) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

c) Translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account.

1.2.4 Cash flow statement

Cash flow statement has been prepared in accordance with the Bangladesh Accounting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

1.2.5 Reporting period

These financial statements cover from January 01 to December 31, 2016.

1.3 Assets and basis of their valuation

1.3.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Bangladesh Bank and highly liquid financial assets which are subject to insignificant risk of changes in their fair value, and are used by the unit management for its short-term commitments.

1.3.2 Loans and advances / investments

a) Loans and advances of Off-shore Banking Units are stated in the balance sheet on gross basis.

b) Interest is calculated on a daily product basis but charged and accounted for on accrual basis. Interest is not charged on bad and loss loans as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

1.3.3 Fixed assets and depreciation

a) All fixed assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

b) Depreciation is charged for the year at the following rates on straight line method on all fixed assets.

Category of fixed assets	Rate
Furniture and fixtures	10%
Computer equipment	20%

c) For additions during the year, depreciation is charged for the remaining period of the year and for disposal depreciation is charged up to the date of disposal. Full month depreciation is charged in case of any assets purchased or sale at any day in a month.

1.4 Basis for valuation of liabilities and provisions

1.4.1 Benefits to the employees

The retirement benefits accrued for the employees of the units as on reporting date have been accounted for in accordance with the provisions of Bangladesh Accounting Standard-19, "Employee Benefit". Bases of enumerating the retirement benefit schemes operated by the Bank are outlined below:

a) Provident fund

Provident fund benefits are given to the permanent staffs of the unit in accordance with the locally registered/approved Provident Fund Rules. The Commissioner of Income Tax, Taxes Zone - 5, Dhaka has approved the Provident Fund as a recognized provident fund within the meaning of section 2(52) read with the provisions of part - B of the First Schedule of Income Tax Ordinance 1984. The recognition took effect from 30 November 1988. The Fund is operated by a Board of Trustees consisting three members of the Bank. All confirmed employees of the Units are contributing 10% of their basic salary as subscription to the Fund. The units also contribute equal amount of the employees' contribution. Interest earned from the investments is credited to the members' account on half yearly basis.

b) Gratuity fund

Gratuity benefits are given to the employees of the bank in accordance with the approved gratuity fund rules. The National Board of Revenue (NBR) has approved the gratuity fund on 27 December 1995. The fund is operated by the Board of Trustees consisting 3 (three) members of the bank. Employees are entitled to the benefit after completion of minimum five years of service in the bank. The gratuity is calculated on the basis of last basic pay of the employee.

c) Welfare fund

United Commercial Bank's employees' welfare fund is subscribed by monthly contribution of the employees. The Bank also contributes to the Fund from time to time. The Fund has been established to provide coverage in the event of accidental death or permanent disabilities of the employees. Disbursement from the fund is done as per rules for employees' welfare fund. Welfare fund for Off-shore Banking Units are maintaining with Head Office of United Commercial Bank Limited.

1.4.2 Provision for liabilities

A provision is recognized in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the Bangladesh Accounting Standard (BAS)- 37 "Provisions, Contingent Liabilities and Contingent Assets".

1.5 Revenue recognition

1.5.1 Interest income

Interest income is recognized on accrual basis in terms of the provisions of the Bangladesh Accounting Standard (BAS)-18 "Revenue",

1.5.2 Fees and commission income

Fees and commission income arises on services provided by the units are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

1.5.3 Interest paid and other expenses

In terms of the provisions of the Bangladesh Accounting Standard (BAS) - 1 "Presentation of Financial Statements" interest and other expenses are recognized on accrual basis.

2 General

a) These financial statements are presented in Taka, which is the Bank's functional currency and figures appearing in these financial statements have been rounded off to the nearest Taka.

b) Assets and liabilities & income and expenses have been converted into Taka currency @ US\$1 = Taka 78.7111 (closing rate as at 31st December 2016) and Tk. 78.4698 (average rate which represents the year end).

	31 Dec. 2016		31 Dec. 2015
	USD	BDT	BDT
3 Balance with other banks and financial institutions			
In Bangladesh	3,125,353	245,999,992	244,086,910
Outside Bangladesh	917,959	72,253,582	81,710,814
	4,043,313	318,253,574	325,797,723
4 Loans and advances			
i) Loans, cash credits, overdrafts, etc.			
Loan (General)	-	-	-
Hire purchase	-	-	-
Lease finance	-	-	-
Term Loan	62,174,237	4,893,802,559	906,456,603
	62,174,237	4,893,802,559	906,456,603
ii) Bills purchased and discounted (note-5)			
Payable Inside Bangladesh			
Inland bills purchased	-	-	-
Payable Outside Bangladesh			
Foreign bills purchased and discounted	87,327,180	6,873,618,384	8,941,126,002
	87,327,180	6,873,618,384	8,941,126,002
	149,501,416	11,767,420,943	9,847,582,605
5 Fixed assets			
Cost			
Furniture & Fixtures	18,986	1,479,935	1,479,935
Computer and equipments	809	63,027	63,027
	19,794	1,542,962	1,542,962
Less: Accumulated Depreciation			
Furniture & Fixtures	7,903	616,009	468,032
Computer and equipments	808	62,949	62,949
	8,710	678,958	530,980
Written down value (WDV)	11,084	864,003	1,011,981
6 Other assets			
Advance deposits and advance rent	-	-	-
Interest Receivable	24,224	1,906,706	2,554,824
Foreign currency translation reserve	-	8,443	7,152
	24,224	1,915,149	2,561,977
7 Borrowings from other banks, financial institutions and agents			
Borrowings from Head office	107,736,857	8,480,086,534	8,104,167,517
International Finance Corporation	25,000,000	1,967,777,500	1,962,507,500
ICICI Bank Ltd UAE	8,855,972	697,063,262	-
PROPARCO	10,000,000	787,111,000	-
	151,592,829	11,932,038,297	10,066,675,017
8 Other liabilities			
Interest payable	465,400	36,632,185	10,448,704
Provision for Loans & Advances	1,495,015	117,674,281	99,830,565
Provision for Off Balance Sheet Exposure	26,793	2,108,907	-
	1,987,209	156,415,372	110,279,269

Notes to the Financial Statements

	31 Dec. 2016		31 Dec. 2015
	USD	BDT	BDT
9 Retained earnings			
Balance 1 January 2016	-	-	-
	-	-	-
Current year profit	6,474,398	508,045,680	434,256,102
Retained earnings transferred to central operation	(6,474,398)	(509,606,964)	(437,299,911)
Effect of changes in exchange rate	-	1,561,284	3,043,809
	-	-	-
10 Interest income			
Term Loan	2,401,250	188,425,643	54,615,554
Bills purchased & Discount	7,011,110	550,160,385	514,558,636
Others	-	-	-
Interest on loans and advances	9,412,360	738,586,028	569,174,189
Interest on balance with other banks and financial institutions	169,910	13,332,797	29,743,381
Interest received from foreign banks	6,210	487,258	177,386
Total interest income	9,588,480	752,406,083	599,094,956
11 Interest on deposits, borrowings, etc.			
Interest paid on deposits	-	-	-
Interest paid on local bank accounts	-	-	-
Interest paid on Borrowings	3,306,922	259,493,530	138,140,667
	3,306,922	259,493,530	138,140,667
12 Commission, exchange and brokerage			
LC,BC & BG (Others) Fees and Charges	437,868	34,359,418	24,157,016
Exchange Gain/(Loss)	18,901	1,483,140	-
Revaluation Gain/(Loss) on foreign currency	(849)	(66,625)	-
	455,920	35,775,933	24,157,016
13 Other operating income			
Reimbursement Charge	-	-	-
Miscellaneous earnings	-	-	-
	-	-	-
14 Salaries and allowances			
Basic pay	4,436	348,130	253,869
Allowances	4,010	314,633	239,857
Bonus	739	58,021	42,902
Unit's contribution to provident fund	444	34,813	25,392
	9,629	755,597	562,020
15 Other expenditure			
Foreign bank correspondence charges	10,000	784,698	24,242,543
Revaluation loss on foreign currency	-	-	165,331
	10,000	784,698	24,407,874

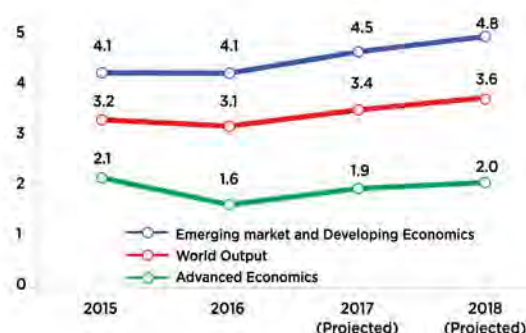
DIRECTORS' REPORT ON SUBSIDIARY COMPANIES



DIRECTORS' REPORT ON SUBSIDIARY COMPANIES

Global Economy

Global growth is estimated to be plummeted down further to 3.1 percent in 2016 from 3.2 percent in 2015 in line with the October 2016 forecast in World Economic Outlook, update January 16, 2017 by International Monetary Fund (IMF). Economic activity in both advanced economies and EMDEs is forecasted to accelerate in 2017-18, with global growth projected to be 3.4 percent and 3.6 percent, respectively, again unchanged from the October forecast. Advanced economies are now projected to grow by 1.9 percent in 2017 and 2.0 percent in 2018. EMDE growth is currently estimated at 4.1 percent in 2016, and is projected to reach 4.5 percent for 2017. A further pickup in growth to 4.8 percent is projected for 2018.



Bangladesh Economy

Annual real GDP growth rate has reached to 7.11 percent in FY2016 from 6.55 percent of FY2015, achieving more than 6 percent in last six years. In coming years, the government's reform initiatives to improve the business climate and ease infrastructure bottlenecks, including by developing special economic zones, will help crowd in both private domestic and foreign direct investments that can create more jobs, raise productivity, and potential growth.

Capital Market

The overall performance of the DSE in year 2016 was lucrative for investment compared to previous couple of years. After 2010 peak index, market is moving slowly with ups and downs for last 5 years given political instability, lacking of proper market policy and investment favor environment. During 2016, DSE index has risen from year 2015 because of political stability, affixing public-private investment, economic optimism and investment favor policy.

Date	Turnover	Total Market Capital	DSEX Index	DSES	DS 30
29-Dec-2016	10,705.9	3,412,441.5	5,036.1	1,191.9	1,810.9
31-Dec-2015	4,344.0	3,159,757.7	4,629.6	1,107.1	1,750.6
30-Dec-2014	2,654.1	3,259,246.8	4,865.0	1,150.2	1,803.1
30-Dec-2013	3,818.4	2,647,790.8	4,266.6	-	1,466.3

DSEX, the prime index of DSE ended at 5,036.05 points, gaining 406.41 points or 8.78% than year 2015. As well as DSEX, market capital of DSE increased by 8% compared to previous year. Total trade, trade volume has risen in DSE during 2016 and turnover crossed 1,000 crore which was below 500 crore on an average of last couple of years.

Along with prime index DSEX, DSES (Shariah index) and DS30 (Blue-chip index) has increased significantly from previous couple of years. With the proper supervision of appropriate authorities, economic market favorable policy and government positive outlook pushed capital market to go forward during 2016. Rising index was supported by strong volume which indicates market would sustain for a longer period.

Honorable Shareholders,

The completion of another eventful year for the bank gives us pleasure to welcome you all and we, the UCB family, are proudly presenting you its two subsidiary companies' (UCB Capital Management Ltd. & UCB Investment Ltd.) insights with the aim to bring out the exact scenario of the financial position and performances. It is our confidence that the report will give you a clear insight into the Company's performance and future strategies.

1. UCB Capital Management Limited

State of the Company's Affair

UCB Capital Management Limited (UCB Capital) is a modern, professional and prominent securities brokerage house in Bangladesh Capital Market. TREC holders with both Dhaka Stock Exchange (DSE TREC No. 181) and Chittagong Stock Exchange (CSE TREC No. 015), UCB Capital is currently the fastest growing stock broker and dealer in the country. As a full-service brokerage house, UCB Capital offers a full range of professional stock brokerage services for the institutional and individual investors (including NRBs) in Bangladesh as well as foreign institutions and individuals. It has a branch network covering Dhaka and Chittagong, the two largest cities in Bangladesh.

Business Operation

The key operation of UCB Capital Management limited is to provide brokerage service to its clients both under Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE), interest income from margin loan and other income. Currently UCB Capital Management operates 14 (Fourteen) DSE workstations and 2 (Two) CSE workstations. The Closing balance of margin Loan of UCBCML was BDT 640.64 million (as of December 31, 2016) compared to BDT 456.36 million (as of December 31, 2015).

Board of Directors

Mohammad Habibur Rahman Chowdhury, FCA, Deputy Managing Director and CFO of United Commercial Bank Limited and ATM Tahmiduzzaman, FCS, Senior Vice President and Company Secretary of United Commercial Bank Limited were appointed as nominated Director on February 23, 2016. Syed Mohammed Nuruddin retired as Independent Director on September 28, 2016 and Akhter Matin Chaudhury was appointed as Independent Director of the parent company on the same day.

Board of Directors as on December 31, 2016

Name of the Director	Status in the Board	Status in Parent Company
Muhammed Ali	Chairman	Managing Director
Akhter Matin Chaudhury	Director	Independent Director
M. Shahidul Islam	Director	AMD
Mirza Mahmud Rafiqur Rahman	Director	AMD
Md. Tariqul Azam	Director	AMD
Mohammad Shawkat Jamil	Director	DMD
Mohammad Habibur Rahman Chowdhury, FCA	Director	DMD & CFO
ATM Tahmiduzzaman, FCS	Director	SVP & Company Secretary

Role and Responsibility of the Board

The Board is devoted to the Company and enthusiastic for achieving sustainable long term prosperity with meeting stakeholders' expectations. The Board determines to ensure the best practice in accordance with statutory requirements.

Financial Performance of UCB Capital Management Limited

UCB Capital Management Ltd. is highly committed to increase long term value for shareholders through successful execution of strategic priorities and action plan. Against various odds, the company succeeded to achieve good financial outcomes. However, UCB Capital registered a net loss of BDT 10.10 million in 2016 compared to a net profit of BDT 25.02 million in 2015. The net loss was mostly due to the provisioning of BDT 44.18 million against negative equity accounts which was necessary to mitigate risks. Profit before provision stood at BDT 48.25 million in 2016 compared to BDT 40.36 million in 2015 registering a growth of 19.55%. UCB Capital executed transactions worth BDT 15,776.33 million in 2016 compared to BDT 11,239.98 million which is 40.36% higher. In 2016, the company's loans to clients stood at BDT 640.64 million as against BDT 456.36 million in the previous year. The number of clients increased in 2016 by 40.25% compared to the previous year. UCB Capital performed progressively better especially towards the end of the year ranking 24th for the month of December 2016 and 40th overall in 2016. The Board of Directors have decided to enhance the paid-up capital of the company from BDT 513.50 million to BDT 2,000 million. However, no new shares have been issued as of December 31, 2016.

DIRECTORS' REPORT ON SUBSIDIARY COMPANIES

Operating Performance

Amount in BDT

Particulars	2013	2014	2015	2016
Shareholders' Equity	14,246,827	546,132,356	571,149,588	2,047,554,575
Total Assets	401,120,186	1,145,928,922	1,094,523,854	2,424,548,482
Total Liabilities	386,873,359	599,796,566	523,374,267	376,993,907
Revenue from Brokerage	10,311,305	34,295,836	34,480,871	48,142,160
Net Interest Income	2,868,041	20,463,920	23,618,668	27,111,294
Net Profit After Tax	4,252,069	28,385,529	25,017,232	-10,095,013
Return on Assets*	1.06%	3.67%	2.23%	-0.57%
Return on Equity*	29.85%	10.13%	4.48%	-0.77%
No of Share	100,000	5,135,000	5,135,000	5,135,000
EPS	42.52	5.53	4.87	-1.97

* Based on Average Assets and Equity respectively

The major heads of income of UCB Capital Management are Net brokerage commission, Margin loan and income from CDBL fees and charges.

Amount in BDT

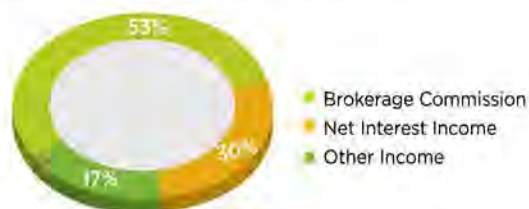
Particulars	2013	2014	2015	2016
Income	13,515,400	55,081,653	58,780,968	90,880,648
Expenditure	7,573,306	13,764,539	18,423,272	42,626,858
Operating Profit	5,942,094	41,317,114	40,357,697	48,253,790

Business Revenue

During 2016 income from all major heads increased notably as compared to the previous year. The Company earned a Gross Income of BDT 116.74 Million in 2016 which was BDT 106.09 million in Year 2015. The total income of BDT 90.88 million comprised of brokerage commission income of 48.14 million, income from margin loan of BDT 27.11 million and fees and charges of BDT 15.63 million.

Amount in BDT

Particulars	2015	2016
Brokerage Commission	34,480,871	48,142,160
Net Interest Income	23,618,668	27,111,294
Other Income	681,429	15,627,194



Dividend Payout

Considering the fact that the company earned an EPS of Tk. (1.97) in 2016, in order to reinforce the financial position of the company, the Board of Directors of the company did not recommend any dividend for the year ended December 31, 2016.

Observance of BAS, BFRS & Applicable Laws

Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and it is the responsibility of the directors to ensure that the financial statements comply with the Companies Act, 1994 and the Securities and Exchange Rules, 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards and other applicable rules and regulations.

Accounting Policies and Maintenance of Books of Accounts

As required by the regulators the company prepared financial statements, used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the institute of Chartered Accountants of Bangladesh (ICAB) have been followed. In preparing financial statements, information have been obtained from the books of accounts, which have been maintained properly as required by the applicable rules and regulations.

Auditors Appointment

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors Syful Shamsul Alam & Co., Chartered Accountants was appointed as the independent auditor of the Company for the year 2016 in its Annual General Meeting.

2. UCB Investment Limited

Lt. Gen. Retd) A.T.M. Zahirul Alam, rcds, psc, retired as Independent Director on September 28, 2016. Mr. Syed Mohammed Nuruddin was appointed as Independent Director of the parent company on September 28, 2016.

Board of Directors as on December 31, 2016.

Name of the Director	Status in the Board	Status in Parent Company
Muhammed Ali	Chairman	Managing Director
Mirza Mahmud Rafiqur Rahman	Director	AMD
Mohammad Shawkat Jamil	Director	DMD
Md. Sohrab Mustafa	Director	DMD
Syed Mohammed Nuruddin	Director	Independent Director

State of the Company's Affair

UCB Investment Limited, a subsidiary of country's leading bank- United Commercial Bank Limited, was incorporated in Bangladesh as a private limited company with limited liability on August 03, 2011 under companies act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities. The principal place of business and the registered office of the company is located at Bulu's Centre, CWS (A) 1, Gulshan Avenue, Dhaka - 1212. UCBL holds 24,990,000 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which equivalent to 99.90% of total shares of the company. To commence its operation, the company already applied for the license to Bangladesh Securities & Exchange Commission which is under consideration of BSEC. The initial paid up capital of the company was Tk. 10 crore & later on, the capital increased to Tk. 25 crore as per requirement of BSEC.

Financial Performance of UCB Investment Limited

As a subsidiary company, UCB Investment Limited started its journey in the financial year of 2011 but commencement of the operations is under the consideration of Bangladesh Securities and Exchange Commission's approval.

Observance of BAS, BFRS & Applicable Laws

Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and it is the responsibility of the directors to ensure that the financial statements comply with the Companies Act, 1994 and the Securities and Exchange Rules, 1987. The Directors also confirm that the financial statements have been prepared in accordance with the Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards and other applicable rules and regulations.

Accounting Policies and Maintenance of Books of Accounts

UCB investment Limited prepared its financial statements based on an appropriated accounting policy, consistently applied and supported by reasonable and prudent judgments and estimates and that all International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) have been followed as required by the regulators the company.

Auditors

Pursuant to Section 210 of the Companies Act, 1994, the Company's statutory auditors M/S. Syful Shamsul Alam & Co., Chartered Accountants was appointed as the independent auditor of the Company in Annual General Meeting.

Acknowledgement

On behalf of the Board of Directors, I take the opportunity to express our heart-felt appreciation and gratitude to our customers, business partners and shareholders for their continuous support and confidence in UCB Capital Management and UCB Investment Limited. A special note of appreciation goes to the Management team and all the employees for their devotion, integrity, hard work and professionalism. My sincere thanks also goes to Bangladesh Securities and Exchange Commission, Bangladesh Bank, Dhaka and Chittagong Stock Exchanges, retail & institutional investors, and all other regulatory bodies who were the involved in the growth of this Company for their invaluable assistance, support, guidance and counsel.

