

**Auditor's Report
and
Audited Financial Statements
UNITED COMMERCIAL BANK LIMITED
for the year ended 31 December 2018**

Independent Auditors' Report
To the Shareholders of United Commercial Bank Limited
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the 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 and separate balance sheets as at 31 December 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 2018, and of its consolidated and separate profit and loss accounts and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the International Ethics Standards Board for Accountants (IESBA) Code and the Institute of Chartered Accountants of Bangladesh (ICAB) bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loans & Advances	
Key Audit Matters	Our response to the risk
<p><u>Classification</u></p> <p>The classification of Loans & Advances are determined by specific Bangladesh Bank's circulars which have wide ranging effect on the financial position and performance of the Bank, namely through provisioning requirements.</p> <p>Furthermore the calculation of RWA (Risk Weighted Assets) is, to some extent, dependent on the classification of Loans & Advances which ultimately impact the CRAR (Capital to Risk Weighted Assets) – a significant indicator of Bank's health under the BASEL – III regime.</p> <p>Furthermore the recognition and measurement of these Loans & Advances are dictated by Bangladesh Bank's circulars namely BRPD 16 dated 06.12.1998, BRPD 9 dated 14.05.2001, BRPD 9 and 10 dated 20.08.2005, BRPD 8 dated 07.08.2007, BRPD 10 dated 18.09.2007, BRPD 14 dated 23.09.2012, BRPD 19 dated 27.12.2012, BRPD 05 dated 29.05.2013, BRPD 16 dated 18.11.2014, BRPD 08 dated 02.08.2015, BRPD 12 dated 20.08.2017, BRPD 15 dated 27.09.2017, BRPD 1 dated 03.01.2018, BRPD 01 dated 20.02.2018 respectively which limits the fair implementation of respective IFRSs.</p> <p>The Bank's disclosures about classification of Loans & Advances are included in note 2.1. (iii), 7.10 & 7.11.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the Loans appraisal, loans disbursement procedures, monitoring and recovery process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Bank's Classification of Loans & Advances (CL); <p>Furthermore we have assessed the Loans & Advances application receipt, assessment, documentation and authorization process against Bank's policy and Bangladesh Bank's requirements.</p> <p>As part of our process we have also reviewed the loan files, bank statements, assessed the adequacy of collateral.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
<p><u>Measurement of Provision</u></p> <p>The process for estimating the provision for Loans & Advances portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis, these provisions consider the estimates of future business performances and the market value of collateral provided for credit transactions.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Tested the control designed by management to ensure compliance of Bangladesh Bank Circulars relating to provision requirement and provision calculations.

<p>For the collective analysis, these provisions are manually processed that deals with voluminous databases, assumptions and calculations for the provision estimates of complex design and implementation.</p> <p>At year end, the Bank reported total Loans & Advances of Taka 294,671.94 million (2017: Taka 261,002.88 million) and provision against Loans & Advances of Taka 9,308.94 million (2017: Taka 7,417.46 million).</p> <p>The Bank's disclosures about provisioning of Loans & Advances are included in note 2.10.22, 7.11, 12.1, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.11, 12.12, 12.14 and 35.</p>	<ul style="list-style-type: none"> • Tested the controls regarding the proper reporting of provision in (CL) and others. • Tested the controls relating to proper authorization and compliance of Bangladesh Bank Circulars for write-off of investment. <p>Our substantive procedures in relation to the provision for Investments portfolio comprised the following:</p> <ul style="list-style-type: none"> • Reviewed the adequacy of the Bank general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information; <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>
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Valuation of treasury bill and treasury bond	
Key Audit Matters	Our response to the risk
<p>The classification and measurement of treasury bill and treasury bond require significant judgment and complex estimates.</p> <p>In the absence of quoted price in an active market, the fair value of treasury bill and treasury bond is determined using complex valuation techniques which takes into consideration of direct or indirect unobservable market data and complex pricing models.</p>	<p>We tested the design and operating effectiveness of key controls focusing on the classification and measurement of treasury bill and treasury bond.</p> <p>We tested a sample of the valuation models and the inputs used in those models using a variety of techniques applicable in the circumstances.</p> <p>Finally we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

Impairment assessment of unquoted investment	
Key Audit Matters	Our response to the risk
<p>In absence of a quoted price in an active market the fair value of unquoted shares and bonds especially any impairment is calculated using valuation technics which may take into consideration direct or indirect unobservable market data;</p> <p>The Bank's disclosures relating to unquoted investment are included in note 6, 6.3(b) to the financial statements.</p>	<p>We have assessed the process and controls in place by the bank to ensure the major decision are under taken thorough a proper due diligence.</p> <p>We tested sample of investment valuation as at 31 December 2018 and compared our results to the recorded value.</p> <p>Finally we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p>