On behalf of the Board of Directors,



Muhammed Ali
Chairman

FINANCIAL STATEMENTS

UCB CAPITAL MANAGEMENT LIMITED

Auditor's Report

Statement of Financial Position

Statement of Comprehensive
Income

Statement of Cash Flow

Statement of Changes in Equity

Notes to the Financial
Statements





AUDITORS' REPORT

to the shareholders of UCB Capital Management Limited

We have audited the accompanying financial statements of UCB Capital Management Limited (The "Company") which comprise the Statement of Financial Position as at 31 December 2016 and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rule 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion:


In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) and comply with the Companies Act, 1994, the Securities and Exchange Rule 1987 and other applicable laws and regulations.

Report on Other Legal and Regulatory Requirements

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii) the statement of financial position and statement of comprehensive income of the Company dealt with by the report are in agreement with the books of account and
- iv) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 04 April 2017


Syful Shamsul Alam & Co.
Chartered Accountants

UCB Capital Management Limited
Statement of Financial Position

As at 31 December 2016

	Note	Amount in BDT	
		31-Dec-2016	31-Dec-2015
ASSETS			
Non-Current Assets (A)		525,224,231	525,325,313
Property, plant and equipment	2.00	5,808,308	4,746,064
Intangible asset	3.00	3,555,100	4,718,426
Investment in unquoted shares	4.00	515,860,823	515,860,823
Current Assets (B)		1,899,324,251	569,198,541
Advances, deposits and prepayments	5.00	38,900,408	20,775,755
Loan to customers	6.00	640,642,581	456,357,815
Investment in securities	7.00	288,760,403	8,909,274
Accounts receivable	8.00	4,762,889	66,082
Cash and cash equivalents	9.00	926,257,970	83,089,616
Total Assets (A+B)		2,424,548,482	1,094,523,854
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	10.00	513,500,000	513,500,000
Share money deposit		1,486,500,000	-
Retained Earnings		47,554,575	57,649,588
Shareholders equity (C)		2,047,554,575	571,149,588
Non Current Liabilities (D)	11.00	-	39,821,118
Current Liabilities (E)		376,993,907	483,553,148
Bank overdraft	11.A	-	376,366,641
Accounts payable	12.00	288,678,028	77,219,432
Provisions	13.00	52,626,461	8,441,747
Provision for Taxation	14.00	35,689,418	21,525,328
Total Equity and Liabilities (C+D+E)		2,424,548,482	1,094,523,854

The annexed notes 01 to 20 form an integral part of these financial statements

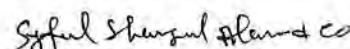

Chairman


Director


Director


CEO

As per our report of same date.


Syful Shamsul Alam & Co.
Chartered Accountants

Dhaka, 04 April 2017

UCB CAPITAL MANAGEMENT LIMITED
Statement of Comprehensive Income
 For the year ended 31 December 2016

	Note	Amount in BDT	
		31-Dec-2016	31-Dec-2015
Operating Income			
Interest income	15.00	52,965,895	70,922,991
Interest expenses	16.00	(25,854,601)	(47,304,323)
		27,111,294	23,618,668
Brokerage commission		48,142,160	34,480,871
Other operating income	17.00	15,627,194	681,429
Total operating income (A)		90,880,648	58,780,968
Operating expenses	18.00	34,977,103	2,739,398
Direct expenses	19.00	6,064,902	4,646,042
Other expenses	20.00	1,584,853	1,037,831
Total operating expenses (B)		42,626,858	18,423,271
Profit/(Loss) before provision C=(A-B)		48,253,790	40,357,697
Provision for negative equity on margin loans and investment	13.00	44,184,714	6,688,887
Total provision (D)		44,184,714	6,688,887
Operating profit before taxation E=(C-D)		4,069,076	33,668,810
Income tax expense (F)	14.00	14,164,089	8,651,578
Net profit after tax [G=E-F]		(10,095,013)	25,017,232

The annexed notes 01 to 20 form an integral part of these financial statements.



Chairman


Director


Director


CEO

As per our report of same date.


Syful Shamsul Alam & Co.
Chartered Accountants

Dhaka, 04 April 2017

Statement of Cash Flow

For the year ended 31 December 2016


	Amount in BDT	
	31-Dec-2016	31-Dec-2015
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before taxation, and extra ordinary item	48,253,790	40,357,697
Adjustment for:		
Depreciation Expense	2,317,776	1,473,446
Income Tax Expenses	(19,461,763)	(11,776,790)
Increase/(Decrease) of other assets	(283,210,826)	(4,912,069)
Increase/(Decrease) of other liability	211,458,597	33,568,643
Net Cash flow/(used) in operating activities	(40,642,426)	58,710,927
B. Cash Flow from Investing Activities		
Acquisition of Fixed Assets	(2,116,695)	(2,504,160)
Acquisition of intangible Assets	(100,000)	-
Sale of Fixed Assets	-	-
Investment in equity	-	-
Net cash flows/(used) in Investing activities	(2,216,695)	(2,504,160)
C. Cash Flow from Financing Activities		
Loans to customer	(184,284,766)	104,187,304
Received/(Payment) of Loan	(39,821,118)	-
Share Money Deposit	1,486,500,000	-
Borrowing/(Paid) bank Loan	(376,366,641)	(125,181,407)
Net cash flows from Financing activities	886,027,475	(20,994,103)
D. Net increase in cash and cash equivalent (A+B+C)	843,168,354	35,212,664
E. Opening cash and bank balances	83,089,616	47,876,952
F. Closing cash and bank balances (D+E)	926,257,970	83,089,616
Closing cash and bank balances		
Cash and cash equivalent	926,257,970	83,089,616
	926,257,970	83,089,616



Chairman



Director



Director



CEO

UCB CAPITAL MANAGEMENT LIMITED
Statement of Changes in Equity
 For the year ended 31 December 2016

Particulars	Share capital	Share Money Deposit	Retained earnings / (Accumulated losses)	Total
Balance as at January 01, 2015	513,500,000	-	32,632,356	546,132,356
Profit/(Loss) during the year	-	-	25,017,232	25,017,232
Balance as at December 31, 2015	513,500,000	-	57,649,588	571,149,588
Balance as at January 1, 2016	513,500,000	-	57,649,588	571,149,588
Share Money Deposit	-	1,486,500,000	-	1,486,500,000
Profit/(Loss) during the year	-	-	(10,095,013)	(10,095,013)
Balance as at December 31, 2016	513,500,000	1,486,500,000	47,554,575	2,047,554,575


 Chairman


 Director


 Director


 CEO

1.1 Status of the Company

UCB CAPITAL MANAGEMENT LIMITED (the “Company”), former Maryellen Capital Management Limited (DSE TRECNo-181, CSE TREC No-015) was incorporated in Bangladesh and registered with the Register of Joint Stock Companies vide its registration number C-69039(1551)/07 on November 20, 2007 as a Private Limited Company. The name of the Company was changed by passing a resolution in an Extra-Ordinary General Meeting of UCB Capital Management Limited held on January 17, 2013. After name change the Company commenced the business from 19th June 2013.

The registered office of the Company is located at 74Motijheel C/A, Dhaka-1000. The company has only one branch located at 17 J.C. Guha Road, Nandankanan, Chittagong.

1.2 Nature of Business

The principal objectives of the Company are to act as a TREC Holder of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. to carry on the business of stock brokers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company.

The Company is also registered with the Bangladesh Securities and Exchange Commission (BSEC) to act as Stock Dealer for carrying its own investment in the capital market. It also extends margin loan to its clients against their margin for investment in the listed securities. The required margin level is monitored daily and pursuant to established guidelines, customers are required to deposit additional margin to reduce the position, where necessary.

UCB Capital Management Limited encompasses a wide range of services having registered with the Securities and Exchange Commission to act as “Depository participant” of Central Depository of Bangladesh Limited (CDBL).

1.3 Basis of preparation of financial statements and significant accounting policies

1.3.1 Statement of Compliance

The financial statements have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows in accordance with Bangladesh Accounting standards (BASs) and Bangladesh Financial Reporting Standard (BFRSs), the Securities and Exchange Commission Rules 1987, Companies Act 1994, and other laws & rules applicable in Bangladesh.

1.3.2 Basis of Measurement

These financial statements have been prepared on a going concern basis under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRS).

1.3.3 Components of Financial Statements

According to Bangladesh Accounting Standard (BAS-1) “Presentation of Financial statements” the complete set of Financial statements includes the following components:

- a) Statement of Financial Position;
- b) Statement of Comprehensive Income;
- c) Statement of Change in Equity;
- d) Statement of Cash Flows and
- e) Notes to the Financial Statements.

1.3.4 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (BDT) currency, which is the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest integer.

1.3.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires disclosures of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing concern basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

1.3.6 Branch Accounting

The company has operating one branch located at Nandankanan, Chittagong. Accounting of the branch is maintained at head office from which these accounts are drawn up.

1.3.7 Statement of cash flows

Statement of cash flows is prepared in accordance with the Bangladesh Accounting Standard-7 "Statement of Cash Flows" classifying the activities by operating activities, investing and financing activities and the cash flows from operating activities have been prepared and presented under indirect method.

1.3.8 Reporting period

Company's usual year end was 30 June but pursuant to change in the provision of section 2 (35) of Income Tax Ordinance 1984 following the enactment of Finance Act 2016, the Company has changed its reporting period to 01 January to 31 December from 01 July to 30 June. However, in order to facilitate parent company's consolidation these Financial Statements have been prepared for one year from 01 January 2016 to 31 December 2016.

1.4 Assets and basis of their valuation**1.4.1 Cash and Cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Banks which are subject to insignificant risk of changes in their fair value, and are used by the Company management for its day to day business purpose and to meet its short-term commitments.

1.4.2 Investments**Investment in DSE, CSE Shares:**

In accordance with section 8(Gha) of the Exchanges Demutualization Act, 2013, both stock exchange membership has been converted into shares through the issuance of "Trading Right Entitlement Certificate (TREC)" by the DSE & CSE. Currently fair value of Trading Right Entitlement Certificate is not ascertainable with reasonableness due to the stock exchanges not issuing any TREC other than existing members. Accordingly, investment is measured at cost which is considered as fair value.

Investment in securities:

Investment in quoted shares and unquoted shares are initially recognized at cost plus transaction costs that are directly attributable to the acquisition of the shares. After initial recognition, investment in quoted shares has been revalued at cost at reporting date. However, adequate provision is made if market value goes down of the reported cost but no unrealized gain is recognized in the profit and loss account.

1.4.3 Loan to customers

UCB capital Management Limited extends credit facilities to its approved clients for securities transactions against the respective investor account as per margin rules 1999. Loans to customers are stated in the balance sheet on gross outstanding basis.

1.4.4 Property, Plant and equipment

All Property, Plant and equipment are stated at cost, together with any incidental expenses of acquisition less accumulated depreciation as per BAS-16 "Property, Plant and Equipment". Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred.

Depreciation on fixed assets acquired during the current year to be charged from the month of acquisition (Full month depreciation will be charged irrespective of the date of purchase during the month). The rates and bases used are as follows:

Category of assets	Rate (%)	Basis
Furniture and fixtures	10%	Straight Line Method
Computer Equipment	20%	Straight Line Method
Office Equipment	20%	Straight Line Method
Software	25%	Straight Line Method
Vehicles	20%	Straight Line Method

1.4.5 Advance, Deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to statement of comprehensive income or other account heads.

Security deposits are measured at payment value.

1.4.6 Advance Income tax

The amount of advance income tax is mainly Tax deduction at sources by DSE and CSE on daily turnover of brokerage operation and Tax deduction at sources on dividend income.

1.4.7 Intangible assets and amortization of intangible assets**Goodwill**

Goodwill has been arisen due to merger of UCB Securities Limited and Anam Capital Limited with UCB Capital Management Limited. Goodwill represents the difference between the net asset value of the UCB Securities Limited and Anam Capital Limited and the purchase consideration as agreed between the parties and approved by the court. Goodwill is amortized on twenty percent amortization per annum in a straight line method, which has been taken effect from financial year 2015.

Software

Costs incurred to procure software represent as intangible assets. Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits in the specifications to which it relates. All other expenditure is treated as expense as incurred. Software is amortized @ 25% (Twenty Five percent) per annum in a straight line method.

1.5 Bank Guarantee

United Commercial Bank Limited has sanctioned UCB Capital Management Limited a Bank guarantee (NO.30/2014 dated 23/09/2014) for maintaining additional member's margin as specified in sub-regulation (3) of regulation (4) of DHAKA STOCK EXCHANGE (TREC HOLDER'S MARGIN) REGULATIONS, 2013 worth of Tk. 200,000,000 (Taka Twenty Crore) from dated 22/09/2016 to 22/09/2017 and vide letter reference no #UCBL/PB/CAD/2016/ 6932.

1.6 Provision for Taxation

Provision for taxation consists of provision for current tax and provision for deferred tax. Provision for taxation has been made as per the Income Tax Ordinance 1984, latest finance act, relevant SROs etc. While computing taxable operating income, total operating expenses has been claimed as allowable expenses. Due consideration also has been given for admissible and inadmissible expenditures as per the Income Tax Ordinance 1984.

1.7 Accrued Expenses and Other Liabilities:

Liabilities are recognized for the expenses incurred, whether the bill paid or not. Payables are not interest bearing and are stated at their nominal values.

1.8 Provisions:

Provision is recognized in the Statement of Financial Position when the company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and are liable estimate thereof can be made.

1.9 Share capital**(a) Authorized capital**

Authorized capital is the maximum amount of share capital that the company is authorized by its Memorandum and Article of Association to issue to shareholders.

(b) Paid-up capital

Paid-up Capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

1.10 Revenue Reorganization**1.10.1 Brokerage commission**

Brokerage commission is recognized as income at the same time of selling or buying order executed.

1.10.2 Interest income on marginal loan

Interest income on margin loan is recognized on accrual basis. Such income is calculated on daily margin loan balance of the respective customers. Income is recognized on monthly but realized quarterly. No interest charged on negative equity balances this year.

1.10.3 Other Operating Income

Dividend income is recognized when right to receive or payment is established whereas profit or loss arising from the sale of securities is accounted for only when shares are sold in the market and profit is realized or loss is incurred.

Other operating income arises on services provided by the Company are recognized on accrual basis.

1.11 Interest paid and other expenses

Interest expenses are generally recognized on accrual basis taking into account of daily balance outstanding at the applicable rate. The interest expense is related to the interest charged into the overdraft account with UCBL.

Other expenses are also recognized and recorded on accrual basis.

1.12 Related party transaction

Parties are considered to be related if there is any relationship by means of shareholding, common ownership or by any other means who can or may influence the financial and operational decisions. Here the related party transactions are the loan taken from United Commercial Bank Limited and the brokerage transactions carried out by the Company for its own investment as its client, within the financial period.

	Amount in BDT	
	31-Dec-2016	31-Dec-2015
2.00 Property, Plant and Equipment		
Cost(A):		
Furniture and Fixture	4,761,380	4,573,575
Computer Equipment	1,419,843	1,048,360
Office Equipment	49,800	49,800
Vehicles	1,557,407	-
	7,788,430	5,671,735
Accumulated Depreciation(B):		
Furniture and Fixture	1,226,229	756,352
Computer Equipment	377,365	159,359
Office Equipment	19,090	9,960
Vehicles	357,438	-
	1,980,122	925,671
Written down value (A-B)	5,808,308	4,746,064
A schedule of property, plant and equipment is given in Annexure-A		
3.00 Intangible Assets		
Goodwill*	3,905,846	3,905,846
Software	1,800,000	1,700,000
Cost of Intangible (A)	5,705,846	5,605,846
Accumulated Amortization (B)		
Goodwill	1,611,163	781,169
Software	539,583	106,251
	2,150,746	887,420
Written down Value	3,555,100	4,718,426

* Goodwill has been recognized on the basis Independent Expert M/S ARTISAN's assessment as part of acquisition as on 31 October 2014.

4.00 Investment**This is composed of following:**

Total investment of Tk. 515,860,823 consists of merged effect of Investment in DSE membership, Investment in CSE membership and Investment in equity share of UCB Investment Limited. Detail components of investment is mentioned as follows:

	Amount in BDT	
	31-Dec-2016	31-Dec-2015
Investment in DSE Shares*	391,150,000	391,150,000
Investment in CSE Shares*	124,610,823	124,610,823
Investment in shares of UCB Investment Ltd.	100,000	100,000
	515,860,823	515,860,823

During the year 2014-2015, UCB Securities Ltd & Anam Capital Ltd, has been merged with UCB Capital Management Ltd and while reporting the amount of investment due effect of this merger has been considered to reflect investments in DSE and CSE shares at their acquisition price.

As per the Scheme of Demutualization of both DSE and CSE in accordance with the Exchange Demutualization Act 2013 (the'Scheme'), the Company being the initial shareholders of DSE and CSE, is entitled to receive the following numbers of shares as well as "Trading Right Entitlement Certificate (TREC)". No transactions of shares as well as "TREC" have been started and hence cost price is considered as fair value.

Dhaka Stock Exchange Limited	7,215,106	10	72,151,060
Chittagong Stock Exchange Limited	4,287,330	10	42,873,300
Total number and value of shares	11,502,436		115,024,360

In future if the above shares as well as TREC becomes tradeable the fair value would be determined that time and necessary adjustments, if any shall be made.

	Amount in BDT	
	31-Dec-2016	31-Dec-2015
5.00 Advances, deposits and prepayments:		
Security deposit	225,000	225,000
Advance against Expenses	135,090	47,200
Advance against Fixed Assets	-	1,425,000
Advance Income Tax (Note 5.01)	38,540,318	19,078,555
	38,900,408	20,775,755
5.01 Advance Income Tax (Ageing):		
2013	1,690,025	1,690,025
2014	5,611,740	5,611,740
2015	11,776,790	11,776,790
2016	19,461,763	-
	38,540,318	19,078,555

No assessment order is finalize yet.

6.00 Loan to customers:

Opening Balance	456,357,815	560,545,119
Add: disbursed/ (Realised) during the years	184,284,766	(104,187,304)
Closing Balance	640,642,581	456,357,815

7.00 Investment in securities

*A schedule of Investment in securities is given in Annexure-C

8.00 Accounts receivable

Receivable from DSE	3,932,286	21,750
Receivable from CSE	-	14,898
IPO Commission Receivable	-	5,259
Dividend Receivable	830,380	24,000
Interest receivable	223	175
	4,762,889	66,082

	Amount in BDT	
	31-Dec-2016	31-Dec-2015
9.00 Cash and cash equivalents		
Customer consolidated A/c -UCB Bank	119,913,797	22,962,938
Customer consolidated A/c - ONE Bank	173,676,587	-
Customer consolidated A/c - The City Bank	-	57,000,243
Dealer A/c DSE-ONE Bank	4,870,743	-
Dealer A/C CSE-UCBL	88,042	17,884
Dealer A/c DSE-The City Bank	-	1,365,769
IPO A/c - UCBL	61,185,274	-
General A/c with UCBL	566,483,527	1,617,783
Cash In Hand	40,000	125,000
	926,257,970	83,089,616
10.00 Share Capital		
Authorized Capital		
15,600,000 Ordinary Shares of Tk. 100 each	1,560,000,000	1,560,000,000
	1,560,000,000	1,560,000,000
Subscribed and Paid-up Capital		
5,135,000 Ordinary Shares of Tk. 100 each	513,500,000	513,500,000
	513,500,000	513,500,000
10.01 Share Holding Status		
Shareholders	% of Share	No. of Shares
United Commercial Bank Limited	99.999981%	5,134,999
Muhammed Ali	0.0000195%	1
	100%	5,135,000
10.02 Directors		
Nominee directors of United Commercial Bank Ltd.		

Name	Position	Occupation
Mr. Muhammed Ali	Chairman	Banker
Mr. Akhter Matin Chaudhury, FCA	Independent Director	Business Man
Mr. M. Shahidul Islam	Director	Banker
Mr. Mirza Mahmud Rafiqur Rahman	Director	Banker
Mr. Md. Tariqul Azam	Director	Banker
Mr. Mohammad Shawkat Jamil	Director	Banker
Mohammad Habibur Rahman Chowdhury	Director	Banker
ATM Tahmiduzzaman	Director	Banker

10.03 Share Money Deposit

Share money deposit is the amount received from the United Commercial Bank Limited against its capital investment to the company and subsequently company will issue share to Shareholder.

11.00 Non Current Liabilities

Payable to UCBL	-	39,821,118
11.A Bank Overdraft	-	376,366,641
12.00 Accounts Payable		
Payable to Client	237,763,375	57,684,095
Payable to DSE	5,510,659	19,374,615
Payable to CSE	1,486,759	-
Payable to CDBL	476,836	130,724
Payable To Employees Wealfare Fund	484,200	-
Other Liabilities (Note 12.01)	42,956,199	30,000
	288,678,028	77,219,433

	Amount in BDT	
	31-Dec-2016	31-Dec-2015
12.01 Other Liabilities		
Interest Suspense	11,515,665	-
IPO Block A/c	30,935,000	-
VAT Payable	39,487	-
TDS Payable	144,080	-
Prov. For expenses	179,967	30,000
Provision for Audit	142,000	-
	42,956,199	30,000
13.00 Provisions		
Opening balance	8,441,747	1,752,860
Less: Adjustment	-	-
Add: Provision for the year (Note 13.01 &13.02)	44,184,714	6,688,887
Closing balance	52,626,461	8,441,747
13.01 Provision for Loan to customers		
Opening balance	8,273,860	1,752,860
Add: Provision for the year (Annexure-B)	41,462,343	6,521,000
Closing balance	49,736,203	8,273,860
13.02 Provision for diminution in value of investment		
Opening balance	167,887	-
Provision for the year (Annexure-C)	2,722,371	167,887
Closing balance	2,890,258	167,887
100% provision has been made both for negative equity of margin loan accounts and unrealized loss of dealer account.		
14.00 Provision for Taxation		
Opening Balance	21,525,328	12,873,750
Add: provision made for current year	14,164,089	8,651,578
Less: Settlement	-	-
	35,689,418	21,525,328
The provision for income tax has been calculated based on the profit before provision considering admissible & inadmissible expenses as per provision of the Income tax Ordinance 1984.		
15.00 Interest Income		
Income from Margin Loan	43,763,184	70,922,991
Income from Bank deposit	9,202,711	-
	52,965,895	70,922,991
16.00 Interest Expense		
Interest on bank overdraft	25,854,601	47,304,323
	25,854,601	47,304,323
17.00 Other Operating Income		
BO Opening Fee	54,200	21,600
BO Annual Fees	47,750	78,800
CDBL Income	166,213	509,689
Margin Loan Processing Fee	39,500	22,500
Capital Gain from Investment in Shares	4,396,352	832
Dividend Income (Note 17.01)	10,906,204	33,120
Other Income	16,975	14,888
	15,627,194	681,429

	Amount in BDT	
	31-Dec-2016	31-Dec-2015
17.01 Dividend Income		
Cash dividend received from unquoted shares (DSE & CSE)	9,787,504	-
Cash dividend received from quoted shares	1,118,700	33,120
	10,906,204	33,120
18.00 Operating Expenses		
Salary and allowances	27,867,058	9,567,335
Rent, taxes, insurance, electricity etc. (Note-18.01)	1,791,669	256,045
Legal expenses	274,050	69,000
Postage, stamps, telecommunications etc.	401,712	683,213
Stationery, printing, advertisements etc. (Note-18.02)	865,265	120,579
Training, Seminar & Meeting	673,236	140,000
Auditors fees	57,500	-
Depreciation and repair of assets (Note-18.03)	3,046,613	1,903,226
	34,977,103	12,739,398
18.01 Rent, taxes, insurance, electricity etc.		
Electricity and room Rent	231,289	231,169
Electricity, water & Gas	1,451,660	-
Car Parking Expense	25,620	2,500
Rent Rate Taxes (VAT)	52,900	22,376
Insurance- car	30,200	-
	1,791,669	256,045
18.02 Stationery, printing, advertisements etc.		
Advertising and business Promotion exps.	511,033	-
Printing & Stationery	354,232	120,579
	865,265	120,579
18.03 Depreciation and repair of assets		
Depreciation On furniture	469,877	457,357
Depreciation On Computer Equipment	218,006	119,539
Depreciation On Electronic Equipment	9,130	9,130
Depreciation On Vehicales	357,438	-
Amortization on goodwill	829,993	781,169
Amortization on Software	433,332	106,251
	2,317,776	1,473,446
Repairs & Mantance (Note 18.03.01)	728,837	429,780
	3,046,613	1,903,226
18.03.01 Repair & Maintaince		
Software Maintance	399,713	-
Repairs & Mantance	329,124	429,780
	728,837	429,780
19.00 Direct Expenses		
Howla Charge	-	22
Laga Charge	3,856,592	2,758,244
CDBL Expense	2,179,749	1,861,180
Contract Charge-CSE	5,026	4,302
Commission Charge-CSE	23,535	22,294
	6,064,902	4,646,042

	Amount in BDT	
	31-Dec-2016	31-Dec-2015
20.00 Other expenses		
Bank Charge and others	152,696	60,866
Traveling & Conveyance	86,350	104,468
Entertainment	361,050	398,375
Registration and Renewal	271,469	330,143
Regulating Expenses	43,000	27,796
Office Maintenance	74,369	81,405
Petrol,oil &lubricant	251,765	34,778
Loss on Execution of Shares*	180,261	-
Newspapers & Periodicals	7,165	-
Investor Protection Fund	204	-
Liveries & Uniforms	8,419	-
Medical Expenses	114,336	-
Write Off Negative Balance	33,769	-
	1,584,853	1,037,831

* This represents transaction loss arising from sale of 8,174 number of shares of ACI Limited at Tk. 56 (per share) instead of prevailing selling price of Tk. 565 (per share) unintentionally. So the company faced a loss of Tk. 4,160,566 ((8,174x 506(565-56)) approx. However the company communicated and negotiated with buyers of these shares and was able to recover the whole amount except Tk. 180,262. Subsequently, 30th Meeting of the Board of Directors of the company held on 01 August, 2016 approved that the loss would be recognized by the company.

UCB Capital Management Limited
Fixed assets Schedule
 for the year ended on 31 December 2016

Annexure-A

Sl No.	Particulars	cost				Depreciation			Net Book Value at 31.12.2016		
		Opening Balance as on 01.01.2016	Addition during the year	Transfer during the year	Total Before Dep. Charge	Dep. Rate	Opening Balance	Depreciation during the year		Disposal/ Adjustment during the year	Accumulated Depreciation
1	Furniture & Fixture	4,573,575	187,805	-	4,761,380	10%	756,352	469,877	-	1,226,229	3,535,151
2	Computer Equipment	1,048,360	371,483	-	1,419,843	20%	159,359	218,006	-	377,365	1,042,478
3	Office Equipment	49,800	-	-	49,800	20%	9,960	9,130	-	19,090	30,710
4	Vehicles	-	1,557,407	-	1,557,407	20%	-	357,438	-	357,438	1,199,969
	Total	5,671,735	2,116,695	-	7,788,430		925,671	1,054,451	-	1,980,122	5,808,308

Calculation of Provision for Negative Equity & Interest

For the year ended 31 December 2016

Annexure-B

Sl No.	Code	Name	Cost Value TK.	Market Value TK.	Current Liabilities TK.	Equity	Interest suspense TK.
1	11	MD.ALMAS HOSSAIN TUHIN	1,063,560	1,060,565	(1,389,864)	(329,299)	180,119
2	15	MR. MD.RIASHAT KAMRUL HASAN	2,748,285	3,013,560	(3,647,141)	(633,581)	207,805
3	16	MD IFTEKHAR HOSSAIN	5,602,468	5,732,170	(7,590,102)	(1,857,932)	465,395
4	17	MOSHTAQUE AHMED	334,667	377,200	(654,890)	(277,690)	37,414
5	188	JESMIN SULTANA	32,228	31,641	(43,932)	(12,292)	13,947
6	19	MD. ANWAR HOSSAIN	8,804,268	8,831,400	(9,605,395)	(773,995)	1,273,111
7	191	MD. ABU BAKAR CHOWDHURY	1,094,580	1,366,447	(1,943,421)	(576,974)	53,424
8	197	ASIF MOHAMMAD MOJUMDER	123,758	132,225	(684,204)	(551,979)	250,295
9	219	RAFIQUL MAWLA	186,668	219,972	(377,381)	(157,409)	21,995
10	262	MD. ABDUL HAI	215,244	177,563	(220,412)	(42,849)	29,264
11	265	MD. MOKBUL HOSSAIN	677,881	690,008	(745,704)	(55,696)	103,752
12	29	MR MD.SHAHADAT HOSSAN KAZOL	1,143,898	1,077,120	(1,674,351)	(597,231)	96,925
13	298	SUMAYA AKTER	89,259	99,458	(146,944)	(47,486)	19,979
14	303	MD. RASHEDUL ISLAM	205,167	214,735	(307,368)	(92,633)	35,659
15	339	DR. SYED M. SUFIAN	408,059	401,200	(12,124,732)	(11,723,532)	1,018,963
16	350	MD. RAMJAN ALI	1,105,469	1,159,263	(1,310,651)	(151,387)	72,477
17	351	SHEIKH MOHAMMAD ALI	4,115,969	4,004,660	(6,479,647)	(2,474,987)	865,250
18	352	MRS. GULSHAN ARA	1,101,589	1,153,800	(2,344,158)	(1,190,358)	318,390
19	37	WAYES AHMED	925,760	906,297	(1,160,083)	(253,786)	159,716
20	41	MD. FAZLE AMIN	351,636	358,450	(436,731)	(78,281)	11,133
21	44	MD. ZIAUL ABEDIN KHAN	285,548	220,000	(375,029)	(155,029)	15,411
22	444	MOHAMMAD SAIFUL ALAM	18,681	24,346	(236,136)	(211,790)	28,137
23	464	SORWAR IQBAL	456,793	471,200	(567,046)	(95,846)	79,438
24	48	MD. ZIAUL ABEDIN KHAN	494,480	406,800	(426,181)	(19,381)	72,257
25	49	MD. ISMAIL HOSSAIN	2,484,005	2,455,230	(3,373,848)	(918,618)	497,255
26	55	ASHFAQUL AMIN ANTU	4,813,157	4,864,817	(5,808,652)	(943,835)	857,457
27	555	SHOFIQUUL ISLAM SIKDER	1,097,360	1,147,390	(1,982,340)	(834,950)	112,414
28	56	MRS. SALMA JAHAN NASRIN	6,113,282	6,103,064	(14,520,125)	(8,417,061)	363,787
29	57	MONIRUZZAMAN SARKER	897,341	923,020	(2,984,175)	(2,061,155)	174,119
30	58	MD. ABDUL HALIM SARKER	1,836,761	1,779,586	(2,390,344)	(610,758)	58,464
31	6	ANIS UDDIN	18,132,867	12,563,141	(13,733,343)	(1,170,202)	1,897,953
32	610	MD. MATIAR RAHMAN	731,393	760,300	(782,280)	(21,980)	131,362
33	71	MD. JAKARIYA MASUD	1,275,978	1,356,635	(2,499,612)	(1,142,977)	141,603
34	73	MD. MAMUNUR RASHID	365,878	307,287	(551,990)	(244,703)	31,327
35	9	JUTON SAHA	-	-	(1,558,288)	(1,558,288)	77,547
36	23	DIPAK CHANDRA SAHA	-	-	(927,197)	(927,197)	72,096
37	24	APARNA RANI SAHA	-	-	(1,071,830)	(1,071,830)	46,986
38	31	MD. RABIUL HASAN	-	-	(1,296,334)	(1,296,334)	64,591
39	33	ASMA BAGUM BABLY	-	-	(2,775,925)	(2,775,925)	129,243
40	36	MD. FARIDUL ALAM	-	-	(1,323,280)	(1,323,280)	39,868
41	39	MOHAMMAD ALTAH HOSSAIN	-	-	(932,168)	(932,168)	38,271
42	64	MD. SHOHIDUL ISLAM	-	-	(1,627,207)	(1,627,207)	561,681
43	69	SHAMIM SULTANA	-	-	(79,608)	(79,608)	6,262
44	77	SAJJADUL PARVEZ	-	-	(306,924)	(306,924)	28,912
45	101	ABU SHAHED MOHAMMAD MOINUDDIN	-	-	(213,386)	(213,386)	11,753
46	111	MARIUM AKHTER	-	-	(4,317)	(4,317)	13,275
47	114	MST. AYESHA KHATUN	-	-	(1,075,793)	(1,075,793)	81,289
48	137	MR. MIR KAISER CHOWDHURY	-	-	(189,040)	(189,040)	10,525
49	159	AZIZUL HOQUE	-	-	(1,519,979)	(1,519,979)	113,484
50	162	SHAMIM SULTANA	-	-	(426,215)	(426,215)	24,117
51	174	MRS. SHAMIMA AKHTER	-	-	(248,670)	(248,670)	25,171
52	178	MD. ABU AHSAN IMAM	-	-	(71,225)	(71,225)	17,397
53	180	MD. ANISUL HOQ	-	-	(5,729,591)	(5,729,591)	238,670
54	190	MD. JAHANGIR HOSSAIN	-	-	(211,121)	(211,137)	17,980
55	216	MOHAMMED SHAMIM-UZ-ZAMAN	-	-	(244,534)	(244,534)	19,256
56	253	MOHAMMED SHIFUDDIN AHAMED CHY	-	-	(401,318)	(401,318)	15,464
57	257	MD. NIZAM UDDIN BHUIYAN	-	-	(15,303)	(15,303)	13,715
58	275	JOSIM UDDIN	-	-	(133,899)	(133,899)	20,248
59	950	HOSNE ARA BEGUM	-	-	(139,744)	(139,744)	131,644
Total Negative Equity and Interest Suspense As on 31.12.2016						(61,250,572)	11,515,442
Negative Equity as on 31 December 2016						61,250,572	
Less: Interest Sespense						(11,515,442)	
Required Provision						49,735,130	
Provision Maintained						49,736,203	
Surplus/(Shortfall)						1,073	

Schedule of Investment & Calculation of Provision

For the year ended on 31 December 2016

Annexure-C

Particulars	Holding No. of Share	Avg. Rate		Purchase price Closing Price as on 31 December 2016		Market Value	Unrealize Gain/(Loss)
		Taka		Taka	Taka		
Marginalable Sceurities:							
AIBL 1st Islamic MF	696,486	8		5,486,670	8	5,780,834	294,164
Bata Shoe Ltd.	6,831	1,158		7,907,155	1,142	7,801,002	(106,153)
BD Building Systems.	52,403	53		2,768,359	52	2,714,475	(53,884)
BRAC BANK	1,044,428	65		68,007,852	64	66,947,835	(1,060,017)
British American Tobacco	1,875	2,501		4,689,878	2,483	4,655,625	(34,253)
Golden Harvest Ltd	10,015	54		539,934	54	535,803	(4,131)
Grameen Phone Ltd.	2,000	284		567,775	284	568,200	425
Heidelberg Cement BD	8,800	543		4,776,805	552	4,860,240	83,435
Linde Bangladesh Limited	9,025	1,320		11,915,853	1,296	11,696,400	(219,453)
MBL 1ST MUTUAL FUND	721,300	7		4,974,982	7	5,193,360	218,378
Mercantile Bank	395,125	15		5,776,205	15	5,966,388	190,182
MJL Bangladesh Ltd.	1,028,781	121		124,708,845	120	123,042,208	(1,666,638)
Titas Gas Ltd.	164,453	51		8,368,132	49	8,123,978	(244,154)
Trust Bank Limited	586,377	23		13,607,116	24	13,955,773	348,657
Sub total				264,095,562		261,842,119	(2,253,442)
Non-Marginalable Sceurities:							
ACME LABORATORIES LTD.	44,389	100		4,431,850	99	4,394,511	(37,339)
BD STEEL RE-ROLLING	29,000	143		4,154,015	128	3,700,400	(453,615)
Doreen Power Generation	40,291	104		4,181,768	102	4,121,769	(59,998)
FORTTUNE SHOES LTD.	10,063	10		100,630	51	511,200	410,570
Shahjibazar Power Co.	39,646	138		5,482,587	136	5,395,821	(86,767)
SHASHA DENIMS LIMITED	86,559	73		6,303,618	73	6,284,183	(19,435)
Yeakin Polymer Limited	1,141	9		10,373	30	34,686	24,313
Sub total				24,664,842		24,442,571	(222,271)
Total				288,760,403		286,284,691	(2,475,713)



FINANCIAL STATEMENTS
**UCB INVESTMENT
LIMITED**

Auditor's Report

Balance Sheet

Profit and Loss Account

Cash Flow Statement

Statement of Changes in Equity

Notes to the Financial
Statements



AUDITORS' REPORT

to the shareholders of UCB Investment Limited

We have audited the accompanying financial statements of UCB Investment Limited ("the company"), which comprise the Balance Sheet as at 31 December 2016 and the related Profit and Loss Account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

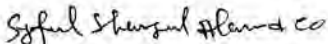
In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards ("BFRS") and comply with the Companies Act 1994 and other relevant laws & regulations.

Report on Other Legal and Regulatory Requirements

We also report that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- iii) balance sheet and profit & loss account of the Company dealt with by the report are in agreement with the books of account and
- iv) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 04 April 2017


Syful Shamsul Alam & Co.
Chartered Accountants

UCB INVESTMENT LIMITED
Balance Sheet
 As at 31 December 2016

	Note	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
Property and Assets			
Balance with Banks & Financial institutions	3.00	374,402	273,426,893
Investments	4.00	236,900,779	-
Other assets	5.00	58,811,624	2,607,880
Total Assets		296,086,805	276,034,773
Liabilities and Capital			
Shareholders Equity			
Paid up Capital	6.00	250,000,000	250,000,000
Retained Earnings/ (Accumulated Loss)		25,610,702	16,191,210
Total Shareholders' Equity		275,610,702	266,191,210
Other Liability	7.00	20,476,103	9,843,563
Total Liabilities & Shareholders' Equity		296,086,805	276,034,773


The annexed notes 01 to 08 form an integral part of these financial statements.



 Chairman




 Director



 Director

As per our report of same date.

Dhaka, 04 April 2017


 Syful Shamsul Alam & Co.
 Chartered Accountants

UCB INVESTMENT LIMITED
Profit and Loss Account
 For the year ended 31 December 2016

	Note	Amount in BDT	
		31 Dec. 2016	31 Dec. 2015
Income			
Interest income		12,645,854	21,079,498
Investment Income	8.00	7,452,158	-
Total Income		20,098,012	21,079,498
Expenses			
Audit fees		23,000	23,000
Other Expenses		45,980	10,000
Total Operating Expenses		68,980	33,000
Profit/ (Loss) before Provision		20,029,032	21,046,498
Provision for diminution in vale of investment		5,191,480	-
Net Profit/ (Loss) after provision		14,837,552	21,046,498
Provision for Income Tax		5,418,060	7,366,274
Net Profit/(Loss) after Income Tax		9,419,492	13,680,224

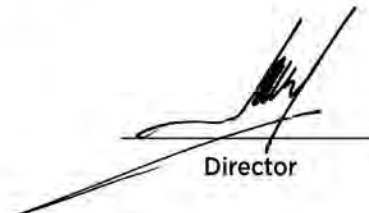
The annexed notes 01 to 08 form an integral part of these financial statements.



 Chairman



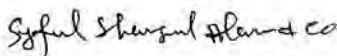
 Director



 Director

As per our report of same date

Dhaka, 04 April 2017


Syful Shamsul Alam & Co.
 Chartered Accountants

Cash Flow Statement

For the year ended on 31 December 2016

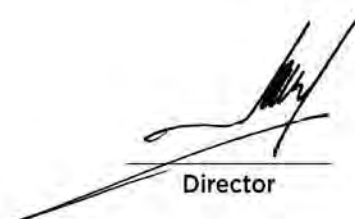
	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
A. Cash flows from operating activities		
Interest Receipts in cash	12,645,854	21,079,498
Dividend Receipts	451,550	-
Fees & Commission Receipts in cash	-	-
Income taxes paid	(1,354,895)	(2,107,950)
Receipt from other operating activities	4,742,775	-
Payment for other operating activities	(68,980)	(10,000)
Operating profit before changes in operating assets and liabilities	16,416,304	18,961,548
Increase/Decrease in operating assets and liabilities:		
Purchase/Sales of trading Securities	(236,900,779)	-
Loans and advances to Customers	-	-
Other assets	(52,591,016)	-
Other Liabilities	23,000	-
	(289,468,795)	-
Net Cash from operating activities (A)	(273,052,491)	18,961,548
B. Cash flows from investing activities		
Acquisition of Fixed Assets	-	-
Proceeds from sale of fixed Assets	-	-
Net Cash from investing activities (B)	-	-
C. Cash flows from financing activities		
Issuance of Share capital	-	-
Receipts from borrowings	-	-
Dividend Paid	-	-
Net cash from financing activities (C)	-	-
Net Increase/(Decrease) in cash (A+B+C)	(273,052,491)	18,961,548
Cash and Cash equivalents at beginning of the year	273,426,893	254,465,345
Cash and cash equivalents at the end of the year	374,402	273,426,893
Cash and cash Equivalents at end of the year		
Cash in hand	-	-
Balance with other banks & financial institutions	374,402	273,426,893
Total	374,402	273,426,893



Chairman



Director



Director

UCB INVESTMENT LIMITED

Statement of Changes in Equity

For the year ended 31 December 2016

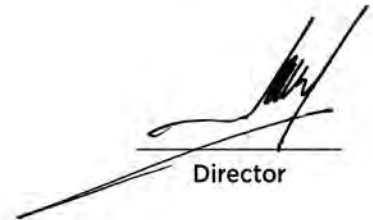
Particulars	Paid up capital	Retained earnings / (Accumulated Loss)	Amount in BDT
			Total
Opening Balance as on 01 January 2016	250,000,000	16,191,210	266,191,210
Net Profit (Loss) for the period	-	9,419,492	9,419,492
Balance as at 31 December 2016	250,000,000	25,610,702	275,610,702



Chairman



Director



Director

1.00 Significant accounting policies and other material information

1.01 Legal status of the Company

The UCB Investment Limited (the "Company") was incorporated in Bangladesh as a private limited company with limited liability as on the 03rd day of August of 2011 under Companies Act 1994. The company will commence its operation soon.