Deferred Tax	
Key Audit Matters	Our response to the risk
<p>The Bank reports net deferred tax liability totaling Taka 227.53 million as at 31 December 2018 (Taka 206.45 million as at 31 December 2017)</p> <p>Significant judgment is required in relation to deferred tax liability as their adjustment is dependent on forecasts of future profitability over a number of years.</p> <p>The Bank's disclosures relating to Deferred Tax are included in note 2.10.29.ii and 12.16 to the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of DTAs and the assumptions used in estimating the Bank's future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTAs.</p> <p>Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.</p>

IT systems and controls	
Key Audit Matters	Our response to the risk
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our area of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</p> <p>The Bank's disclosures relating to its IT systems and controls are included in note 2.10.54.6 of the financial statements.</p>	<p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized. We tested the Bank's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Legal & Regulatory Matters	
Key Audit Matters	Our response to the risk
<p>We focused on this area because the Bank operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>Significant Legal & Regulatory matters pertaining to the Bank were:</p> <ul style="list-style-type: none"> • Compliance of rules & regulations, including submission of returns to various regulators; • Maintenance of regulatory capital, reserves & provisions; and • Litigation (cases) filed on behalf of or against the Bank including any provisioning requirements. <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>The Bank's disclosures relating to its Legal & Regulatory Matters are included in note 2.1 of the financial statements.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We also enquired Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p>

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Bank financial statements
Overall materiality	Tk. 303.74 million (2017: Tk. 311.25 million)	Tk. 296.47 million (2017: Tk. 306.27 million)
How we determined it	5% of average profit or loss before tax of the last 5 years	
Rational for benchmark applied	Based on the benchmarks used in the Annual Report, profit or loss before tax is a key measure used by the shareholders in assessing the performance of the Bank, and is a generally accepted auditing benchmark.	

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriate low level & the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments together with our assessment of the Bank's overall control environment, our judgment was that the performance materiality was 85% (2017: 85%) of our planning materiality namely Tk. 258.18 million (2017: Tk. 264.57 million) for the Group financial statements and Tk. 252.00 million (2017: Tk. 260.33 million) for the separate financial statements of the Bank.

Going Concern

We are required to report if we have anything material to add or draw attention to in relation to the note 2.1.1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Bank's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank that gives a true & fair view in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 (As amended in 2013 & 2018) and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987, the Bank Company Act 1991 (as amended in 2013 & 2018) and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) 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:
 - (a) 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 to the financial statements appeared to be adequate with immaterial control deficiencies as identified in the Management Report;
 - (b) 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 note 2.10.54.4 (ii) to the financial statement
- (iii) financial statements of all subsidiary companies of the Bank namely, UCB Capital Management Ltd. and UCB Investment Ltd. have been audited by us and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of accounts as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from Branches not visited by us;
- (v) the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business for the year;


- (vii) 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 accounting standards as explained in note 2.1 as well as with related guidelines, circulars issued by Bangladesh Bank and decision taken in tripartite meeting amongst the inspection team of Bangladesh Bank, external auditors' and the management of United Commercial Bank Limited held on 11 April 2019;
- (viii) provisions as explained in note 35 and 37 have been made for the loans & advances, other assets and off-balance sheet items which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and spent around 7,040 person hours for the audit of the books and accounts of the Bank; and
- (xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka,
30 April 2019

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

UNITED COMMERCIAL BANK LIMITED
Consolidated Balance Sheet
As at 31 December 2018

	Notes	Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
<u>PROPERTIES & ASSETS</u>			
Cash	3(a)	22,790,805,977	23,914,668,298
Cash in hand (Including foreign currencies)		5,210,062,815	3,622,586,753
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		17,580,743,162	20,292,081,545
Balance with other banks & financial institutions	4(a)	16,808,653,551	20,728,528,451
In Bangladesh		15,878,993,805	19,506,883,628
Outside Bangladesh		929,659,746	1,221,644,823
Money at Call on short notice	5	150,000,000	290,000,000
Investments	6(a)	52,157,763,306	44,327,407,389
Government		41,715,205,114	38,980,950,734
Others		10,442,558,192	5,346,456,655
Loans and Advances	7(a)	296,577,495,501	262,582,316,650
Loans, Cash Credits, Overdrafts etc		277,089,605,629	246,380,809,499
Bills purchased and discounted		19,487,889,872	16,201,507,151
Fixed assets including premises, furniture & fixture	8(a)	9,084,103,674	8,352,791,075
Other assets	9(a)	5,392,690,884	5,012,804,789
Non-banking assets		-	-
Total Assets		402,961,512,892	365,208,516,652
<u>LIABILITIES AND CAPITAL</u>			
Liabilities:			
Borrowings from other banks, financial institutions and agents	10(a)	45,243,659,182	34,196,394,134
Deposits and other accounts	11(a)	297,016,343,921	278,005,027,973
Current accounts & other accounts		48,838,638,845	44,143,932,157
Bills Payable		7,520,067,273	6,594,925,930
Savings Bank Deposits		52,032,663,276	52,852,622,249
Fixed Deposits		188,624,974,527	174,413,547,637
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
Other Liabilities	12(a)	32,206,869,529	26,135,329,030
Total Liabilities		374,466,872,632	338,336,751,137
Capital / Shareholders' Equity			
Paid up Capital	13	10,541,306,540	10,541,306,540
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	11,448,968,037	10,467,416,183
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,647,631,817	2,630,571,976
Retained Earnings	17(a)	2,375,178,967	1,750,915,952
Total Shareholders' Equity		28,494,640,072	26,871,765,362
Non controlling interest		188	153
Total Shareholders' Equity with non-controlling interest		28,494,640,260	26,871,765,515
Total Liabilities and Shareholders Equity		402,961,512,892	365,208,516,652