1.02 Address of Registered office and principal place of business

The principal place of business and the registered office is located at Plot# CWS(A)-1, Road# 34, Gulshan Avenue, Dhaka -1212

1.03 Nature of the Business Activities

- Ø Portfolio Management
- Ø Share Transfer Agent
- Ø Fund Management to Issue in the Capital and Security Market
- Ø Underwrite, Manage and Distribute the Issue of Stock Shares, Bonds and Other Securities

2.00 Significant Accounting Policies

2.01 Basis of preparation of Financial Statements

The Financial Statements have been prepared on a going concern basis under historical cost convention in accordance with Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS), the Companies Act 1994, Securities and Exchange Rules 1987 and other laws & rules applicable in Bangladesh.

2.02 Components of Financial Statements

According to Bangladesh Accounting Standard (BAS-1) "Presentation of Financial Statements" the complete set of Financial Statement includes the following components:

- (i) Balance Sheet
- (ii) Profit & Loss Statement
- (iii) Cash Flow Statement
- (iv) Statement of Changes in Equity and
- (v) Notes to the Financial Statements

2.03 Reporting Currency

The figure in the Financial Statements represents Bangladesh Currency (Taka) which has been rounded off to the nearest Taka.

	Amount in BDT	
	31 Dec. 2016	31 Dec. 2015
3.00 Balance with Banks & Financial institutions		
The Company maintained a Bank Account in the Corporate Branch of United Commercial Bank Ltd in the name of UCB Investment Ltd.		
UCBL- Corporate Branch (A/C- 0951101000005517)	374,402	975
UCBL- Corporate Branch (A/C- 0951402000001025)	-	273,425,918
	374,402	273,426,893
4.00 Investments		
Investment in listed shares	236,900,779	-
	236,900,779	-
5.00 Other assets		
Advance Income Tax Paid	3,962,775	2,607,880
Account with stock Broker	52,591,016	-
Dividend Receivable	2,257,833	-
	58,811,624	2,607,880
6.00 Share Capital		
Authorized Capital		
100,000,000 Ordinary Shares of Tk. 10 each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Subscribed and Paid-up Capital		
25,000,000 Ordinary Shares of Tk. 10 each	250,000,000	250,000,000
	250,000,000	250,000,000
6.01 Share Holding Position		
Shareholders	% of Share Holdings	No. of Shares
United Commercial Bank Ltd.	99.96%	24,990,000
UCB Capital Management Ltd.	0.04%	10,000
	100%	25,000,000
Directors		
Nominee Directors of United Commercial Bank Limited:		
Name	Position	Occupation
Muhammed Ali	Chairman	Banker
Syed Mohammed Nuruddin	Director	Business Man
Mirza Mahmud Rafiqur Rahman	Director	Banker
Mohammed Shawkat Jamil	Director	Banker
Md. Sohrab Mustafa	Director	Banker
7.00 Other Liability		
Accrued expenses	23,000	23,000
Current Tax Provision	14,517,602	9,099,542
Payable to UCBL	744,021	721,021
Provision for diminution in value of investment	5,191,480	-
	20,476,103	9,843,563
8.00 Investment Income		
Dividend Income	2,709,383	-
Gain/(Loss) on sale of Share	4,742,775	-
	7,452,158	-

SUPPLEMENTARY INFORMATION

Shareholders' Calender &
UCB's Stock Performance

Redressal of Investors' Compliant
Highlights of 2016

Memories of Previous AGM

Media Highlights

Branch Network

World Wide Correspondents Network

Glossary

Notice of the 34th AGM

Proxy Form

SHAREHOLDERS' CALENDAR AND STOCK PERFORMANCE

Financial Result of 2016

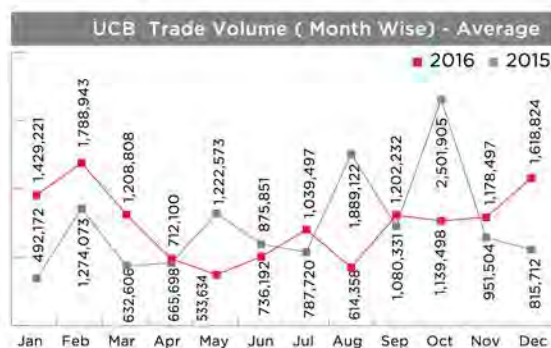
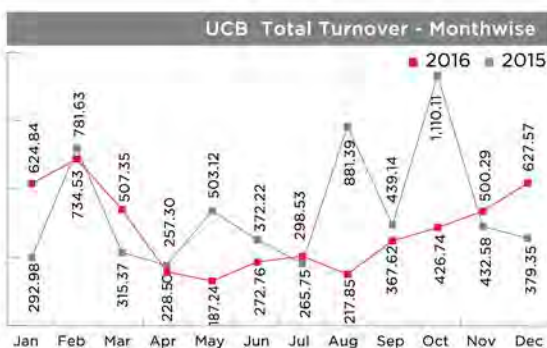
Audited consolidated result for the year ended 31 December 2016	Announced on	April 04, 2017
Unaudited result for the first quarter ended 31 March 2016	Announced on	May 02, 2016
Unaudited result for the second quarter and half year ended 30 June 2016	Announced on	July 31, 2016
Unaudited result for the third quarter ended 30 September 2016	Announced on	October 24, 2016

34th Annual General Meeting (AGM)

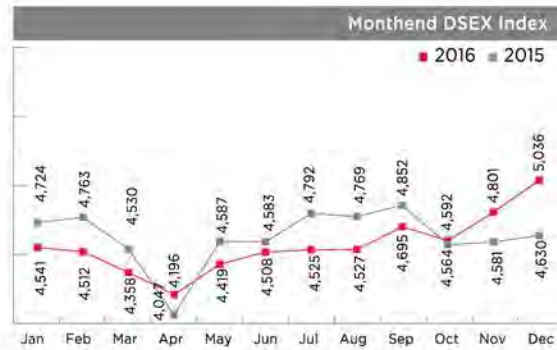
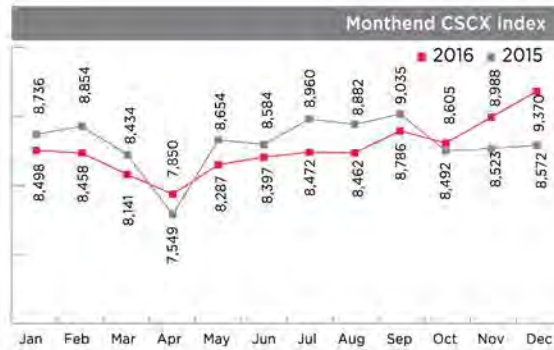
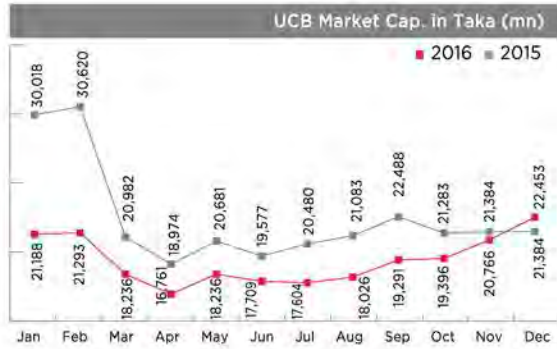
(Cash%/Stock %)	15% Cash
Announcement Date	April 04, 2017
Record Date	April 25, 2017
Date of 34 th Annual General Meeting	May 11, 2017

Stock Detail

Particulars	DSE	CSE
Stock Symbol	UCB	UCB
Company ID	11108	22004
Listing year	1986	1995
Market Category	A	A
Electronic Share	Y	Y
Total Number of securities	1,054,130,654	1,054,130,654



Shareholder's Calendar and Stock Performance



Please Contact (for any query)

United Commercial Bank Limited
 Company Secretariate Division
 Corporate Head Office, Plot CWS(A)-1, Road no. 34
 Gulshan Avenue, Dhaka-1212
 Phone: 0088 09611 999999
 E-mail: bsd@ucb.com.bd
 Website: www.ucb.com.bd



REDRESSAL OF INVESTORS' COMPLIANT

UCB always maintains a good relation with investors who play a vital role in building a sustainable brand image among all the stakeholders. We really care our investors so that they may carry out the flag of UCB in front line which will help us achieve our vision. In view of that, we have proper arrangement to hear the voice of investors. Investors have free access to Bank and can collect available published information. Our Share division is always ready to meet the statutory requirements of investors. Any query received from investors is treated efficiently and fairly. Queries from investors are dealt with courtesy and in a timely manner.

How Do UCB Redress Investors' Complaints

- Corporate website of UCB (www.ucb.com.bd) contains a complaint cell where respective officials contact numbers are given to attend to the investors' query and complaints.
- UCB has a designated email address (info@ucb.com.bd) where investors can email their complaint which is logged on daily basis and the investors replies are made to the investors.
- Investors can also make a written complaint through letter which is taken care of sincerely and proper actions are taken based on the merit of the complains.
- Based on the complaint received from investors, responsible officials are asked to explain regarding the complaint and then proper actions are taken so that such type of complaint can be addressed properly.
- Serious complaints are referred to the Company Secretary and even to Managing Director of the Bank, if so warrants.

HIGHLIGHTS OF 2016



UCB 165th Branch opening at Joydebpur, Gazipur



Cheque Handover to Prime Minister's Relief Fund



Cheque Handover to Prime Minister's Relief Fund



Agreement Signing with Titas Gas Transmission & Distribution

HIGHLIGHTS OF 2016



UCB Khilgaon Branch Opening



Welcoming New Audit-Committee Chairman by Board of Directors



Agreement Signing Ceremony with BKash



UCB Hemayetpur Branch opening



Launching of Welcome Kit



Signing Ceremony with International Chamber of Commerce (ICC)



UCB 159th Branch Opening Ceremony at Bhola



Signing Ceremony with Gulshan Club Ltd.



Orientation program of UCB



Signing with IDF



Cheque handover to Minar Uddin, a depressing fire burnt victim under CSR



Signing Ceremony with Uttara Club Ltd.

HIGHLIGHTS OF 2016



Signing Ceremony with IBAIS University



UCB Half-yearly business conference 2016



UCB 163rd Branch opening at Bandarban



UCB 162nd Branch Opening at Oxygen, Chittagong



UCB signs an agreement with Chittagong Club Ltd.



UCB 161st Branch opening at Enayetpur



UCB Family Lounge opening ceremony at Uttara Club



UCB signing ceremony with Microsoft



Signing ceremony with ACI Ltd. for (Godrej)



Opening Ceremony of UCB Imperial Lounge at Corporate Office

MEMORIES OF PREVIOUS AGM





MEDIA HIGHLIGHTS



The Daily Star (18-11-2016)



The Daily Star (21-11-2016)



Daily Kaler Kantho (25/10/2016)



Daily Kaler Kantha (24-11-2016)



The Financial Express (06-10-2016)



Daily Prothom Alo (01-10-2016)



Daily Prothom Alo (29-01-2017)



MA Sabur, Chairman of UCB and Anisuzzaman Chowdhury, Vice-Chairman of UCB hands over a cheque worth Tk 2,00,000 to the mother of Minar Uddin in the city recently. Director of UCB Bazal Ahmed, Managing Director of UCB Muhammed Ali, Addl Managing Director M. Shahidul Islam, Additional Managing Director Mirza Mal Rattqur Rahman, were present.

The Daily Sun (09-10-2016)



Daily Manobkantha (3rd October, 2016)

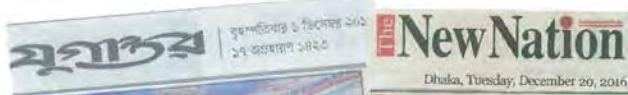


The Financial Express (16-11-2016)



Member of parliament Md Zahid Ahsan Russel, also the chairman of the parliamentary standing committee on youth and sports ministry, inaugurates as chief guest the 165th branch of United Commercial Bank at Joydebpur in Gazipur on Tuesday. UCB executive committee chairman Showkat Aziz Russell, Gazipur City Corporation acting mayor Asadur Rahmat Kiron and UCB managing director Muhammed Ali were also present, among others.

The New Age (30-11-2016)



The New Nation (20-12-2016)



Daily Jugantor (01-12-2016)



Daily Prothom Alo (24-12-2016)



Daily Prothom Alo (15-01-2017)





BRANCH NETWORK

BRANCH NETWORK

DHAKA DIVISION

BANGSHAL BRANCH ^(AD)

32/3, Malitola Road
North South Road, Dhaka -1000
Phone :+88-02-9562520, 9558112, 9564177
Mobile : 01713-017589 (HOB)
01710971676 (OM)
E-Mail : bng@ucb.com.bd
S.W.I.F.T: UCBLBDDHBNG
Routing Number : 245270882

BHULTA BRANCH

Gausia Market (1st Floor), Bhulta
Rupganj, Narayanganj.
Phone : +88-02-06725, 87046
Mobile :0189-249830 (HOB)
01711-809720 (OM)
E-Mail : bul@ucb.com.bd
Routing Number: 245670224

BIJAYNAGAR BRANCH ^(AD)

Al Razi Complex (1st Floor)
166/167, Shahid Sayed Nazrul Islam Sharani
Ward No- 36, Thana- Paltan
Dhaka City Corporation, Dhaka.
Pabx : +88-02-47119385/ 47115885
Mobile : 01714-167429 (HOB)
01811-449170 (OM)
E-Mail : bjn@ucb.com.bd
S.W.I.F.T: UCBLBDDHBJN
Routing Number :245670224

BANANI BRANCH ^(AD)

Sharif Plaza (1st & 2nd Floor)
39, Kamal Ataturk Avenue Banani
P.S-Banani, Dhaka.
Phone : +88-02-9891674, 9893166, 9890437
Mobile : 01730326199 (HOB)
01819-814146 (OM)
01966-602208, 01966-602207
Fax :+88-02-9891877
E-Mail : bnb@ucb.com.bd
S.W.I.F.T: UCBLBDDHBNB
Routing Number: 245260434

BASHUNDHARA BRANCH

Plot No- 06, Block-A
Bashundhara Main Road
Bashundhara R/A, Dhaka
Phone : +88-02-8401735, +88-02-8401734
Mobile : 01730-001211 (HOB)
01811-481287 (OM)
E-Mail : bbd@ucb.com.bd
Routing Number: 245260555

BANASREE BRANCH

Block-K, Plot-320, Road No-16
Main Road, South Banasree, Dhaka.
Mobile : 01714-167431(HOB)
01966-602206(OM)
E-Mail : bns@ucb.com.bd
Routing Number: 245260726

BARAKANDI BRANCH

Kazirhat, Joinal Plaza, Vill-Dubiasaibo,
Ward-03, Union-Barakandi, PS-Jajira,
Dist. Shariatpur.
Mobile : 01709635952 (HOB)
01915479462 (OM)
E-Mail : brk@ucb.com.bd
Routing Number : 245860089

BHAWAL MIRZAPUR BRANCH

Halima Plaza, Vill-Bhawal Mirzapur
Union-Mirzapur, PS-Gazipur Sadar,
Dist. Gazipur
Mobile : 01709-635957(HOB)
01955-515472(OM)
E-Mail : bmb@ucb.com.bd
Routing Number : 245330243

CHASHARA BRANCH

Badhan Community Centre (1st Floor)
231/5, B. B. Road, Chashara, Narayanganj.
Phone :+88-02-7643991-2
Mobile :01730-076140 (HOB)
01817-032567 (OM)
E-Mail : cbn@ucb.com.bd
Routing Number:245670237

CORPORATE BRANCH ^(AD)

Plot- CWS-(A)-1, Road No- 34
Gulshan Avenue, Dhaka-1212
Phone :+88-02-8852500. Ex. 1001-1015
Mobile :01730-318848(OM)
E-Mail : ccb@ucb.com.bd
S.W.I.F.T:UCBLBDDHGAB
Routing Number:245261738

CHINISPUR BRANCH

G.M.Bhuiyan Tower
Velanagar Bus Stand
Vill- Chinispur, Ward No- 03
Union-Chinispur, PS- Narsingdi Sadar
Dist- Narsingdi.
Mobile :01847-052274 (HOB)
01966-602243 (OM)
E-Mail : cns@ucb.com.bd
Routing Number:245680085

DHANMONDI BRANCH

Nahar Green Summit (1st Floor)
Plot # 305 (Old), 43 (New), Road # 27 (Old),
16 (New), Dhanmondi R/A, Dhaka
Phone :+88-02-9123343
Pabx :9130638, 9130765, 9121483
Mobile :01833102700 (HOB)
01811415697 (OM), 01678-013205
01713-068100 (GB-in-Charge)
E-Mail : dhn@ucb.com.bd
Routing Number:245261183

DONIA BRANCH

1067, Nayapara (1st & 2nd floor)
Union- Shampur, P.S- Shampur, Dhaka.
Phone :+88-02-7550151, +88-02-7550152
Mobile :01817032572 (HOB)
01730013452 (OM)
E-Mail : dnb@ucb.com.bd
Routing Number:245271423

DILKUSHA BRANCH

UCB Bhaban, 6, Dilkusha C/A, Ward No- 09,
Dhaka South City Corporation
PS- Motijheel, Dist- Dhaka.
Phone :+88-02-7115700
PABX :+88-02-7123546, 7123547
Mobile :01811486288 (HOB)
01966602216 (OM)
Fax :+88-02-7115941
E-Mail : dkb@ucb.com.bd
Routing Number: 245271902

DARUS SALAM ROAD BRANCH ^(HOB)

09, Dakshin Bishil, Word No-12
Darus Salam Road, Mirpur-01
P.S-Darus Salam Dhaka North City
Corporation, Dhaka-1216
Mobile : 01847052269 (HOB)
01714167448 (OM)
E-Mail : drs@ucb.com.bd
Routing Number: 245260942

DAKSHINKHAN BRANCH

Irish Plaza, 848/1, Gaoair,
Prem Bagan, Thana- Dakshin Khan
Dist. Dhaka.
Phone :+88-02-8999704, 8999704
Mobile :01787670976 (HOB)
01915479179 (OM)
E-Mail : dkn@ucb.com.bd
Routing Number: 245260913

ELEPHANT ROAD BRANCH ^(AD)

25, Elephant Rd., Dhaka-1207
Phone :+88-02-9667370, 8621283,
9664622, 8615947
Pabx :+88-02-8615947, 8621283
Mobile : 01730034939 (HOB),
01730095540 (OM), 01199-803374
Fax :+88-02-9664622
E-Mail : epr@ucb.com.bd
S.W.I.F.T: UCBLBDDHEPR
Routing Number: 245261338

FARIDPUR BRANCH

AR City Center,
29/26, Haji Shariatullah Bazar Road,
Ward No.02, Faridpur Pourashava, Faridpur
Phone :+88-0631-64927, 63355
Mobile : 01711-883740 (HOB),
01899912432 (OM)
Fax :+88-0631-63355
E-Mail : frd@ucb.com.bd
Routing Number : 245290525

FOREIGN EXCHANGE BRANCH ^(AW)

20, Dilkusha C/A Dhaka-1000
Phone :+88-02-9563965, 9563966,
9564030
Mobile : 01741135775 (HOB),
01811486286 (OM)
Fax :+88-02-9564030
E-Mail : fex@ucb.com.bd
SWIFT : UCBLBDDHFEX
Routing Number : 245272327

GAZIPUR CHOWRASHTA BRANCH

Unisay Tower (1st floor)
Mymensingh Road, Union- Bason,
P.O - Chandana, Dist- Gazipur.
Phone :+88-02-9263951,
+88-02-9263953-54
Mobile : 01817032564 (HOB),
01730329717 (OM)
E-Mail : gcb@ucb.com.bd
Routing Number : 245330551

GULSHAN BRANCH ^(AD)

CONCORD I.K. Tower (1st Floor),
Plot No. CEN (A)-2, North Avenue,
Gulshan-2, Dhaka-1212
Phone : +88-02-8824198, 8824564,
9895500
Mobile : 01811415701 (HOB)
01714201041 (OM)
Fax : +88-02-8824564
E-Mail : gsn@ucb.com.bd
S.W.I.F.T : UCBLBDDHGSN
Routing Number : 245261725

GOPALGONJ BRANCH

127, College Road, Chowronggi
Ward No- 4, Gopalganj Paurasava
Dist- Gopalganj.
Phone : +88-02-6682250
Mobile : 01714-167441 (HOB)
01966602228 (OM)
E-Mail : gpg@ucb.com.bd
Routing Number : 245350373

GOPALDI BRANCH

Co-operative Complex,
Gopaldi Bazar, School Sarak,
P.S. Arahazar, Dist. Narayanganj.
Mobile : 01787-675592 (HOB)
01915479053 (OM)
E-mail : gpl@ucb.com.bd
Routing Number : 245670608

GHATAIL BRANCH

Mohona Shopping Centre,
Holding No.541-542, Main Road, Ward-07,
Ghatail Pourashava, P.S. Ghatail, Dist. Tangail.
Mobile : 01709635954 (HOB)
01955515471 (OM)
E-mail : ght@ucb.com.bd
Routing Number : 245930919

HASNABAD BRANCH

P.O: Hasnabad Thana Nawabgonj, Dhaka-1321
Phone : +88-038946-84013
Mobile : 01711-881050 (HOB)
01966602210 (OM)
E-Mail : hsb@ucb.com.bd
Routing Number : 245272569

HEMAYETPUR BRANCH

Diamond Tower, Union-Tatuljura
PS- Savar, Dhaka.
Phone :
Mobile : 01708451986 (HOB)
01951146462 (OM)
E-Mail : hem@ucb.com.bd
Routing Number : 245260500

ISLAMPUR BRANCH

Lion Tower (2nd Floor),
108, Islampur Road,
PS- Kotwali, Dist- Dhaka
Phone : +88-02-7392308, 7392661
Mobile : 01711-809732 (HOB)
01921685414 (OM)
Fax : +88-02-7392308, 7392661
E-Mail : isp@ucb.com.bd
Routing Number : 245272985

JOYDEBPUR BRANCH

Tasnim Tower, Holding-J-5/4, BIDC Road,
Ward-26, Gazipur City Corporation,
PS-Joydebpur, Dist. Gazipur.
Phone :
Mobile : 01708451987 (HOB)
01951146463 (OM)
Fax :
E-Mail : joy@ucb.com.bd
Routing Number : 245330735

KAWRAN BAZAR BRANCH ^(AD)

11, Kawran Bazar, Titas Gas Bhaban,
Kawran Bazar, Dhaka
Phone : +88-02-8115757, 9141572
Mobile : 01711-883738 (HOB)
01755576067 (OM)
Fax : +88-02- 9140581
E-Mail : kbz@ucb.com.bd
SWIFT : UCBLBDDHKBZ
Routing Number : 245262537

KANCHAN BRANCH

Maula Super Market (1st floor)
Kanchan Bazar, Ruppogonj Narayanganj.
Mobile : 01811-456752 (HOB)
01811-456757 (OM)
E-Mail : kbn@ucb.com.bd
Routing Number : 245670790

KERANIGONJ BRANCH

S.R. Shopping Mall, Ward No.04
Union- Aganagar, Thana-Dakkhin Keranigonj
Dist- Dhaka.
Phone : +88-02-7764085
Mobile : 01714167369 (HOB)
01811-487856 (OM), 01716-608505
Fax : +88-02-7764086
E-Mail : kgb@ucb.com.bd
Routing Number : 245273647

KONABARI BRANCH

Plot- A/139, BSCIC Industrial Estate
Konabari, Ward No.- 1
Thana- Gazipur Sadar, Dist- Gazipur.
Phone : +88-02-9297132
Mobile : 01730-076149 (HOB)
01833102702 (OM)
Fax : +88-02-9297162
E-Mail : kbb@ucb.com.bd
Routing Number : 245330948

KANAIPUR BRANCH

Kanaipur General & Eye Hospital (Pvt.) Ltd.
Kanaipur Bazar, Kanaipur Faridpur.
Mobile : 01714-167371 (HOB)
01833-102704 (OM)
E-Mail : knp@ucb.com.bd
Routing Number : 245290912

KAMRANGICAR BRANCH

"Elham Square" (1st Floor),
Rony Market Road, Plot- 648 & 649-
Rasulpur Union- Sultanganj, Ward No- 3
P.S.- Kamrangichar, Dist- Dhaka.
Mobile : 01714-167426 (HOB)
01966-602205 (OM)
E-Mail : krc@ucb.com.bd
Routing Number : 245273584

KHILKhet BRANCH

"Talna Bhaban" (1st Floor),
House- Kha-49/A Battala, Ward No- 17
P.S.- Khilkhet, Dhaka City Corporation
Dhaka.
Phone : +88-02-7911485, 7911524
Mobile : 01730-034868 (HOB)
01966-602202 (OM)
Fax : +88-02-7911634
E-Mail : klk@ucb.com.bd
Routing Number : 245260742

KAPASIA BRANCH ^(NEW)

Kapasias Bazar, Upazilla Road
Union- Kapasia, Ward No-08
P.S- Kapasia, Dist- Gazipur.
Mobile : 01833-147913 (HOB)
01966-602242 (OM)
01711-488765
E-Mail : kps@ucb.com.bd
Routing Number : 245330885

KALIGONJ BRANCH

Madina Bhaban
Kaligonj Bazar, Ward No-04
P.S- Kaligonj, Paurashava- Kaligonj
Dist- Gazipur.
Mobile : 01833-147914 (HOB)
01966-602241 (OM)
01716-993844
E-Mail : klg@ucb.com.bd
Routing Number : 245330827

KANCHPUR BRANCH

Hajee Motaleb Khan Super Market-1,
VIII+Union-Kanchpur, P.S-Sonargaon,
Dist- Narayanganj
Mobile : 01709635955/
01713-206837(HOB)
01955515475 (OM)
E-Mail : kcp@ucb.com.bd
Routing Number : 245670129

KHILGAON BRANCH

Ashirbad Bhaban
Holding-569/C & 915
Ward No.01, Dhaka South City Corporation,
P.S-Khilgaon, Dist.-Dhaka
Mobile : 01708-126230 (HOB)
01951146467 (OM)
E-Mail : khi@ucb.com.bd
Routing Number : 245273676

KAMARPARA BRANCH

Haji Abul Hashem Market, Union-Harirampur,
P.S-Turag, Dist.-Dhaka
Mobile : 01708451988 (HOB)
01951146461 (OM)
E-Mail : kma@ucb.com.bd
Routing Number : 245261512

MADHABDI BRANCH

Union-Madhabdi, P.O-Madhabdi
PS & Dist-Narsingdi
Phone : +88-06257-56405
Mobile : 01711-809731 (HOB)
01966602220 (OM)
E-Mail : mdh@ucb.com.bd
Routing Number : 245680672

BRANCH NETWORK

MIRPUR BRANCH

House# 1, Road# 4, Block# A
Section# 6, Mirpur, Dhaka
Phone :+88-02-9002043
Mobile :01711881049 (HOB)
01819421928 (OM)
Fax :+88-02-9002141
E-Mail :mrp@ucb.com.bd
Routing Number :24526298

MIRPUR ROAD BRANCH

House# 12, Road# 5, Ward No# 49
Mirpur Road, Dhanmondi R/A, Dhaka.
Phone :+88-02-9671037, 9671083
9671324
Mobile :01714-167396 (HOB)
01811-486284 (OM)
Fax :+88-02-9671357
E-Mail :mrb@ucb.com.bd
Routing Number :245263073

MOHAKHALI BRANCH ^(AD)

Medona Tower 28, Mohakhali C/A, Dhaka
Phone :+88-02-8813027, 9884883,
9884885
Mobile :01787676088 (HOB)
01711881052 (OM)
E-Mail :mkh@ucb.com.bd
S.W.I.F.T :UCBLBDDHMKH
Routing Number :245263194

MOHAMMADPUR BRANCH

14/21, Block -A, Asad Avenue
Mohammedpur, Dhaka.
Phone :+88-02-9118517, 8114661,
9124325, 9133351,
Mobile :01711-881048 (HOB)
01703996446 (OM)
Fax :+88-02-9124325
E-Mail :mdp@ucb.com.bd
Routing Number :245263286

MOULVIBAZAR BRANCH ^(AD)

4/1, and 5, Moulvibazar Road. Gulbadan
House, Dhaka-1100
Phone :+88-02-7311407,
7311939, 7311807
Mobile :01711881047(HOB)
01811486281(OM)
Fax :+88-02-7311407
E-Mail :mbd@ucb.com.bd
S.W.I.F.T :UCBLBDDHMBD
Routing Number :245274420

MYMENSINGH BRANCH

17, Chota Bazar, Mymensingh -2200
Phone :+88-091-64345, 64346
Mobile :01711-881064 (HOB)
01716854085 (OM)
Fax :+88-091-64345
E-Mail :mns@ucb.com.bd
Routing Number :245611759

MAWNA BRANCH

Abdus Shahid Super View
Mawna Chowrasta, Shreepur Road
Union- Telihatī, Upazilla- Shreepur
Dist- Gazipur.
Phone :06825-52905, 06825-52904

Mobile :01714-167406 (HOB)
01811-449179 (OM)
E-Mail :mwn@ucb.com.bd
Routing Number :245331118

MUNSHIGONJ BRANCH

Abdus Sattar Super Market
Holding No- 582, Ward- 1
Sadar Road, (Jamidar Para), Munshigonj,
Phone :+88-02-7620597
Mobile :01714-167411 (HOB)
01811-487852 (OM)
Fax :+88-02-7620596
E-Mail :mng@ucb.com.bd
Routing Number :245591037

MEGHNAGHAT BRANCH

Islam Shopping Centre
Vill-Meghna Ghat, P.S-Sonargaon,
Dist. Narayanganj
Mobile :01709-635956 (HOB)
01955-515476 (OM)
E-Mail :mgm@ucb.com.bd
Routing Number :245671007

NARAYANGONJ BRANCH ^(AD)

Padma City Plaza-1 (2nd floor)
55/B, S.M Maleh Road
Narayanganj-1400
Phone :+88-02-7646628, 7641262
Mobile :01730-076131 (HOB)
01966602225 (OM)
Fax :+88-02-7611262
E-Mail :ngj@ucb.com.bd
S.W.I.F.T :UCBLBDDHNGJ
Routing Number :245671186

NARSINGDI BRANCH

Narsingdi Bazar, Narsingdi-1600
Phone :+88-0621-63272, 62673
Mobile :01711-809730 (HOB)
01915479466 (OM)
E-Mail :nsd@ucb.com.bd
Routing Number :245680856

NAWABPUR BRANCH ^(AD)

Hazi Electric Market
132, Nawabpur Road, Ward-38, Dhaka South
City Corporation, Dhaka-1000
Phone :+88-02-9566746, 7121083,
7166489
Mobile :01711-809723 (HOB)
01811418835 (OM)
Fax :+88-02-9566746
E-Mail :nwp@ucb.com.bd
S.W.I.F.T :UCBLBDDHNWP
Routing Number :245274725

NAYABAZAR BRANCH ^(AD)

9, Bashabari Lane (1st Floor)
Nayabazar, Dhaka
Phone :+88-02-7393379, 7396082, 7393123
Mobile :01711-888359 (HOB)
01811487853 (OM)
Fax :+88-02-7393123
E-mail :nbz@ucb.com.bd
S.W.I.F.T :UCBLBDDHNBZ
Routing Number :245274817

NEW ESKATON BRANCH

Waqf Bhaban (1st Floor)
4, New Eskaton Road, Dhaka.
Mobile :01730-318847 (HOB)
01811415702 (OM)
Phone :+88-02-8333321/8333326
E-mail :neb@ucb.com.bd
Routing Number :245261396

NORTH BROOK HALL ROAD BRANCH ^(AD)

54, North Brook Hall Road, Sikder Plaza (1st
floor), Dhaka
Mobile :01711-883739 (HOB)
01966602233 (OM)
Phone :+88-02-47117030, 47115170, 47119272
Fax :+88-02-47115170
E-Mail :nbh@ucb.com.bd
S.W.I.F.T :UCBLBDDHNBH
Routing Number :245275058

NABINAGAR BRANCH

Hazi Nizam Plaza (1st Floor)
Vill- Dendabar, P.O- Savar Cantonment
P.S- Ashulia, Upazilla- Savar
District- Dhaka.
Phone :+88-02-7792365, 7792366-7
Mobile :01730-329716 (HOB)
01811-418836 (OM)
E-Mail :nbs@ucb.com.bd
Routing Number :245263415

NIKUNJA BRANCH

"Le Meridien Hotel (1st Floor)
Holding No.79/A, Airport Road,
Nikunja-2, Ward-17, Dhaka North City
Corporation
P.S- Khilkhet, District- Dhaka.
Mobile :01709635950 (HOB)
01955515477 (OM)
Phone :880-2-55098320\, 55098321
E-Mail :nik@ucb.com.bd
Routing Number :245260184

PAGLABAZAR BRANCH

D.N. Road, Paglabazar
PS-Fatullah, Narayanganj
Phone :+88-02-7682234
+88-02-7681266
Mobile :01711-881045 (HOB)
01966602240 (OM)
E-Mail :pgl@ucb.com.bd
Routing Number :245671331

PRINCIPAL BRANCH ^(AD)

58, Motijheel C/A, Dhaka-1000
Phone :+88-02-9555799,
9561054,9559744
Pabx :+88-02-9550836,
9550833,9568547-48
Mobile :01755-616699 (HOB)
01717346283 (OM)
Fax :+88-02-9568548
E-Mail :prb@ucb.com.bd
S.W.I.F.T :UCBLBDDHPRB
Routing Number :245275353

PRAGATI SARANI BRANCH

Cha- 89/1, North Badda
 Pragati Sarani, Ward No.- 19
 Thana- Badda, Dhaka City Corporation
 Dist- Dhaka.
 Phone :+88-02-9894192, 9896194
 Mobile :01714167381 (HOB)
 01811-487857 (OM)
 Fax :+88-02-8835318
 E-Mail :psb@ucb.com.bd
 Routing Number :245263707

RAJBARI BRANCH

267, Marwari Potty
 Ward No- 3, Paurasava- Rajbari
 Thana- Rajbari Sadar, District- Rajbari.
 Phone :+88-0641-66203, 66415
 Mobile :01714-167435 (HOB)
 01712-456959 (OM)
 Fax :+88-0641-65719
 E-Mail :rjb@ucb.com.bd
 Routing Number :245820737

SAVAR BRANCH

Sugandha Super Market
 Savar Bus Stand
 Ward No- 3, Savar Pourashava
 Upazilla- Savar, District- Dhaka.
 Phone :+88-02-7744858
 Mobile :01730-318845 (HOB)
 01811-414282 (OM)
 E-Mail :sbd@ucb.com.bd
 Routing Number :245264098

SHANTINAGAR BRANCH

"Madina Hights" (Ground & 1st Floor)
 32, New Circular Road, Siddeswari, Ramna,
 Ward # 53, Dhaka City Corporation, Dhaka
 Phone :+88-02-8312887, 8352054,
 Mobile :01711-883764 (HOB)
 01966602218 (OM)
 Fax :+88-02-8312887
 E-Mail :mlb@ucb.com.bd
 Routing Number :245273942

SATOIRE BAZAR SME/KRISHI BRANCH

Satoire Bazar, Ward No- 09
 P.S- Boalmaari, Dist- Faridpur.
 Mobile :01730-705199 (HOB)
 01811-449178 (OM)
 E-Mail :sbb@ucb.com.bd
 Routing Number :245290554

SATARKUL BRANCH

138, Abdullah Bag, Badda- Satarkul Road
 North Badda, Union & PS- Badda, Dist-
 Dhaka.
 Phone :+88-02-9855074
 Fax :+88-02-9855075
 Mobile : 01811486283 (HOB)
 01714167382 (OM)
 E-Mail :skb@ucb.com.bd
 Routing Number :245264027

SHIBCHAR BRANCH

Aminuddin Gomosta Super Market, Guatala
 Main Road Shibchar Bazar,
 Pourashova & PS- Shibchar, Dist- Madaripur.
 Phone :+88-06624-56509
 Mobile :01714167392 (HOB)
 01811486289 (OM)
 E-Mail :sib@ucb.com.bd
 Routing Number :245540709

SONARGAON JANAPATH BRANCH

House No- 10, Sonargaon Janapath
 Sector- 11, Ward No- 01
 Uttara Model Town, Thana- Uttara
 Dhaka City Corporation, Dhaka.
 Phone :+88-02-8991584
 Mobile :01811449171 (HOB)
 01714-167428 (OM)
 E-Mail :sng@ucb.com.bd
 Routing Number :245276581

SARULIA BAZAR BRANCH

Awal Khan Shopping Complex,
 Vill- Tengra, Union- Sarulia,
 Ward No- 05, P.S-Demra, District- Dhaka.
 Mobile :01966602211 (HOB)
 01833147909 (MO)
 E-Mail :srl@ucb.com.bd
 Routing Number :245270082

SONARGAON AVENUE LADIES BRANCH

22, Sonargaon Janapath Sarak,
 Sector-09, P.S. Uttara,
 Dist. Dhaka.
 Phone : 002-8932850
 Mobile : 01787-670978 (HOB)
 01915479135 (OM)
 E-mail : sal@ucb.com.bd
 Routing Number :245260450

SHERPUR BRANCH

"Sampad Plaza Limited"
 Holding-46, Ward-01,
 P.S. Sherpur Sadar,
 Dist. Sherpur.
 Mobile :01709635951 (HOB)
 01955515470 (OM)
 E-mail :spb@ucb.com.bd
 Routing Number :245890554

TANGAIL BRANCH

"Delta Bhaban"
 305, Masjid Road, Ward No- 13, P.S- Tangail
 Model, Dist- Tangail.
 Phone :+88-0921-64307, 64327
 Mobile :01711-881051 (HOB)
 01717788105 (OM)
 E-Mail :tgl@ucb.com.bd
 Routing Number :245932296

TONGI BRANCH

S. K. Mannan Tower, Holding No.18,
 Dhaka-Mymensing Road, Ward No.54,
 Gazipur City Corporation, Tongi, Gazipur.
 Phone :+88-02-9802332, 9815799
 Mobile :01711-881046 (HOB)
 01966602226 (OM)
 E-mail :tng@ucb.com.bd
 Routing Number :245331639

TEJGAON BRANCH

Rahman's Regnum Centre
 19/B, Tejgaon 1/A
 Tejgaon Gulshan Link Road
 Ward No- 37, Thana- Tejgaon
 DHaka City Corporation, Dhaka.
 Mobile :01730705198 (HOB)
 01811449172 (OM)
 E-mail :tjb@ucb.com.bd
 Routing Number :245264485

TONGI STATION ROAD BRANCH

Amin Super Market, 5, Pubail Road,
 Ward No.45, Gazipur City Corporation,
 Thana- Tongi, Dist- Gazipur.
 Phone :+88-02-9817650-1
 Mobile :01713436180 (HOB)
 0167-8013206 (OM)
 E-Mail :tsr@ucb.com.bd
 Routing Number :245331671

UTTARA BRANCH (AD)

"Paradise Tower" (Ground to 2nd Floor)
 Plot # 11, Sector # 3,
 Dhaka Mymensingh Road,
 Dhaka City Corporation, Uttara, Dhaka
 Phone :+88-02-8956979
 Pabx :+88-02-8920450, 8953813
 Mobile :01713-068098 (HOB)
 0167-8013204 (OM)
 E-Mail :utr@ucb.com.bd
 S.W.I.F.T :UCBLBDDHUTR
 Routing Number :245264630

UTTARKHAN BRANCH

1483, Shah Kabir Major Road
 Vill, PO & PS- Uttarkhan
 Ward No- 1, Dist- Dhaka.
 Phone :+88-02-8921581, 8921592
 Mobile :01714-167438 (HOB)
 01811-487860 (OM)
 E-Mail :ukb@ucb.com.bd
 Routing Number :245264601

ZINZIRA BRANCH

Star Fair Shopping Centre,
 Zinzira Bazar, Ward No.09,
 Union-Zinzira, PS-Keranigonj
 Dist, Dhaka-1310
 Phone :+88-02-7772208, 7770757
 Mobile :01711-883757 (HOB)
 01966602212 (OM)
 E-Mail :zinz@ucb.com.bd
 Routing Number :245277098

BRANCH NETWORK

CHITTAGONG DIVISION

ZONAL OFFICE

A. K. Complex (1st Floor) J. C. Guha Road
Nandan Kanan, Chittagong
Phone :+88-031-616264, 031-610497
Mobile :01713-439066
Fax :+880-31-610498
E-Mail :ctg@ucb.com.bd

AGRABAD BRANCH ^(A0)

Kashfia Plaza (1st Floor)
923/A, Sheikh Mujib Road
Agrabad C/A, Chittagong-PC. 4000
Phone :+88-031-710706, 716020,
711054, 725997
PABX :+88-031-711053-5
Mobile :01730334763 (HOB)
01711-804129 (OM)
Fax :+88-031-711054
E-Mail :agb@ucb.com.bd
S.W.I.F.T :UCBLBDDHAGB
Routing Number :245150131

ANDERKILLA BRANCH

Imam Mansion (3rd floor), Holding-504 (Old),
491/A (New), Anderkilla Sarak, Ward-20,
Chittagong City Corpo., PS-Kotwali,
Chittagong.
Phone :+88-031-614639, 612162
Mobile :01711-881053 (HOB)
01554328051 (OM)
Fax :+88-031-614639, 2853778
E-Mail :ank@ucb.com.bd
Routing Number :245150465