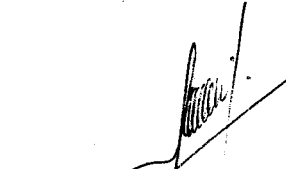


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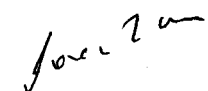


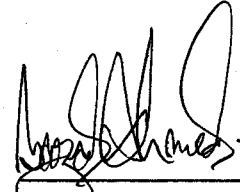
Notes	Amount in BDT	
	31 Dec. 2018	31 Dec. 2017
18	182,066,614,059	197,156,815,172
Acceptances & Endorsements	69,188,473,619	48,836,369,932
Letters of Guarantee	65,251,091,309	91,361,376,812
Irrevocable Letters of Credit	34,639,116,428	44,803,196,081
Bills for Collection	12,987,932,703	12,155,872,347
Other Contingent Liabilities	-	-
Other Commitments:	-	816,986,203
Documentary credit and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	816,986,203
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total Off-Balance sheet items including contingent liabilities	182,066,614,059	197,973,801,375

The annexed notes 01 to 48 form an integral part of these financial statements.


Managing Director



Director


Director


Director

As per our report of same date.

Dhaka, 30 April 2019


Syful Shamsul Alam & Co.
Chartered Accountants



UNITED COMMERCIAL BANK LTD
Consolidated Profit and Loss Account
For the year ended 31 December 2018

	Notes	Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
Interest Income	20(a)	25,535,510,449	21,195,019,572
Interest paid on deposits and borrowings etc	21(a)	16,058,876,540	12,095,778,945
Net Interest Income		9,476,633,909	9,099,240,627
Investment income	22(a)	4,426,444,175	4,280,415,201
Commission, exchange and brokerage	23(a)	4,618,603,224	4,238,444,827
Other Operating Income	24(a)	407,059,228	272,638,776
Total Operating Income (A)		18,928,740,536	17,890,739,431
OPERATING EXPENSES			
Salary and allowances	25(a)	6,579,674,154	5,826,694,652
Rent, taxes, insurance, electricity etc.	26(a)	1,229,731,749	1,159,547,062
Legal expenses	27(a)	63,279,505	65,635,948
Postage, stamps, telecommunications etc.	28(a)	143,219,321	149,631,095
Stationery, printing, advertisements etc.	29(a)	1,131,846,170	653,721,332
Chief Executive's salary and fees	30	9,912,000	8,026,560
Directors' fees	31	5,403,306	5,408,654
Auditors' fees	32(a)	1,230,500	885,500
Depreciation and repair of banks assets	33(a)	803,749,247	769,725,956
Other expenses	34(a)	1,044,739,752	930,189,933
Total Operating Expenses (B)		11,012,785,704	9,569,466,692
Profit/(Loss) before provision (C) = (A-B)		7,915,954,832	8,321,272,739
Provision for Loans & Advances	35(a)	3,425,686,446	2,092,071,402
Provision for diminution in value of investments	36(a)	(272,108,562)	(5,191,480)
Other provisions	37	(379,317,151)	397,928,598
Total Provision (D)		2,774,260,733	2,484,808,520
Total Profit/(Loss) before Income taxes (C - D)		5,141,694,099	5,836,464,219
Provision for Taxation	38(a)	2,481,748,541	3,114,213,388
Current Tax		2,460,094,126	3,113,781,612
Deferred Tax		21,654,415	431,776
Net Profit after Taxation		2,659,945,558	2,722,250,831
Appropriations			
Statutory Reserve		981,551,855	1,092,281,699
Retained Surplus		1,678,393,703	1,629,969,132
Attributable to:			
Equity holders' of the Bank		1,678,393,668	1,629,969,089
Non controlling interest		35	43
		1,678,393,703	1,629,969,132
Earnings Per Share (EPS)	39(a)	2.52	2.58

The annexed notes 01 to 48 form an integral part of these financial statements.


Managing Director


Director



Director


Director

As per our report of same date.

Dhaka, 30 April 2019




Syful Shamsul Alam & Co.
Chartered Accountants

UNITED COMMERCIAL BANK LTD
Consolidated Cash Flow Statement
For the year ended 31 December 2018

Notes	Amount in BDT	
	31 Dec. 2018	31 Dec. 2017
A. Cash flows from operating activities		
Interest Receipts in cash	28,992,693,082	24,450,686,053
Interest Payments	(13,432,685,929)	(12,384,846,072)
Dividend Receipts	335,447,914	166,240,723
Fees & Commission Receipts in cash	2,949,858,080	2,623,587,027
Recoveries of loans Previously written off	267,641,572	113,150,993
Cash Payments to employees	(6,589,586,154)	(5,834,721,212)
Cash Payments to suppliers	(2,504,797,240)	(1,962,989,492)
Income taxes paid	(2,442,930,993)	(2,157,039,734)
Receipt from other operating activities	2,214,854,544	2,394,671,331
Payment for other operating activities	(1,349,424,896)	(1,219,219,372)
Operating profit before changes in operating assets and liabilities.	8,441,069,980	6,189,520,245
Increase/Decrease in operating assets and liabilities:		
Statutory Deposits	(2,734,254,380)	11,771,586,165
Purchase/Sales of trading Securities	(621,427,364)	568,866,708
Loans and advances to Customers	(35,525,982,523)	(38,839,580,370)
Other assets	1,275,395,762	358,805,273
Deposit from banks	4,978,773,803	11,127,494
Deposit from customers	14,032,542,145	21,036,581,440
Other Liabilities	750,948,333	1,054,763,036
	(17,844,004,224)	(4,037,850,253)
Net Cash from operating activities (A)	(9,402,934,244)	2,151,669,992
B. Cash flows from investing activities		
Proceeds from Sale of Securities	(974,674,173)	(150,800,000)
Purchase/Sale of property, plant & equipment	(1,299,263,198)	(518,150,228)
Net Cash from investing activities (B)	(2,273,937,371)	(668,950,228)
C. Cash flows from financing activities		
Receipts from borrowings	11,047,265,048	8,631,293,500
Sub-Ordinated Bond	(3,500,000,000)	-
Dividends paid	(1,054,130,654)	(1,581,195,981)
Cash received from Issuing of Right Shares	-	-
Net cash from financing activities (C)	6,493,134,394	7,050,097,519
D. Net Increase/(Decrease) in cash (A+B+C)	(5,183,737,221)	8,532,817,283
E. Cash and Cash equivalents at beginning of the year	44,933,196,749	36,400,379,466
F. Cash and cash equivalents at the end of the year	39,749,459,528	44,933,196,749
Consolidated Cash and cash Equivalents at end of the year		
Cash in hand (including foreign currencies)	3 (a) 5,210,062,815	3,622,586,753
Balance with Bangladesh bank and its agent bank	3 (a) 17,580,743,162	20,292,081,545
Balance with other banks & financial institution	4 (a) 16,808,653,551	20,728,528,451
Money at call on short notice	5 150,000,000	290,000,000
	39,749,459,528	44,933,196,749

The annexed notes 01 to 48 form an integral part of these financial statements.

Managing Director

Director

Director


Director



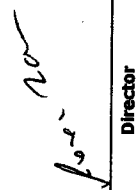
UNITED COMMERCIAL BANK LTD
Consolidated Statement of Changes in Equity
For the year ended 31 December 2018

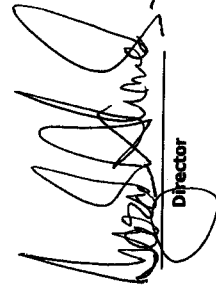
Particulars	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Non-Controlling Interest	Foreign Currency translation gain/(loss)	Retained Earnings	Amount in BDT
Balance as at 01 January 2018	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	153	19,591,419	1,750,915,952	26,871,765,515
Changes in accounting policy	-	-	-	-	-	-	-	-	-	-
Restated Balance	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	153	19,591,419	1,750,915,952	26,871,765,515
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	13,921,366	-	-	-	13,921,366
Currency translation difference (OBU)	-	-	-	-	-	-	-	3,138,475	-	3,138,475
Net Profit for the year	-	-	-	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	-	-	-	2,659,945,558	2,659,945,558
Dividend (Bonus Share Issued)	-	-	981,551,855	-	-	-	-	-	(981,551,855)	-
Dividend (Cash) for 2017	-	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	(1,054,130,654)	(1,054,130,654)
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	10,541,306,540	1,454,976,750	11,448,968,037	26,577,961	2,534,101,559	90,800,364	188	22,729,894	2,375,178,967	28,494,640,260

The annexed notes 01 to 48 form an integral part of these financial statements.