ANOWARA BRANCH

Talukder Bhaban (1st & 2nd floor)
Chaturi Chowmuhani
Union- Chaturi, P.S.- Anowara
Dist.- Chittagong.
Phone :+88-03029-56046
Mobile :01714167386 (HOB)
01833-312430 (OM)
Fax :+88-03029-56045
E-Mail :anb@ucb.com.bd
Routing Number :245150528

AZADI BAZAR BRANCH

Muntasir D.M. City Center (1st Floor)
VIII- Darmapur, Ward No- 5, Union- Darmapur,
P.S- Fatickchari, Dist- Cittaogong.
Mobile :01847052265 (HOB)
01918-712660, 01966602227 (OM)
E-Mail :azb@ucb.com.bd
Routing Number :245150731

BAHADDARHAT BRANCH

Rahmania Shopping Complex (1st Floor)
63/A, Chandgaon, Chittagong
Phone :+88-031-652370, 2551185
Mobile :01711-883742 (HOB)
01916660221 (OM)
E-Mail :bdh@ucb.com.bd
Routing Number :245150799

BRAHMANBARIA BRANCH

1090/12, Court Road, Brahmanbaria
Phone :+88-0851-57650, 57688
Mobile :01711-809733 (HOB)
01833312425 (OM)
E-Mail :bbr@ucb.com.bd
Routing Number :245120437

BHATIARY BRANCH

Alim Baksha Sawdagar Market, South Bazar
Union- Bhatiary, PS- Sitakunda
Dist.- Chittagong
Phone :+88-031-2781245
Mobile :01714167383 (HOB)
01811486287 (OM)
01818744059
Fax :+88-031-2781246
E-Mail :bhb@ucb.com.bd
Routing Number :245151219

BATTALI BRANCH

Idris Tower (1st floor), Battali, Rustamhat,
P.O. Burumchara, Union-Juidandi, Ward
No-06, P.S. Anowara Dist. Chittagong
Mobile :01713435860 (HOB)
01966602209 (OM)
E-Mail :btb@ucb.com.bd
Routing Number :245151172

BAROJARHAT BRANCH

Mir Complex,
Dhaka-Chittagong Highway,
Ward No-02, Poursava- Baroiarhat,
P.O-Bisummeer, P.S-Jorargonj(Ex-Mirsarai)
Dist: Chittagong.
Mobile :01713436186 (HOB)
01847092000 (OM)
E-Mail :brh@ucb.com.bd
Routing Number :245151093

BANCHARAMPUR BRANCH

R. S. Super Market, College Road,
P.S. Bancharampur
Dist. Brahmanbaria.
Mobile : 01787-675594 (HOB)
01915477597 (OM)
E-mail :bnc@ucb.com.bd
Routing Number :245120253

BANDARBAN BRANCH

N. S. Mansion,
Holding No.0499 & 0499-001
VIP Road, Ward No.04, Bandarban
Pourashava, P.S-Bandarban Sadar
Dist. Bandarban
Mobile : 01708-451984 (HOB)
01915-479093 (OM)
E-mail :ban@ucb.co.bd
Routing Number :245030130

CHANDPUR BRANCH

37/37, Comilla Road
Paul Bazar, Chandpur
Phone :+88-0841-63483, 67348
Mobile :01711-888361 (HOB)
01833102707 (OM)
E-Mail :cdp@ucb.com.bd
Routing Number :245130319

CHAWKBAZAR BRANCH

371, Kapashgola Road,
Chowkbazar,Chittagong-4000
Phone :+88-031-653074
Mobile :01711-881054 (HOB)
01966602232 (OM)
E-Mail :cwk@ucb.com.bd
Routing Number :245151930

CHOKORIA BRANCH

Samabaya Market (1st floor)
P.O-Chiringa, Chokoria Pourashava
Upazilla-Chokoria, Dist. -Cox's Bazar
Phone :03422-56274, 0443-4493932
Mobile :01713-068099 (HOB)
01819639752 (OM)
E-Mail :chk@ucb.com.bd
Routing Number :245220166

CHOWMUHANI BRANCH

Haji Seraj Market
50-266, Kalitola Road, Chowmuhani, Noakhali
Phone :+88-0321-52206, 52111
Mobile :01711-883741 (HOB)
01847082881 (OM)
E-Mail :cmh@ucb.com.bd
Routing Number :245750678

COMILLA BRANCH

125/117, Raigonj (1stFlr.)
Chatipatty, Comilla-3500
Phone :+88-081-65776, 76447
Mobile :01711-809726 (HOB)
01966602203 (OM)
E-Mail :cml@ucb.com.bd
Routing Number :245191158

COX'S BAZAR BRANCH

Al-Hafez Complex
Plot No- 347, Main Road, Ward No- 03,
Poursava- Cox's Bazar
P.S.- Cox's Bazar Sadar, Dist.- Cox's Bazar
Phone :+88-0341-64398, 64092
Mobile :01711-888356(HOB)
01730705199(OM)
E-Mail :cbz@ucb.com.bd
Routing Number :245220258

CHITTAGONG MEDICAL COLLEGE BRANCH

EPIC Divine 19, Fazlul Kader Road, Ward
No.16, Chittagong City Corporation
P.S. Panchlaish, Dist. Chittagong.
Phone : 031-2555004, 031-2553302
Mobile : 01787-676089 (HOB)
01915479022 (OM)
E-mail :cmc@ucb.com.bd
Routing Number :245152021

CHOWDHURY HAT BRANCH

Salma Plaza, Chowdhury Hat,
P.O-South Madarsa, P.S. Hathazari
Dist. Chittagong.
Mobile : 01709635959 (HOB)
01819084969 (HOB)
01714167448 (OM)
E-mail :chc@ucb.com.bd
Routing Number :245152171

DHOHAZARI BRANCH

Hazari Shopping Centre
Main Arakan Road,
Union & P.S.-Chandonaish,
Dist. -Chittagong
Phone :+88-031-635022
Mobile :01711-888357 (HOB)
01915477762 (OM)
E-Mail : dhz@ucb.com.bd
Routing Number : 245152568

DAMPARA BRANCH

Holding No. 115/134
M. M. Ali Road, WASA More, Dampara,
Chittagong.
Phone :+88-031-2867052
+88-031-2867053
Mobile :01730-705200 (HOB)
01811-456760 (OM)
E-Mail : dmp@ucb.com.bd
Routing Number : 245150128

EIDGAON BRANCH

Eidgaon Main Road (Near Bus Stand)
Union- Eidgaon
Upazilla & District- Cox's Bazar.
Mobile :01730-318849 (HOB)
01811-418837 (OM)
E-Mail : ebc@ucb.com.bd
Routing Number : 245220403

ENAYET BAZAR BRANCH

59, Jubilee Road, P.S.- Kotwali,
Dist.- Chittagong
Mobile :01714-167421 (HOB)
01966-602204 (OM)
E-Mail : enb@ucb.com.bd
Routing Number : 245150052

FATICKCHARI BRANCH

M.K. Shopping Complex,
College Road, Bibirhat,
Union, Durang, UpaZilla Fatikchari,
Dist.- Chittagong
Phone :+88-031-630389/120, 637001
Mobile :01711-883746 (HOB)
01712905840 (OM)
E-Mail : ftk@ucb.com.bd
Routing Number : 245152742

FENI BRANCH

Shaheed Hossain Uddin Bipani Bitan, (1st
Floor), 21, Station Road, Feni
Phone :+88-0331-74296, 61567
Mobile :01711-881065 (HOB)
01811486285 (OM)
E-Mail : fni@ucb.com.bd
Routing Number : 245300523

GOHIRA BRANCH

P.O.: Gohira, Pourashava: Raozan
Upa Zilla: Raozan
Dist: Chittagong
Phone :+88-03026-56189, 03026-56190
Mobile :01713-068097 (HOB)
01811487859 (OM)
E-Mail : ghr@ucb.com.bd
Routing Number : 245153017

HATHAZARI BRANCH

SA Shopping Complex (1st floor)
Vill- Fatika, Union- Hathazari Sadar
P.S- Hathazari, Chittagong.
Mobile :01730-329715 (HOB)
01819814124 (OM)
Fax :+88-031-2601835
Phone :+88-031-2601834
E-Mail : hhb@ucb.com.bd
Routing Number : 245153220

HALISHAHAR BRANCH

House No- 7, Road No- 2, Lane- 2,
Block- G, Halishahar Housing Estate,
Chittagong City Corporation, Chittagong.
Phone :+88-031-716650
Mobile :01714-167388 (HOB)
01868325719 (OM)
Fax :+88-031-716651
E-Mail : hls@ucb.com.bd
Routing Number : 245153167

JUBILEE ROAD BRANCH (A0)

Rifle Club Shooting Complex
Nandankanan, Jubilee Rd. Chittagong-4000
Phone :+88-031-638179,
636024, 624104
PABX :+88-031-611049,630189
Mobile :01711-804130 (HOB)
01819412608 (OM)
01711-761053
Fax :+88-031-610497
E-Mail : jbr@ucb.com.bd
S.W.I.F.T : UCBLBDDHJBR
Routing Number : 245153646

JHAWTALA BRANCH

693/1, Shahid Khaja Nizam Uddin Road,
Comilla City Corporation
P.S. Kotwali, Dist. Comilla.
Mobile :01847-052270 (HOB)
01926-666859 (OM)
01554-335101
E-Mail : jwt@ucb.com.bd
Routing Number : 245190159

KAZIRHAT BRANCH

Vill-Alaiyarpur, Ward No-09
Union- Kutubpur, P.S. Begumgonj,
Dist. Noakhali.
Mobile :01847-052271 (HOB)
01926-666858 (OM)
01819-991595
E-Mail : kzh@ucb.com.bd
Routing Number : 245750115

KADAMTALI BRANCH (A0)

Baitush Sharaf Market (1st Floor)
Kadamtali, Chittagong-4000
Phone :+88-031-721978, 725939,
727270, 726240
Mobile :01711-881056 (HOB)
01811415699 (OM)
Fax :+88-031-725939
E-Mail : kdm@ucb.com.bd
S.W.I.F.T : UCBLBDDHKDM
Routing Number : 245153738

KAMAL BAZAR BRANCH

Kabir Tower (1st Floor)
Kamal Bazar, Kalurghat Road
PL No. (B.S) 18240, 18241
RS Kh No. 10350, 10353
U.L: Mohora, P.S.: Chandgaon
Dist: Chittagong
Phone :+88-031- 2571196, 2571271
Mobile :01711-809725 (HOB)
01966602224 (OM)
E-Mail : rjk@ucb.com.bd
Routing Number : 245153970

KHATUNGO NJ BRANCH (A0)

Khatungonj Trade Centre
Plot No.697,698 & 699, Ramjoy Mohajan Lane
Khatungonj, Chittagong-4000
Phone :+88-031-613777, 610786, 613774,
637029, 637027
PABX :+88-031-611015-6
Mobile :01711-804132 (HOB)
01915479391 (OM)
Fax :+88-031-610786
E-Mail : ktg@ucb.com.bd
S.W.I.F.T : UCBLBDDHKTG
Routing Number : 245154274

KARNAPHULI BRANCH

Maimuna Shafi Tower
Aktaruzzaman Chattar
P.S. Karnafully, Dist. Chittagong
Phone : 031-633315, 031-633316
Mobile : 01787-676087 (HOB)
01915479021 (OM)
E-mail : kfb@ucb.com.bd
Routing Number : 245150331

KATGHAR BRANCH

Nur Shopping Centre
Holding No.988/1694, M. Aziz Road,
Ward No.40, Chittagong City Corporation
P.S-Patanga, Dist. Chittagong
Mobile : 01715-376317 (HOB)
01847082884 (OM)
E-mail : kat@ucb.com.bd
Routing Number : 245154090

KASBA BRANCH

Simanta Complex-2, Holding-561,
Ward No.05, Kuti-Kasba Road,
Kasba Pourashava, PS-Kasba,
Dist. Brahmanbaria
Mobile : 01708126236 (HOB)
01951146466 (OM)
E-mail : kas@ucb.com.bd
Routing Number : 245121036

LAKSHMIPUR BRANCH

63, Bancha Nagar
Masjid Road, Lakshimpur
Phone :+88-0381-55443
Mobile :01711-883747 (HOB)
01966602217 (OM)
E-Mail : lkp@ucb.com.bd
Routing Number : 245510739

BRANCH NETWORK

LOHAGARA BRANCH

Liakat Hossain Market (1st Floor)
PS- Lohagara, Chittagong
Phone :+88-03034-56011
Mobile :01713068480 (HOB)
01199-703298 (OM)
E-Mail :lhg@ucb.com.bd
Routing Number :245154661

MADUNAGHAT BRANCH

Mabia Emporium
Madunaghat Bazar, P.O-Rashid Bari,
Union-Dakshin Madarsha,
P.S- Hathazari, Dist-Chittagong-4337
Phone :+88-031-670375
Mobile :01711-883744 (HOB)
01847092007 (OM)
E-Mail :mdg@ucb.com.bd
Routing Number :245154753

MAIZDEE COURT BRANCH

1175-1176, Maizdee Court Main Rd. Noakhali
Phone :+88-0321-61176, 61236
Mobile :01711-883748 (HOB)
01915479447 (OM)
E-Mail :mdc@ucb.com.bd
Routing Number :245751572

MURADPUR BRANCH

Chittagong Shopping Complex
112-129 Nasirabad Mohalla
(1st Flr.), Muradpur, Chittagong
Phone :+88-031-651375, 651376
Mobile :01711-881055 (HOB)
E-Mail :mrd@ucb.com.bd
Routing Number :245155323

NAZIRHAT BRANCH

Nazirhat (Hossain Market)
P.O- Nazirhat, P.S -Fatickchari, Chittagong.
Phone :+88-031-637003/ 635033-115
Mobile :01711-883745 (HOB)
01847092009 (OM)
E-Mail :nzh@ucb.com.bd
Routing Number :245155594

NOAPARA BRANCH

Patherhat, Vill-Noapara
P.S-Rawzan, Chittagong-4346
Phone :+88-031-2571215
Mobile :01711-883743 (HOB)
E-Mail :npc@ucb.com.bd
Routing Number :245155710

O.R.NIZAM ROAD BRANCH

562/A. O.R.Nizam Road
Central Shopping Center, Chittagong
Phone :+88-031-636195, 625890
Mobile :01711881060 (HOB)
01811-486290 (OM)
E-Mail :orm@ucb.com.bd
Routing Number :245155802

OXYGEN BRANCH

Gazi Mansion. Holding No.3711/B,
Oxygen-Quaish Link Road
Ward No.03, Chittagong City Corporation,
PS-Bayazid, Dist. Chittagong
Phone :+
Mobile :01708-451985 (HOB)
01951-146460 (OM)
E-Mail :oxy@ucb.com.bd
Routing Number :245150531

PAHARTALI BRANCH

UCB Bhaban (1st & 2nd floor), D. T. Road,
Ward No.09, Chittagong City Corporation,
PS-Pahartali, Chittagong.
Mobile :01730-318846 (HOB)
01811-415703
E-Mail :ptb@ucb.com.bd
Routing Number :245155923

PORT BRANCH

Chittagong Port, 200, Strand Rd.
Samad Supar Mkt., No. 3, Jetty Gate
Dabilmuring, Chittagong
Phone :+88-031-711051, 711052
Mobile :01711-809729 (HOB)
Fax :+88-031-711051
E-Mail :prt@ucb.com.bd
Routing Number :245156227

RANGUNIA BRANCH

Hajee Faiz Market (1st floor),
Chaumuhani,
Vill- Syed Bari,
P.O- Morium Nagar,
P.S- Rangunia, Chittagong
Mobile :01819-814109 (OM)
Mobile :01730-329718 (HOB)
E-Mail :rgb@ucb.com.bd
Routing Number :245156401

RAOZAN SME/KRISHI BRANCH

G.T. Shopping Complex
Munshighata, Ward No- 08
Paurashava & Upazilla- Raozan
Dist- Chittagong.
Mobile :01714-167409 (HOB)
E-Mail :rzb@ucb.com.bd
Routing Number :245156498

STATION ROAD BRANCH

Hajee Abul Hossain market (1st flr.)
113, Station Road., Katwali, Chittagong
Phone :+88-031-624145, 634152
Mobile :01711-881057 (HOB)
E-Mail :str@ucb.com.bd
Routing Number :245157518

SADARGHAT BRANCH

Habib City Tower
49, Sadarghat Road, Ward no- 30
Chittagong City Corporation
P.S- Doublemooring
Dist- Chittagong
Mobile :01847052273 (HOB)
01966602244 (OM)
E-Mail :sdr@ucb.com.bd
Routing Number :245156735

SONAIMURI BRANCH

Motaleb Plaza, Eshak Mia Sarak, Ward-2,
Sonaimuri Pourasava, P.S. Sonaimuri
Dist. Noakhali
Phone :03227-51202
Mobile :01787-675591 (HOB)
E-mail :smr@ucb.com.bd
Routing Number :245752234

SYLHET DIVISION

AMBORKHANA BRANCH

Airport Road, Amborkhana, Sylhet
Phone :+88-0821-718181, 712631
Mobile :01711-883751 (HOB)
E-Mail :amb@ucb.com.bd
Routing Number :245910047

BAROLEKHA BRANCH

Haje Mojir Uddin Shopping City (1st floor)
781, Main Road, P.S. Barolekha
Dist. Moulvibazar
Phone :+88-08622-56140, 03797800032
Mobile :01711-883759 (HOB)
Cable :UNUBANK
E-Mail :brl@ucb.com.bd
Routing Number :245580101

BEANIBAZAR BRANCH

Shahab Mansion, Main Road,
Beanibazar, Sylhet-3170
Phone :+88-08223-88338
Mobile :01711-883750 (HOB)
01915479066 (OM)
E-Mail :bbz@ucb.com.bd
Routing Number :245910313

BISWANATH BRANCH

Al-Burak Shopping Center,
Biswanath Bazar,
P.S-Biswanath,
Dist. Sylhet
Phone :+88-038911-82063, 82059
Mobile :01711883749 (HOB)
01966602219 (OM)
E-Mail :bis@ucb.com.bd
Routing Number :245910434

GOALABAZAR BRANCH

P.O Goalabazar
P.S Balagonj, Dist.-Sylhet
Phone :+88-03799-187015
Mobile :01915479445 (HOB)
01711-883752 (OM)
E-Mail :gob@ucb.com.bd
Routing Number :245911541

KULaura BRANCH

Asaddor Palace, Holding-239,
Ward-05, Kulaura Pourashava,
PS-Kulaura, Dist-Moulvibazar.
Phone :
Mobile :01708126235 (HOB)
01951146465 (OM)
Fax :
E-Mail :kul@ucb.com.bd
Routing Number :245580943

LAMABAZAR BRANCH

Ali Complex
14, Chayatoru, Lama Bazar, Sylhet.
Phone : +88-0821-710760, 719506
Mobile : 01713436187 (HOB)
01811-415698 (OM)
Fax : 0821-719508
E-Mail : lbb@ucb.com.bd
Routing Number : 245912511

MOULVIBAZAR BRANCH

Central Road, Chowmohona
Moulvibazar-3200
Phone : +88-0861-52766
Mobile : 01711-881059 (HOB)
01833102705 (OM)
E-Mail : mbs@ucb.com.bd
Routing Number : 245581184

NABIGONJ BRANCH

P.O & P.S- Nabigonj, Dist-Hobigonj
Phone : +88-038927-88105
Mobile : 01711-883754 (HOB)
Cable : UNIBANK
E-Mail : nbj@ucb.com.bd
Routing Number : 245361096

SHERPUR BRANCH

Union-Sadipur
P.O. Aurangapur,
P.S- Osmani Nagar (New),
Dist.- Sylhet.
Phone : +88-08222-89515
Mobile : 01711-922479 (HOB)
01966602235 (OM)
E-Mail : srp@ucb.com.bd
Routing Number : 245913310

SHIBGONJ BRANCH

Union-Tultikar, Sadar Thana - Sylhet,
Dist- Sylhet
Phone : +88-0821-760300
Mobile : 01711-883753 (HOB)
Cable : UNISHB
E-Mail : shb@ucb.com.bd
Routing Number : 245913402

SYLHET BRANCH ^(ADT)

Laldighirpar, Sylhet-3100
Phone : +88-0821-715070, 713541, 713519
Mobile : 01711-809727 (HOB)
01811481294 (OM)
Fax : +88-0821-715212
E-Mail : syl@ucb.com.bd
S.W.I.F.T : UCBLDDHSHYL
Routing Number : 245913552

SHAHJALAL UPASHAHAR BRANCH

Rose View Complex (2nd Floor),
Mouza-Sadipur, Plot # 597, 598,
Block-D, Shahjalal Upashahar
Thana- Kotwali, Sylhet City Corporation,
Sylhet
Phone : +88-0821-2833298-99
Mobile : 01730334185 (HOB)
01819412620 (OM)
Fax : +88-0821-721139
E-Mail : ups@ucb.com.bd
Routing Number : 245913257