Managing Director


Director


Director


Director




UNITED COMMERCIAL BANK LIMITED
Balance Sheet
As at 31 December 2018

		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
PROPERTIES & ASSETS			
Cash	3	22,790,705,537	23,914,511,782
Cash in hand (Including foreign currencies)		5,209,962,375	3,622,430,237
Balance with Bangladesh Bank & its agent bank(s) (Including foreign currencies)		17,580,743,162	20,292,081,545
Balance with other banks & financial institutions	4	16,256,142,471	19,768,664,310
In Bangladesh		15,326,482,725	18,547,019,487
Outside Bangladesh		929,659,746	1,221,644,823
Money at Call on short notice	5	150,000,000	290,000,000
Investments	6	50,830,837,698	42,911,746,304
Government		41,715,205,114	38,980,950,734
Others		9,115,632,584	3,930,795,570
Loans and Advances	7	294,671,938,315	261,002,884,449
Loans, Cash Credits, Overdrafts etc		275,184,048,443	244,801,377,298
Bills purchased and discounted		19,487,889,872	16,201,507,151
Fixed assets including premises, furniture & fixture	8	9,056,114,228	8,344,101,636
Other assets	9	7,320,406,165	7,082,891,656
Non-banking assets		-	-
Total Assets		401,076,144,413	363,314,800,137
LIABILITIES AND CAPITAL			
Liabilities:			
Borrowings from other banks, financial institutions and agents	10	44,694,259,182	33,846,394,134
Deposits and other accounts	11	297,172,820,632	278,195,485,832
Current accounts & other accounts		48,995,115,556	44,334,390,016
Bills Payable		7,520,067,273	6,594,925,930
Savings Bank Deposits		52,032,663,276	52,852,622,249
Fixed Deposits		188,624,974,527	174,413,547,637
Bearer Certificates of Deposits		-	-
Other Deposits		-	-
Other Liabilities	12	31,209,298,354	24,762,662,367
Total Liabilities		373,076,378,168	336,804,542,333
Capital / Shareholders' Equity			
Paid up Capital	13	10,541,306,540	10,541,306,540
Share Premium	13.3	1,454,976,750	1,454,976,750
Statutory Reserve	14	11,448,968,037	10,467,416,183
General Reserve	15	26,577,961	26,577,961
Other Reserve	16	2,647,631,817	2,630,571,976
Retained Earnings	17	1,880,305,140	1,389,408,394
Total Shareholders' Equity		27,999,766,245	26,510,257,804
Total Liabilities and Shareholders Equity		401,076,144,413	363,314,800,137



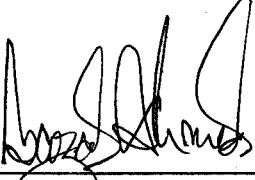
	Notes	Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
<u>Off Balance Sheet Items</u>			
Contingent Liabilities :			
	18	182,066,614,059	197,156,815,172
Acceptances & Endorsements	18.1	69,188,473,619	48,836,369,932
Letters of Guarantee	18.2	65,251,091,309	91,361,376,812
Irrevocable Letters of Credit	18.3	34,639,116,428	44,803,196,081
Bills for Collection	18.4	12,987,932,703	12,155,872,347
Other Contingent Liabilities		-	-
Other Commitments:		-	816,986,203
Documentary credit and short term trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	816,986,203
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total Off-Balance sheet Items Including Contingent Liabilities		182,066,614,059	197,973,801,375

The annexed notes 01 to 48 form an integral part of these financial statements.


Managing Director


Director



Director


Director

As per our report of same date.

Dhaka, 30 April 2019




Syful Shamsul Alam & Co.
Chartered Accountants

UNITED COMMERCIAL BANK LTD
Profit and Loss Account
For the year ended 31 December 2018

	Notes	Amount in BDT	
		31 Dec 2018	31 Dec 2017
Interest Income	20	25,266,932,644	21,034,156,637
Interest paid on deposits and borrowings etc	21	16,024,496,884	12,087,387,278
Net Interest Income		9,242,435,760	8,946,769,359
Investment income	22	4,430,705,298	4,097,003,932
Commission, exchange and brokerage	23	4,480,617,157	4,066,522,259
Other Operating Income	24	406,398,680	271,972,941
Total Operating Income (A)		18,560,156,895	17,382,268,491
OPERATING EXPENSES			
Salary and allowances	25	6,491,607,508	5,736,494,910
Rent, taxes, insurance, electricity etc.	26	1,226,148,243	1,155,591,221
Legal expenses	27	63,146,961	65,336,223
Postage, stamps, telecommunications etc.	28	141,984,025	148,928,973
Stationery, printing, advertisements etc.	29	1,127,862,324	648,490,430
Chief Executive's salary and fees	30	9,912,000	8,026,560
Directors' fees	31	5,403,306	5,408,654
Auditors' fees	32	1,150,000	805,000
Depreciation and repair of banks assets	33	799,956,580	764,885,364
Other expenses	34	1,035,097,565	896,892,661
Total Operating Expenses (B)		10,902,268,512	9,430,859,996
Profit/(Loss) before provision (C) = (A-B)		7,657,888,383	7,951,408,495
Provision for Loans & Advances	35	3,422,285,507	2,092,071,402
Provision for diminution in value of investments	36	(292,839,246)	-
Other provisions	37	(379,317,151)	397,928,598
Total Provision (D)		2,750,129,110	2,490,000,000
Total Profit/(Loss) before Income taxes (C - D)		4,907,759,273	5,461,408,495
Provision for Taxation	38	2,381,180,019	3,027,500,000
Current Tax		2,360,094,126	3,027,500,000
Deferred Tax		21,085,893	-
Net Profit after Taxation		2,526,579,254	2,433,908,495
Appropriations			
Statutory Reserve		981,551,855	1,092,281,699
Retained Surplus		1,545,027,399	1,341,626,796
		2,526,579,254	2,433,908,495
Earnings Per Share (EPS)	39	2.40	2.31

The annexed notes 01 to 48 form an integral part of these financial statements.


Managing Director


Director


Director


Director

As per our report of same date.

Dhaka, 30 April 2019

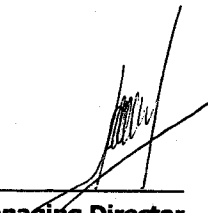


Syful Shamsul Alam & Co.
Syful Shamsul Alam & Co.
Chartered Accountants

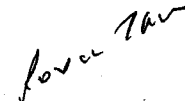
UNITED COMMERCIAL BANK LTD
Cash Flow Statement
For the year ended 31 December 2018

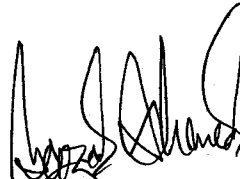
	Notes	Amount in BDT	
		31 Dec 2018	31 Dec 2017
A. Cash flows from operating activities			
Interest Receipts in cash		28,724,115,277	24,289,823,118
Interest Payments		(13,398,306,273)	(12,376,454,405)
Dividend Receipts		303,129,439	139,310,824
Fees & Commission Receipts in cash		2,811,872,013	2,451,664,459
Recoveries of loans Previously written off		267,641,572	113,150,993
Cash Payments to employees		(6,501,519,508)	(5,744,521,470)
Cash Payments to suppliers		(2,495,994,592)	(1,953,010,624)
Income taxes paid		(2,361,320,271)	(2,114,571,485)
Receipt from other operating activities	40	2,250,773,594	2,299,173,341
Payment for other operating activities	41	(1,339,569,667)	(1,183,618,966)
Operating profit before changes in operating assets and liabilities.		8,260,821,584	5,920,945,785
Increase/Decrease in operating assets and liabilities:			
Statutory Deposits		(2,734,254,380)	11,771,586,165
Purchase/Sales of trading Securities		(702,283,204)	938,105,788
Loans and advances to Customers		(35,199,857,538)	(37,900,790,750)
Other assets	42	(15,273,423)	(1,080,633,387)
Deposit from banks		4,978,773,803	11,127,494
Deposit from customers		13,998,560,997	20,480,056,257
Other Liabilities	43	2,603,200,829	1,571,385,916
		(17,071,132,915)	(4,209,162,517)
Net Cash from operating activities (A)		(8,810,311,331)	1,711,783,268
B. Cash flows from investing activities			
Proceeds from Sale of Securities		(982,553,810)	(145,800,000)
Purchase/Sale of property, plant & equipment		(1,277,197,337)	(513,634,831)
Net Cash from investing activities (B)		(2,259,751,147)	(659,434,831)
C. Cash flows from financing activities			
Receipts from borrowings		10,847,865,048	8,281,293,500
Sub-Ordinated Bond		(3,500,000,000)	-
Dividends Paid		(1,054,130,654)	(1,581,195,981)
Cash received from Issuance of Rights Shares		-	-
Net cash from financing activities (C)		6,293,734,394	6,700,097,519
Net Increase/(Decrease) in cash (A+B+C)		(4,776,328,084)	7,752,445,956
Cash and Cash equivalents at beginning of the year		43,973,176,092	36,220,730,136
Cash and cash equivalents at the end of the year		39,196,848,008	43,973,176,092
Cash and cash Equivalents at end of the year			
Cash in hand (including foreign currencies)	3.1	5,209,962,375	3,622,430,237
Balance with Bangladesh bank and its agent bank	3.2	17,580,743,162	20,292,081,545
Balance with other banks & financial institution	4	16,256,142,471	19,768,664,310
Money at call on short notice	5	150,000,000	290,000,000
		39,196,848,008	43,973,176,092

The annexed notes 01 to 48 form an integral part of these financial statements.


Managing Director


Director


Director

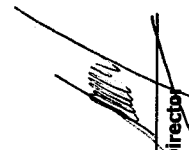

Director




UNITED COMMERCIAL BANK LTD
Statement of Changes in Equity
For the year ended 31 December 2018


Particulars	Paid up Capital	Share Premium	Statutory Reserve	General Reserve	Assets Revaluation Reserve	Investment Revaluation Reserve	Foreign Currency translation gain/(loss)	Retained Surplus	Total
Balance as at 01 January 2018	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	19,591,419	1,389,408,394	26,510,257,804
Changes in Accounting policy	-	-	-	-	-	-	-	-	-
Restated Balance	10,541,306,540	1,454,976,750	10,467,416,183	26,577,961	2,534,101,559	76,878,998	19,591,419	1,389,408,394	26,510,257,804
Surplus/deficit on accounts of revaluation of properties	-	-	-	-	-	-	-	-	-
Surplus/deficit on accounts of revaluation of investments	-	-	-	-	-	13,921,366	-	-	13,921,366
Currency translation difference (OBU)	-	-	-	-	-	-	3,138,475	-	3,138,475
Net Profit for the period	-	-	-	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	-	-	2,526,579,254	2,526,579,254
Dividend (Bonus Share Issued)	-	-	981,551,855	-	-	-	-	(981,551,855)	-
Dividend (Cash) for 2017	-	-	-	-	-	-	-	-	-
Transfer to Retained Earnings	-	-	-	-	-	-	-	(1,054,130,654)	(1,054,130,654)
Issue of share capital	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	10,541,306,540	1,454,976,750	11,448,968,037	26,577,961	2,534,101,559	90,800,364	22,729,894	1,880,305,140	27,999,766,245