SUBID BAZAR BRANCH ^(NEW)

"Silver Star Tower", Holding-9346,
Sylhet- Sunamgonj Sarak,
Subid Bazar, Ward-3, Sylhet City Corporation,
Dist.-Sylhet.
Phone : +88-0821-721450
Mobile : 01714-167432 (HOB)
01833102706 (OM)
Fax : +88-0821-721453
E-Mail : sbs@ucb.com.bd
Routing Number : 245913499

ZINDABAZAR BRANCH

1683/A, Zindabazar, Sylhet
Phone : +88-0821-714527, 723567
Mobile : 01711-881062 (HOB)
01966602239 (OM)
E-Mail : znb@ucb.com.bd
Routing Number : 245914151

RAJSHAHI DIVISION**BOGRA BRANCH ^(ADT)**

221, Jhawtola, Pashari Mansion
Bogra- 5800
Phone : +88-051-65467, 63630, 69527
Mobile : 01711-881066 (HOB)
01819814239 (OM)
E-Mail : bgr@ucb.com.bd
SWIFT : UCBLDDHSHGR
Routing Number : 245100378

BANESHWAR BRANCH

Haowa Plaza, Union- Baneshwar,
P.S. Putiya, Dist. Rajshahi.
Mobile : 01787-675590 (HOB)
01915479097 (OM)
E-mail : bnr@ucb.com.bd
Routing Number : 245810226

CHAPAINAWABGONJ BRANCH

4-5, Gudagari Road, Chapainawabgonj.
Phone : +88-0781-52283
Mobile : 01711-436595 (HOB)
01915479088 (OM)
Fax : +88-0781-56497
E-Mail : cpn@ucb.com.bd
Routing Number : 245700257

ENAYETPUR BRANCH

Dishari Plaza, Vill-Enayetpur,
Union-1 No. Sadia Chandpur,
PS-Enayetpur, Dist. Sirajgonj
Phone :
Mobile : 01708126234 (HOB)
01951146464 (OM)
Fax : -
E-Mail : ena@ucb.com.bd
Routing Number : 245880827

JOYPURHAT BRANCH

Sawdagor Bazar
Holding No.143, Ward-08
P.S. Joypurhat Sadar,
Dist. Joypurhat
Mobile : 01709635958 (HOB)
01955515478 (OM)
E-mail : jyp@ucb.com.bd
Routing Number : 245380406

NATORE BRANCH

Union- Harishapur
Patuapara, Natore
Phone : +88-0771-66771, 66913
Mobile : 01711-809721 (HOB)
01966602238 (OM)
E-Mail : ntr@ucb.com.bd
Routing Number : 245691090

NAOGAON BRANCH

379, Tula Patty (1st flr)
Naogaon-6500
Phone : +88-0741-62988, 62861
Mobile : 01711-809728 (HOB)
Fax : +88-0741-62988
E-Mail : ngn@ucb.com.bd
Routing Number : 245641187

PABNA BRANCH

Al-Monsur Super Market (1st Floor),
407, Abdul Hamid Road, Pabna
Phone : +88-0731-65417, 66331
Mobile : 01711-883756 (HOB)
E-Mail : pbn@ucb.com.bd
Routing Number : 245761788

RAJSHAHI BRANCH ^(ADT)

70/71, Miah Para (1st Flr.)
Shaheb Bazar, Natore Maha Sarak
Rajshahi -6100
Phone : +88-0721-771386, 773367, 812357
Mobile : 01711-883755 (HOB)
01811481286 (OM)
Fax : 88-0721-771386
E-Mail : rjh@ucb.com.bd
Routing Number : 245811933

SERAJGONJ BRANCH

720, S.S.Road
P.O Serajgonj, Dist-Serajgonj
Phone : +88-0751-62393, 64169
Mobile : 01711-888362 (HOB)
Fax : +88-0751-62393
E-Mail : srj@ucb.com.bd
Routing Number : 245881871

ULLAPARA BRANCH

Mizan Mansion
807, Joydev Sarak,
P.S. Ullapara,
Dist. Serajgonj.
Phone : 07529-56444, 07529-55446
Mobile : 01787-670979 (HOB)
01915479134 (OM)
E-mail : ulp@ucb.com.bd
Routing Number : 245882238

BRANCH NETWORK

RANGPUR DIVISION

DINAJPUR BRANCH

Maldahpatty, Dinajpur-5200
Phone : +88-0531-63327, 64042
Mobile : 01711-436596 (HOB)
Fax : +88-0531-63266
E-Mail : dnj@ucb.com.bd
Routing Number : 245280672

RANGPUR BRANCH (AD)

"Asha Center"
624, G. L. Roy Road, Ward-24
P.S-Kotwali, Rangpur
Phone : +88-0521-62851,63730
Mobile : 01711-881061 (HOB)
01966602246 (OM)
Fax : +88-0521-62851
S.W.I.F.T : UCBLBDDHRNG
E-Mail : rng@ucb.com.bd
Routing Number : 245851456

KHULNA DIVISION

CHUADANGA BRANCH

147, Barobazar, Chuadanga
Phone : +88-0761-62515
Mobile : 01711-883763 (HOB)
01966602247 (OM)
E-Mail : cdg@ucb.com.bd
Routing Number : 245180198

JESSORE BRANCH

36, M.K Road, Jessore
Phone : +88-0421-66606, 66061, 73542
Mobile : 01711-883758 (HOB)
01833102708 (OM)
Fax : +88-042173542
E-Mail : jsr@ucb.com.bd
Routing Number : 245410947

JHENAI DAH BRANCH

129, Shere Bangla Road, Jhenaidah
Phone : +88-0451-62725
Mobile : 01711-883760 (HOB)
01966602201 (OM)
E-Mail : jhn@ucb.com.bd
Routing Number : 245440641

KHAN JAHAN ALI ROAD BRANCH

Haji Hanif Complex (1st Floor),
Holding No- 12 & 13
Khan Jahan Ali Road, Khulna
Phone : +88-041-732224
Mobile : 01711-883762 (HOB)
E-Mail : khj@ucb.com.bd
Routing Number : 245471481

KHULNA BRANCH (AD)

47, K.D Ghosh Road,
Khulna-9000
Phone : +88-041-720502, 720522, 733676
Mobile : 01711-881063 (HOB)
01811415700 (OM)
Fax : +88-041-720502
E-Mail : kln@ucb.com.bd
S.W.I.F.T : UCBLBDDHKLN
Routing Number : 245471544

KUSHTIA BRANCH

S. B. Plaza, Holdings-54, N. S. Road
Word No 03, Kushtia Powrasava
PS. Kushtia, Dist- Kushtia
Phone : +88-071-61991, 62533
Mobile : 01711-881058 (HOB)
01966602223 (OM)
E-Mail : kst@ucb.com.bd
Routing Number : 245500949

NOAPARA BAZAR BRANCH JESSORE

Noapara Bazar
P.S Avoy nagor, Jessore.
Phone : +88-04222-7189
Mobile : 01711-883761 (HOB)
01833312426 (OM)
E-Mail : npj@ucb.com.bd
Routing Number : 245411667

BARISAL DIVISION

BARISAL BRANCH

87-88, Hamayet Uddin Road
Barisal City Corporation, PS-Barisal Sadar,
Dist. Barisal.
Phone : +88-0431-57650,
57688, 64289
Mobile : 01711-336457 (HOB)
01847092005 (OM)
Fax : +880-0431-53989
E-Mail : bsl@ucb.com.bd
Routing Number : 245060289

BHOLA BRANCH

Mokles Complex, Holding-888, 887, 887/1
Sadar Road, Ward-06, Bhola Pourashava,
PS-Bhola, Dist. Bhola.
Mobile : 01708-451983 (HOB)
01971160084 (OM)
Phone : 0491-62044
E-Mail : bho@ucb.com.bd
Routing Number : 245090109

WORLD WIDE CORRESPONDENTS NETWORK



Argentina
Banco Bradesco Argentina S/a, Buenos Aires AR



Australia
Bnp Paribas Australia
Jpmorgan Chase Bank, N.A.Sydney AU
Hsbc Bank Australia Limited, Sydney AU
Korea Exchange Bank Sydney Branch
National Australia Bank Limited, Melbourne AU
Standard Chartered Bank, Sydney AU



Austria
Unicredit Bank Austria Ag, Vienna AT
Vorarlberger Landes - Und Hypothekenbank
Volksbank Vorarlberg E.Gen., Rankweil AT



Bahrain
Icici Bank Ltd. Global Trade Service Unit, Manama BH
United Bank Manama Bahrain
Bank Al Habib Limited, Manama BH
Bmi Bank Bsc, Manama BH
Korea Exchange Bank, Bahrain Branch, Manama BH



Belgium
Ing Belgium Nv/sa (Formerly Bank Brussels Lambert Sa), Brussels; (All Branches) Brussels BE
Bank Of America, N.A. Antwerp, Antwerpen BE
Commerzbank Ag,the,brussels Branch, Brussels BE
Cbc Banque S.A. (All Offices)brussels BE
Bnp Paribas Fortis (Fortis Bank Sa/nv), (All Belgian Offices) brussels BE
Belfius Bank Sa/nv, (Head Office) brussels BE
Kbc Bank Nv,brussels BE
Unicredit Bulbank Ad, Sofia BG
State Bank of India Antwerpen



Bhutan
Bank Of Bhutan, Phunthsholing BT
Bhutan National Bank Ltd.thimphu BT



Brazil
Hsbc Bank Brasil S.A.-banco Multipl, (Head Office)sao Paulo BR
Banco Santander (Brasil) S.A. (Head Office)sao Paulo BR
Banco Keb Do Brasil S.A. Sao Paulo BR
Banco Mizuho Do Brasil S.A. Sao Paulo BR



Canada
Bank Of China (Canada), Toronto CA
Bank Of Montreal, The (International Branch)toronto CA
Habib Canadian Bank, Mississauga CA
Hsbc Bank Canada, Toronto CA
Icici Bank Canada, Toronto CA
Korea Exchange Bank, Toronto CA
Bank Of Nova Scotia
Royal Bank Of Canada, (Head Office)toronto CA
State Bank Of India, Toronto CA
Toronto-dominion Bank, Toronto CA



China
Icici Bank Limited Shanghai
Skandinaviska Enskilda Banken Ab(Publ) Shanghai, Shanghai CN
Shanghai Pudong Development Bank Co.ltd. (Head Office) Shanghai CN
Mizuho Bank (China) Ltd. Shanghai , Shanghai CN
Axis Bank Limited Shanghai Branch, Shanghai CN
Bank Of China, (Head Office) Beijing CN
Bank Of Ningbo, Ningbo CN
Bank Of Montreal (China) Co. Ltd., Guangzhou CN
Bank Of Montreal (China) Co. Ltd.beijing CN
Bank Of Montreal (China) Co. Ltd.shanghai CN
Bank Of Jiangsu Co Ltd, Nanjing CN
Jpmorgan Chase Bank (China) Company Limited Beijing Branch, Beijing CN
Jpmorgan Chase Bank (China) Company Limited Guangzhou, Guangzhou CN
Jpmorgan Chase Bank (China) Company Limited Chengdu
Jpmorgan Chase Bank (China) Company Limited Tianjin Branch
China Citic Bank, (Head Office) Beijing CN
Commerzbank Ag Beijing Branch
Commerzbank Ag,(Shanghai Branch) Shanghai CN
Bank Of Communications, (Head Office) Shanghai CN
Industrial Bank Co.,Ltd. Fuzhou CN
Bank Of Jiangsu Co Ltd

Hsbc Bank (China) Company Limited,shanghai CN
China Everbright Bank, Shanghai CN
Industrial And Commercial Bank Of China,(Head Office) Beijing CN
The Bank Of New York Mellon, Shanghai Branch, (Shanghai Branch) Shanghai CN
Korea Exchange Bank
Kbc Bank Nv, Shanghai CN
China Minsheng Banking Corporation, Limited, (Head Office) Beijing CN
Bank Of Nanjing (Formerly Nanjing City Commercial Bank), Nanjing CN
Wells Fargo Bank, N.A.Shanghai Branch Shanghai CN
Standard Chartered Bank, Shanghai Cn
Swedbank Ab, Shanghai CN
Shengjing Bank Co.,Ltd,Shenyang CN
Ping An Bank Co., Ltd. (Formerly Shenzhen Development Bank Co.,Ltd.)(Head Office) Shenzhen CN
Bank Of Tianjin Co., Ltd.tianjin CN
Bank Of Yingkou, Yingkou CN
China Construction Bank Corporation, Beijing CN



Czech Republic
Ceskoslovenska Obchodni Banka, A.S., (Head Office), Prague
Commerzbank Ag, Prague
Unicredit Bank Czech Republic And Slovakia, A.S.Prague



Denmark
Danske Bank A/s, (Head Office), Copenhagen, DK
Handelsbanken, Copenhagen, DK



Egypt
Albaraka Bank Egypt, (Head Office), Cairo, EG
Mastreqbank Psc,cairo, EG



Finland
Danske Bank Plc, Helsinki, FI
Danske Bank, Helsinki, FI
Svenska Handelsbanken, Helsinki, FI



France
Bnp-paribas Sa (Formerly Banque Nationale De Paris S.A.), Head Office, Paris, FR
Hsbc France (Formerly Hsbc Ccf), Paris, FR
Commerzbank Ag, Paris, FR
Korea Exchange Bank, Paris, FR
Union De Banques Arabes Et Francaises, Neuilly Sur Seine, FR



Germany
Bhf Bank Aktiengesellschaft Frankfurt,frankfurt Am Main, DE
Nassauische Sparkasse, (Head Office/administration), Wiesbaden, DE
Landesbank Baden-wuertt.stuttgart, DE
Sparkasse Krefeld, Krefeld, DE
Ubi Banca International S.A.,Muenchen

WORLDWIDE CORRESPONDENTS NETWORK

Bnp Paribas S.A. Niederlassung Frankfurt Am Main, (Frankfurt Branch), DE
 J.P.Morgan Ag, Frankfurt Am Main, DE
 Commerzbank Ag, (Berlin Branch), DE
 Commerzbank Ag, Duesseldorf, DE
 Commerzbank Ag, Frankfurt Am Main, DE
 Commerzbank Ag, Hamburg, DE
 Kreissparkasse Koeln, Koeln, DE
 Danske Bank, Hamburg, DE
 Deutsche Bank Ag, Hannover, DE
 Deutsche Bank Ag, Bielefeld, DE
 Deutsche Bank Ag, Mainz, DE
 Deutsche Bank Ag, Freiburg Im Breisgau
 Deutsche Bank Ag, Chemnitz, DE
 Deutsche Bank Ag, Erfurt, Erfurt
 Deutsche Bank Ag, Leipzig, DE
 Deutsche Bank Ag, Berlin
 Deutsche Bank Ag, Rostock, DE
 Deutsche Bank Privat-und Geschaeftskunden Ag, Frankfurt Am Main
 Deutsche Bank Ag, Duesseldorf, DE
 Deutsche Bank Ag, Koeln
 Deutsche Bank Ag, Wuppertal, DE
 Deutsche Bank Ag, Frankfurt Am Main
 Deutsche Bank Ag, Bremen
 Deutsche Bank Ag, Hamburg, DE
 Deutsche Bank Ag, Muenchen
 Deutsche Bank Ag, Mannheim
 Deutsche Bank Ag, Stuttgart
 Commerzbank Ag (Formerly Dresdner Bank Ag), Frankfurt Am Main
 Bnp Paribas Fortis Sa/nv Niederlassung WgZ Bank Ag Westdeutsche Genossenschafts-zentralbank, Duesseldorf, DE
 Hamburger Sparkasse Ag, Hamburg
 Landesbank Hessen-thueringen Girozentrale, Frankfurt Am Main
 Hsh Nordbank Ag, Hamburg
 Unicredit Bank Ag (Hypovereinsbank), Muenchen
 Korea Exchange Bank, Frankfurt Am Main, DE
 Bankhaus Lampe Kg, Duesseldorf, DE
 Volksbank Pforsheim Eg, Pforsheim, DE
 Aka Ausfuhrkredit-gesellschaft Mbh Frankfurt
 HSBC Trinkaus Lind Burkhardt Ag Duesseldorf



Hong Kong

E.Sun Commercial Bank Ltd. Hongkong Branch, Hong Kong, HK
 Pbl Finance (Hongkong) Limited, Hong Kong, HK
 Ab International Finance Ltd, Hong Kong HK
 Abn Amro Bank N.V. Hong Kong Branch, Kowloon, HK
 Axis Bank Limited, Hong Kong, HK
 Intesa Sanpaolo Spa Hong Kong, HK
 Bnp Paribas, (Hong Kong Branch), HK
 Bank Of America, N.A. Hong Kong
 Bank Of Tokyo-mitsubishi Ufi, Ltd., (Hong Kong Branch)
 Bnp Paribas Wealth Management, Hk Branch (Formerly known As Bnp Paribas Private Bank, Hk Branch)
 Unicredit Bank Ag Hong Kong Branch (Hypovereinsbank Hong Kong Branch)
 Jpmorgan Chase Bank, N.A., Hong Kong BR
 Commerzbank Ag, Hong Kong, HK
 Deutsche Bank Ag, Hong Kong
 Dbs Bank (Hong Kong) Limited
 Ebl Finance (Hk) Limited, Kowloon
 Skandinaviska Enskilda Banken Ab, Hong Kong
 Habib Finance International Limited, Hong Kong
 Svenska Handelsbanken Hong Kong Branch
 Hang Seng Bank Limited, Hong Kong
 Hbz Finance Limited, Hong Kong
 Hongkong And Shanghai Banking Corporation Limited, Hong Kong
 Icc Bank Ltd, (Hong Kong Branch)
 The Bank Of New York Mellon, Hong Kong Branch
 Korea Exchange Bank, Hong Kong
 Kbc Bank Nv, Hong Kong, Hong Kong
 Mizuho Bank, Ltd, Hong Kong
 Mashreqbank Psc, Hong Kong
 National Bank Of Pakistan, Hong Kong
 Wells Fargo Bank, N.A., Hong Kong
 Punjab National Bank, Hong Kong
 Standard Chartered Bank, Hong Kong
 Ubaif (Hong Kong) Limited, Hong Kong



Hungary

Raiffeisen Bank Zrt., Budapest, HU
 Commerzbank (Budapest) Rt. Budapest, HU



India

Sumitomo Mitsui Banking Corporation N.Delhi
 Dbs Bank Ltd. Mumbai India
 Ab Bank Limited Mumbai In
 Allehabad Bank, Mumbai
 Axis Bank Limited, Mumbai
 Bnp Paribas India, Mumbai
 Bank Of America, N.A. Mumbai
 Bank Of Tokyo-mitsubishi Ufi, Ltd., (Chennai Branch)

Bank Of Tokyo-mitsubishi Ufi, Ltd., (Mumbai Branch)
 Bank Of Tokyo-mitsubishi Ufi, Ltd., (New Delhi Branch)
 Sonali Bank, Kolkata (Calcutta)
 Jpmorgan Chase Bank, N.A. Mumbai
 Hdfe Bank Limited, Mumbai
 Hongkong And Shanghai Banking Corporation Limited, Mumbai
 Icc Bank Limited, Mumbai
 Indusind Bank Limited, Mumbai
 Mashreqbank Psc, Mumbai
 Punjab National Bank, Mumbai
 State Bank Of India, Mumbai
 Standard Chartered Bank, Mumbai
 Union Bank Of India, Mumbai
 Ing Vysya Bank Ltd. Mumbai
 Yes Bank Limited, Mumbai
 United Bank Of India, Mumbai
 Doha Bank Q.S.C. Mumbai
 Deutsche Bank AG Mumbai



Indonesia

Hongkong And Shanghai Banking Corporation Limited, Jakarta
 Bank Internasional Indonesia, Jakarta
 Bank Mandiri (Persero), Pt, Jakarta
 Jpmorgan Chase Bank, N.A., Jakarta
 Korea Exchange Bank
 Bank Mega Pt, Jakarta
 State Bank Of India, Jakarta
 Standard Chartered Bank, Jakarta



Ireland

Danske Bank A/s, Dublin, ie
 Wells Fargo Bank, N.A. Dublin, ie



Italy

Banca Delle Marche Spa, Ancona, it
 Banco Popolare Soc. Coop.verona, (Head Office)
 Intesa Sanpaolo Spa, (Head Office), Milano
 Ubi Banca (Unione Di Banche Italiane) S.C.P.A. Bergamo
 Banca Nazionale Del Lavoro S.P.A. (Head Office)-roma
 Bank Of Tokyo-mitsubishi Ufi, Ltd., (Milan Branch)-milano
 Credito Valtellinese, Sondrio
 Banca Popolare Dell'emilia Romagna, Modena
 Banca Popolare Di Vicenza Sopa, (Head Office), Vicenza
 Banca Nuova Spa (Banca Popolare Di Vicenza Group), (Head Office), Palermo
 Commerzbank Ag, Milano
 Banca Carim-cassa Di Risparmio Di Rimini Spa, Rimini
 Cassa Di Risparmio Del Veneto S.P.A. (Head Office), Padova
 Mizuho Bank, Ltd, Milano
 Banca Monte Dei Paschi Di Siena S.P.A. (Head Office), Siena
 Banca Ubae Spa, Roma
 Unicredit S.P.A. Milano
 Banco Popolare Soc. Coop. (Formerly Banca Popolare Di Verona) (Head Office), Verona



Japan

Bank Of Tokyo-mitsubishi Ufi, Ltd., (Head Office), Tokyo
 Jpmorgan Chase Bank, N.A. (Tokyo Branch)
 Resona Bank, Ltd., Tokyo
 Hongkong And Shanghai Banking Corporation Limited, Tokyo
 Korea Exchange Bank, Tokyo
 Mizuho Bank, Ltd, Tokyo
 Okazaki Shinkin Bank, Okazaki
 Wells Fargo Bank, N.A. Tokyo
 Sailama Resona Bank, Limited, Tokyo
 State Bank Of India, Tokyo
 Standard Chartered Bank, Tokyo
 Sumitomo Mitsui Banking Corporation, Tokyo
 U.B.A.F. - Union De Banques Arabes Et Francaises Tokyo Branch, Tokyo
 Shizuoka Bank Ltd, Shizuoka



Jordan

Standard Chartered Bank, Amman, Jo



Korea Rep. (South Korea)

Bank Of Tokyo-mitsubishi Ufi, Ltd., (Seoul Branch)
 Jpmorgan Chase Bank, N.A., Seoul Branch
 Kookmin Bank, (Head Office), Seoul
 Hana Bank, Seoul
 Hongkong And Shanghai Banking Corporation Limited, Seoul
 Woori Bank, Seoul
 Industrial Bank Of Korea, (Head Office Seoul)
 Korea Development Bank, Seoul

Korea Exchange Bank, Seoul
 Wells Fargo Bank, N.A. Seoul
 Standard Chartered Bank, Seoul
 Shinhan Bank, Seoul
 U.B.A.F. - Union De Banques Arabes Et Francaises, Seoul
 DBS Bank Ltd, Seoul



Kuwait

Al Mulla International Exchange Co, Kuwait
 National Bank Of Kuwait, Kuwait



Luxembourg

Danske Bank International S.A. Luxembourg



Macau

Hongkong And Shanghai Banking Corporation Limited, Macau



Malta

Akbank T.A.S. (Malta Branch) St. Julian's
 Fimbank Plc, St. Julian's
 IIG Bank (Malta) Ltd



Malaysia

Ambank (M) Berhad, Kuala Lumpur
 J.P.Morgan Chase Bank Berhad, Kuala Lumpur
 Malayan Banking Berhad, Kuala Lumpur
 Rhb Islami Bank Berhad, Kuala Lumpur
 Rhb Bank Berhad, Kuala Lumpur
 Standard Chartered Bank, Kuala Lumpur
 Hsbc Bank Malaysia Berhad, Malaysia, Kuala Lumpur
 Sumitomo Mitsui Banking Corporation



Nepal

Himalayan Bank Ltd, Kathmandu
 Nepal Bangladesh Bank Limited, Kathmandu
 Standard Chartered Bank, Kathmandu



Netherlands

Credit Europe Bank, Amsterdam
 Rabobank Nederland, Utrecht
 Commerzbank Ag Kantoor Amsterdam, Amsterdam
 Abn Amro Bank N.V. Rotterdam
 Deutsche Bank A.G. Amsterdam
 Ing Bank N.V. Amsterdam
 Yapı Kredi Bank Nederland N.V. Amsterdam
 Korea Exchange Bank, Amsterdam Branch, Amstelveen



Norway

Danske Bank A/s, Trondheim
 Dnb Bank Asa, Oslo
 Handelsbanken, Oslo



Oman

Bank Dhofar (S.A.O.G.) Ruwi Oman
 Bankmuscat Saog, Muscat
 Bank Sohar S.A.O.G. Ruwi



Pakistan

Bank Al Habib Limited, Karachi
 Habib Bank Limited, Karachi
 Habib Metropolitan Bank Limited, Karachi
 National Bank Of Pakistan, Karachi, Head Office
 Standard Chartered Bank, Karachi
 Summit Bank Ltd, Karachi
 United Bank Limited, Karachi



Panama

Korea Exchange Bank, Panama



Philippine

Asian Development Bank, Manila
 Wells Fargo Bank, N.A. Manila
 Korea Exchange Bank, Manila



Poland

Ing Bank Slaski Sa Poland, Katowice
 Bank Zachodni WbK Sa, wroclaw-head Office
 Danske Bank A/s S.A. Oddzial W Polsce, Warszawa
 Bank Polska Kasa Opieki Sa - Bank Pekao
 MBANK S.A. (Formerly Bre Bank S.A.)



Portugal

Novo Baco Sa, Portugal



Qatar

Mashreqbank Psc, Doha
 Standard Chartered Bank, Doha
 United Bank Limited, Doha
 Doha Bank, Doha
 BARWA Bank Doha Qatar



Russia
Commerzbank (Eurasija) Sao, Moscow
Promsvyazbank PJSC, Moscow



Kingdom of Saudi Arabia
Al Inma Bank Riyadh Sa
National Bank Of Pakistan
Saudi British Bank
Samba Financial Group
State Bank Of India
Saudi Hollandi Bank
Bank Al-Jazira
Bankmuscat
Emirates Nbd Pjsc



Singapore
Unicredit Bank Ag Singapore Branch
Indian Bank Singapore
Standard Chartered Bank, Singapore
Abn Amro Bank N.V., Singapore Branch
Axis Bank Limited, Singapore
Bank Of America, N.A., Singapore
Bank Of Tokyo-mitsubishi Ufi, Ltd., Singapore
"Bnp Paribas Wealth Management (Formerly Known As Bnp Paribas Private Bank), Singapore"
Banco Santander, S.A., Singapore Branch
Jpmorgan Chase Bank, N.A., Singapore
Commerzbank Ag, Singapore Branch
Dbs Bank Ltd, Singapore
Deutsche Bank Ag, Singapore
Dnb Bank Asa, Singapore Branch
Emirates Nbd Bank Pjsc (Enbd), Singapore
Skandinaviska Enskilda Banken Ab (Publ), (Singapore Branch)
Habib Bank Limited, Singapore
The Hongkong And Shanghai Banking Corporation Limited, Singapore
Mega International Commercial Bank Co., Ltd., Singapore Branch
Icici Bank Limited, Singapore
Ing Bank N.V., Singapore
Indian Overseas Bank, Singapore
Korea Exchange Bank, Singapore Branch
Malayan Banking Berhad, Singapore
Mizuho Bank, Ltd, Singapore
Raiffeisen Bank International Ag Singapore Branch
Standard Chartered Bank, Singapore
Sumitomo Mitsui Banking Corporation, Singapore
U.B.A.F. - Union De Banques Arabes Et Francaises, Singapore
Wells Fargo Bank, N.A., Singapore



Slovenia
Unicredit Banka Slovenija D.D., Ljubljana



Slovakia
Ceskoslovenska Obchodna Banka, A.S., Bratislava



South Africa
FirstRand Bank Ltd Head Office Incl. Divisions



Spain
Banco Bilbao Vizcaya Argentaria S.A., Madrid
Banco Espirito Santo, Spain Branch
Bnp Paribas S.A. Sucursal En Espana, Madrid
Bank Of Tokyo-mitsubishi Ufi, Ltd., Madrid
Caixabank, S.A., Barcelona
Laboral Kutxa (Caja Laboral Popular Coop.de Cred.to)mondragon
Commerzbank Ag, Madrid
Banco Popular Espanol, S.A., Madrid
Banco De Sabadell, S.A., Sabadell Spain



Sri Lanka
People's Bank, Colombo
Axis Bank Ltd, Colombo
Icici Bank Ltd, Colombo



Sweden
Danske Bank, Stockholm
Skandinaviska Enskilda Banken, Goteborg
Skandinaviska Enskilda Banken, Malmo
Skandinaviska Enskilda Banken, Stockholm
Svenska Handelsbanken, Stockholm



Switzerland
Hsbc Bank Plc London, Zurich Branch
Atlantic Forfaitierungs Ag, Zurich
Credit Agricole (Suisse)sa, Geneva
Arab Bank (Switzerland) Ltd, Zurich
Banque Cantonale De Geneve, Geneva
Banque Cantonale Vaudoise, Lausanne
Banque De Commerce Et De Placements S.A., Geneva
Bnp Paribas (Suisse) Sa, Geneva
Credit Suisse Ag, Zurich
Habib Bank Ag Zurich, Zurich
Banca Popolare Di Sondrio (Suisse), Lugano
Ubl (Switzerland) Ag, Zurich
Zuercher Kantonalbank, Zurich



Taiwan
First Commercial Bank Taipei Taiwan
Bank Of China Limited Taipei Branch
Bangkok Bank Public Company Limited Taipei Branch
Chang Hwa Commercial Bank Ltd, Taipei
Jpmorgan Chase Bank, N.A., Taipei
Deutsche Bank Ag, Taipei Branch
Hsbc Bank (Taiwan) Limited, Taipei
The Bank Of New York Mellon, Taipei Branch
Wells Fargo Bank, N.A., Taipei
Standard Chartered Bank, Taipei
Shanghai Commercial And Savings Bank, Ltd., Taipei
DBS Bank (Taiwan) Ltd, Taipei



Thailand
Thanachart Bank Public Company Limited, Bangkok
Bangkok Bank Public Company Limited, Bangkok
Bnp Paribas Bangkok Branch, Bangkok
Bank Of Tokyo-mitsubishi Ufi, Ltd., Bangkok
Jpmorgan Chase Bank, N.A., Bangkok Branch
Export-import Bank Of Thailand, Bangkok
Kasikornbank Public Company Limited, Bangkok
Mizuho Bank, Ltd., Bangkok Branch
Standard Chartered Bank, Bangkok
Sumitomo Mitsui Banking Corporation, Bangkok
Hongkong And Shanghai Banking Corporation Limited, Bangkok



Turkey
Arab Turkish Bank, Istanbul
Turkiye Garanti Bankasi A.S., Istanbul
Akbank T.A.S., Istanbul
Hsbc Bank A.S., Istanbul



UAE
First Gulf Bank Abu Dhabi
National Bank Of Ras Al-khaimah
Abu Dhabi Commercial Bank, Abu Dhabi
Axis Bank Limited, Dfrc Branch (Regulated By Dfsa), Dubai
Mashreqbank Psc, Dubai
Commercial Bank Of Dubai
Emirates Nbd Bank Pjsc, Dubai-head Office
Habib Bank Limited, Dubai
Habib Bank Ag Zurich, Dubai
Icici Bank Limited, Dubai
Emirates Islamic Bank, Dubai
Noor Islamic Bank, Dubai
Standard Chartered Bank, Dubai
United Bank Ltd, Dubai
DOHA Bank



UK
United National Bank London, London
Bangkok Bank Public Company Limited London
Habib-uk Plc, London
Icici Bank Uk Plc, London
Korea Exchange Bank, London
Mizuho Bank, Ltd, London
Hsbc, London
Mashreqbank Psc, London
Wells Fargo Bank, N.A., London
Wells Fargo Bank, N.A., London
Standard Chartered Bank, London
The Royal Bank Of Scotland Plc London (Formerly Known As Rbs Nv), London
Bank Mandiri (Europe) Limited, London
Bank Of Tokyo-mitsubishi Ufi, Ltd., London
Sonal Bank Limited, London
Jpmorgan Chase Bank, N.A., London
Commerzbank Ag London
Northern Bank Limited (Trading As Danske Bank), Belfast
Danske Bank, London
Habib Bank Ag Zurich, London
Gulf International Bank (UK) Limited



U.S.A
City National Bank, Los Angeles
New York Commercial Bank, Westbury, ny
Deutsche Bank Trust Company Americas, New York, ny
Bnp Paribas U.S.A. - New York Branch
Bank Of America, N.A., New York, ny
Bank Of America, N.A., San Francisco, ca
Bank Of Tokyo-mitsubishi Ufi, Ltd., (New York Branch)
Bank Of The West, San Francisco, ca
Jpmorgan Chase Bank, N.A., New York, ny
Citibank Corp. (Usa), Los Angeles, ca
Abn Amro Capital Usa Llc, New York, ny
Gbc International Bank, Monterey Park, ca
Habib Bank Limited, New York, ny
Habib American Bank, New York, ny
Woori America Bank, New York
Icici Bank Limited, New York, ny
The Bank Of New York Mellon, New York, ny
Keybank National Association, Cleveland, oh

Mizuho Bank, Ltd., New York Branch
Hsbc, New York, ny
Mashreqbank Psc, New York, ny
National Bank Of Pakistan, New York, ny
Capital One, N.A., New York, ny
Wells Fargo Bank, N.A., Philadelphia
Wells Fargo Bank, N.A., Miami
Wells Fargo Bank, N.A., Charlotte
Wells Fargo Bank, N.A., Los Angeles
Pnc Bank, N.A., Pittsburgh, pa
Standard Chartered Bank, New York, ny
Shinhan Bank America, Los Angeles, ca
Sumitomo Mitsui Banking Corporation, New York, ny
Sterling National Bank, New York, ny
United Bank Ltd, New York, ny
U.S. Bank, Minneapolis, mn
Wells Fargo Bank, N.A., San Francisco, ca
International Finance Corporation



Uruguay
Banco Bilbao Vizcaya Argentaria Uruguay S.A., Montevideo



Uzbekistan
National Bank For Foreign Economic Activity Of The Republic Of Uzbekistan, Tashkent



Vietnam
Korea Exchange Bank, Hanoi Branch
Standard Chartered Bank (Vietnam) Limited, Hanoi
Shinhan Bank Vietnam, ho Chi Minh City
Joint Stock Commercial Bank For Foreign Trade Of Vietnam
Joint Stock Commercial Bank For Investment And Development Of Vietnam
Jpmorgan Chase Bank, N.A., Ho Chi Minh City
Woori Bank Hochiminh, ho Chi Minh City

GLOSSARY

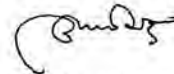
AD	Authorized Dealer	MBID	Merchant Banking and Investment Division
ALCO	Asset Liability Committee	MTMF	Medium Term Macro Economic Framework
ALM	Asset Liability Management	MANCOM	Management Committee
AMLCO	Anti Money Laundering Compliance Officer	MTF	Medium Term Funding Ratio
ATM	Automated Teller Machine	MCR	Minimum Capital Requirement
AT-1	Additional Tier-1 Capital	NII	Net Interest Income
ASF	Available Stable Funding	NPL	Non Performing Loan
BB	Bangladesh Bank (Central Bank of Bangladesh)	NCBs	Nationalised Commercial Banks
Bank	United Commercial Bank Limited	NRB	National Board of Revenue
B/L	Bad/Loss	NPAs	Non Performing Assets
BAS	Bangladesh Accounting Standard	NSFR	Net Stable Funding Ratio
BEFTN	Bangladesh Electronic Fund Transfer Network	NIM	Net Interest Margin
BFRS	Bangladesh Financial Reporting Standard	OBU	Offshore Banking Unit
BIBM	Bangladesh Institute of Bank Management	PCBs	Private Commercial Banks
BRPD	Banking Regulatory and Policy Department	PF	Provident Fund
BCBS	Basel Committee on Banking Supervision	POS	Point of Sale
BOD	Board of Directors	PV	Present Value
CAR	Capital Adequacy Ratio	RWA	Risk Weighted Assets
CRR	Cash Reserve Requirement	RMG	Readymade Garments
CRG	Credit Risk Grading	ROA	Return on Assets
CSR	Corporate Social Responsibility	ROE	Return on Equity
CPI	Consumer Price Index	RBCA	Risk Based Capital Adequacy
CDBL	Central Depository Bangladesh Limited	RMC	Risk Management Committee
CBS	Core Banking Software	RSA	Rate Sensitive Assets
CRISL	Credit Rating and Information Services Ltd.	RSF	Required Stable Funding
CCR	Credit Concentration Risk	RSL	Rate Sensitive Liabilities
CD	Certificate of Deposit	SME	Small and Medium Enterprise
CDR	Credit Deposit Ratio	SOP	Standard Operating Procedure
CET1	Common Equity Tier 1 Capital	SLR	Statutory Liquidity Requirement
CRAR	Capital to Risk Weighted Asset Ratio	SMA	Special Mentioned Account
CRM	Credit risk mitigation	SREP	Supervisory Review Evaluation Process
CFP	Contingency Funding Plan	SRP	Supervisory Review Process
CCF	Credit Conversion Factor	SLP	Structural Liquidity Profile
DCFCL	Departmental Control Function Check List	TGA	Traditional GAP Analysis
DEPZ	Dhaka Export Processing Zone	UCB	United Commercial Bank Limited
DOS	Department of Off-site Supervision	UCB	United Commercial Bank Limited
DP	Depository Participants	UCBCML	UCB Capital Management Limited
DTL	Demand and Time Liabilities	UCBIL	UCB Investment Limited
DGA	Duration GAP Analysis	VAT	Value Added Tax
EPS	Earning Per Share	VAR	Value at Risk
EWS	Early Warning Signal	WDV	Written Down Value
EPZ	Export Processing Zone	WBG	Wholesale Borrowing Guideline
FY	Fiscal Year (July to June)		
FTP	Fund Transfer Pricing		
GF	Gratuity Fund		
GDP	Gross Domestic Product		
HO	Head Office		
HOB	Head of Branch		
HFT	Held for Trading		
HTM	Held to Maturity		
ICAB	Institute of Chartered Accountants of Bangladesh		
IT	Information Technology		
IMF	International Monetary Fund		
IAS	International Accounting Standard		
IPO	Initial Public Offering		
IFC	International Finance Corporation		
ICAAP	Internal Capital Adequacy Assessment Process		
LC	Letter of Credit		
LCR	Liquidity Coverage Ratio		

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

Notice is hereby given that 34th Annual General Meeting of United Commercial Bank Ltd. will be held on May 11, 2017 (Thursday) at 11.00 A.M at Senamalancha, Dhaka Cantonment, Dhaka to transact the following businesses:

1. To Receive and Adopt the Audited Financial Statements for the year ended December 31, 2016 & the Auditor's Report thereon and the Report of the Directors'.
2. To Approve 15% Cash Dividend as Recommended by the Board of Directors.
3. To Appoint the Directors of the Bank.
4. To Approve the Appointment of the Independent Directors.
5. To Appoint the External Auditors & fix their remuneration.

By order of the Board



(ATM Tahmiduzzaman, FCS)
Company Secretary

Dated: April 26, 2017

Notes:

- (i) The 'Record Date' in lieu of Book Closure has been fixed on April 25, 2017 (Tuesday).
- (ii) The Shareholders whose names appeared in the Register of Members of the Company or in the depository (CDBL) on the Record Date i.e. April 25, 2017 (Tuesday) will be eligible to attend the meeting and entitled to dividend as mentioned above.
- (iii) A member eligible to attend the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. The instrument appointing proxy duly signed by the member and stamped (TK. 20.00) must be submitted to the Registered Office of the Company at least 72 hours before the Meeting.
- (iv) Members/ Proxies are requested to record their entry in the AGM well in time on May 11, 2017 (Thursday). The registration counter will open at 9.00 A.M. on the AGM date.
- (v) Annual Report, Attendance Slip and Proxy Form along with the Notice are being sent to all the Members by Post/Courier Service. The Members may also collect the Annual Report and Proxy Form from the Registered Office of the Company and may download proxy form from the Bank's website i. e. www.ucb.com.bd.
- (vi) The concerned Brokerage Houses are requested to provide us with a statement with the details (Shareholders' name, BO ID number, client-wise shareholding position, gross dividend receivable, applicable tax rate and net dividend receivable) of their margin loan holders who holds UCB shares, as on the 'Record Date' along with the name of the contact person in this connection, to the company's share office on or before 30.04.2017. The Brokerage houses are also requested to provide us with their Bank name & Account number, routing number etc.
- (vii) In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013, No Gift/Gift Coupon / Food Box shall be distributed at the ensuing 34th AGM.





PROXY FORM

Shareholder/Proxy Attendance Slip



ANNEXURE

SAFA STANDARD DISCLOSURE CHECKLIST

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3 months time to produce the Annual Report and hold AGM are considered reasonable for full marks	Year end:
Delay after the initial period of 3 months-deduction of 2 marks is to be made for each month	31 Dec 2016
If the period is over 6 months-no marks shall be awarded	BoD Approval:
	04 April 2017
	AGM Date:
	11 May 2017

SAFA STANDARD DISCLOSURE CHECKLIST

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United Commercial Bank Limited
Corporate Office:
Plot-CWS (A)-1, Road No-34, Gulshan Avenue
Dhaka-1212, Phone: +8802 55668070