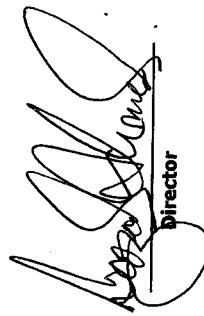
The annexed notes 01 to 48 form an integral part of these financial statements.


Managing Director


Director




Director


Director

UNITED COMMERCIAL BANK LTD
Liquidity Statement
Asset and Liability Maturity Analysis
As at 31 December 2018

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	5,313,033,448	-	-	-	17,477,672,089
Balance with other banks & financial institutions	10,696,642,471	5,559,500,000	-	-	16,256,142,471
Money at call on short notice	150,000,000	-	-	-	150,000,000
Investment	1,803,328,337	-	7,666,173,330	13,599,247,898	27,762,088,132
Loans and Advances	38,791,051,293	67,718,092,312	78,152,207,483	68,129,991,338	41,880,595,890
Fixed assets including premises, furniture & fixture	50,000,000	100,000,000	450,000,000	2,400,000,000	6,056,114,228
Other Assets	1,159,171,841	1,171,858,272	523,589,531	1,346,549,251	3,119,237,270
Non banking assets					7,320,406,165
Total Assets (A)	57,963,227,390	74,549,450,584	86,791,970,344	85,475,788,487	96,295,707,609
Liabilities					
Borrowing from Bangladesh bank, other banks, financial institutions and agents	5,228,466,285	7,204,544,085	13,164,863,107	12,399,571,977	6,696,813,728
Deposits	37,076,222,002	53,369,796,449	59,990,792,102	72,358,684,856	74,377,325,223
Provisions and other liabilities	2,739,164,684	6,376,030,371	5,957,099,776	4,268,880,342	11,868,123,181
Total Liabilities (B)	45,043,852,972	66,950,370,905	79,112,754,985	89,027,137,174	92,942,262,131
Net Liquidity Gap (A-B)	12,919,374,418	7,599,079,678	7,679,215,359	(3,551,348,688)	3,353,445,477
					27,999,766,245



United Commercial Bank Limited

Notes to the Financial Statements

As at and for the year ended 31 December 2018

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 187 branches and 75 agent banking outlets as on 31 December 2018. 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 advantages. Off-shore Banking Unit (the Unit), 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. At present there is one unit of off-shore banking operating in Dhaka under the Rules and guidelines of Bangladesh Bank.

1.3 Mobile Financial Services; UCash

With the view to bringing the unbanked people into 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. DCMP/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 shareholding and voting right are 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 are prepared for subsidiary investment as per International Accounting Standard (IAS) - 27; 'Separate Financial Statements' and IFRS-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) are 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 include 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 the 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 2018 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 2018 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 Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. However, the FRC has been formed but yet to issue any financial reporting standards. Consequently, as per the provisions of the FRA (section -69), the consolidated and separate financial statements of the Group and the Bank respectively have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) and in addition to this the Bank complied with the requirements of following laws and regulations from various Government bodies:

- The Bank Company Act, 1991 and amendment thereon;
- The Companies Act, 1994;
- Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;
- Bangladesh Securities and Exchange Rules 1987, Bangladesh Securities and Exchange ordinance 1969, Bangladesh Securities and Exchange Act 1993, Bangladesh Securities and Exchange Commission (Public Issue) Rules 2015;
- The Income Tax ordinance, 1984 and amendment thereon;
- The Value Added Tax Act, 1991 and amendment thereon;
- Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations; and
- Financial Reporting Act 2015.

In case of any requirement of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank (BB) differ with those of IFRSs, the requirements of the Bank Company Act 1991, and provisions and circulars issued by BB shall prevail. Material departures from the requirements of IFRS are as follows:

i. Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) along with their contractual cash flow characteristics. Based on these factors it would generally fall either under 'at fair value through profit or loss account' or under 'at fair value through other comprehensive income' where any change in the fair value (as

measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per Banking Regulation and Policy Department (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.

ii. Revaluation gain/loss on Government securities

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at the year end, 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 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 gains or losses on amortisation are recognised in other reserve as a part of equity.

iii. Provision on loans and advances

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on loans and advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for loans and advances at an amount equal to the lifetime expected credit losses if the credit risk on these loans and advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those loans and advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such loans and advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), 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.1 (20 February 2018) 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 specific provision for sub-standard loans, doubtful loans and bad losses have to be provided at 5%, 20%, 50% and 100% respectively for loans and advances depending on time past due. 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 IFRS 9.

iv. Recognition of interest in suspense

IFRS: Loans and advances to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these loans and advances.

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.

v. Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

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

vi. Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vii. Repo and Reverse Repo transactions

IFRS: As per IFRS 9 when an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo), the arrangement is treated as a loan and the underlying asset continues to be recognised at amortised cost in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. The same rule applies to the opposite side of the transaction (reverse repo).

Bangladesh Bank: As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no.2 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as normal sales transactions and the financial assets are derecognized in the seller's book and recognized in the buyer's book.

However, as per DMD circular letter no.7 dated 29 July 2012, non primary dealer banks are eligible to participate in the Assured Liquidity Support (ALS) programme, whereby such banks may enter collateralised repo arrangements with Bangladesh Bank. Here the selling bank accounts for the arrangement as a loan, thereby continuing to recognise the asset.

viii. Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14, dated 25 June 2003 financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn loan commitments).

ix. Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 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 equivalent. 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

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

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, there must exist a face item named Non-banking asset.

xi. Cash flow statement

IFRS: Cash flow statement can be prepared either in direct method or in 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 circular no. 14 dated 25 June 2003, cash flows is the mixture of direct and indirect method.

xii. Balance with Bangladesh Bank: (CRR)

IFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for the use in day to day operations as per IAS 7.

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

xiii. Presentation of intangible asset

IFRS: An intangible asset must be identified and recognized, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no requirement for regulation of intangible assets in BRPD 14 dated 25 June 2003.

xiv. Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement of disclosure of off-balance sheet items.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of balance sheet.

xv. Disclosure of appropriation of profit

IFRS: There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.

xvi. Loans and advance net of provision

IFRS: Loans and advances should be presented net of provisions.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003, provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

xvii. Provision on undrawn loan commitments

IFRS: As per IFRS 9 bank shall recognise credit losses on undrawn loan commitments such as Letter of Credit (L/C), Letter of Guarantee (L/G) etc. as the present value of the difference between the contractual cash flow that are due by the customer if the commitment is drawn down and the cash flows that bank expects to receive.

Bangladesh Bank: As per BRPD Circular no. 07 dated 21 June 2018 and BRPD Circular no.14 dated 23 September 2012, the Bank is required to maintain provision at 1% rate against off-balance sheet exposures (which includes all types of undrawn loan commitments).



2.1.1 Going Concern

The accompanying financial statements have been prepared on a going concern assumption that the Bank will continue in operation for the foreseeable future. The Bank has neither any intention nor any legal or regulatory compulsion to liquidate or curtail materially the scale of any of its operations. The key financial parameters (including liquidity, profitability, asset quality, provision sufficiency and capital adequacy) of the Bank continued to show a healthy trend for couple of years. The rating outlook of the Bank as reported by all the rating agencies is "Stable". Besides, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

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 IAS-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 IAS -27: *Separate Financial Statements* and IFRS-10; *Consolidated financial statements*. The consolidated financial statements are prepared to a common financial year ended 31 December 2018 . 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, 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 the 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 IFRS framework for the presentation of financial statements together with IAS-1 and IAS-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 IAS-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 IAS 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 International Accounting Standard (IAS) 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:

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 THE BASIS OF THEIR VALUATION

2.10.1 Cash and cash equivalents

Cash and cash equivalents 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)

Investments 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)

Investments 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 Mark 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 holding 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 there is 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 IAS 27 "Separate Financial Statements" and IFRS 3 "Business Combination". Impairment of investment in subsidiaries is made as per the provision of IAS 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, Long 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 is kept stopped for all Bad & Loss Advances.
- Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- 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, BRPD



Circular no.16 dated 18 November 2014, BRPD Circular no. 12 dated 20 August 2017, BRPD Circular no. 15 dated 27 September 2017 and BRPD Circular no. 01 dated 20 February 2018, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018.

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	1%
Unclassified loans consumer financing –Loans for professionals	2%
Unclassified loans consumer financing –Credit card	2%
Unclassified consumer financing others	5%
Unclassified short-term Agricultural and Micro-Credits	1%
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) have 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. 4,368.93 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 is 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 bring 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 a 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, expenditures 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 IAS 16 '*Property, Plant & Equipment*' as Capital work in progress until the construction work is completed and the asset is ready for the 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 were 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 shareholder's equity as per guidelines of IAS-16; Property, Plant and Equipment. Such revaluation reserve will be disposed off upon retirement/de-recognition of the assets.

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 IAS 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 International Accounting Standard (IAS) 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 International Accounting Standard (IAS)-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 intangibly 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 along with 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 when as required 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 [IAS 36 *Impairment of Assets*]. No such impairment loss has been arisen and recognized during the year ended 31 December 2018.

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 no. 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 International Financial Reporting Standards (IFRS), non-banking assets are to be recorded in the books of accounts when all formalities regarding confirmation of ownership have been completed. It means that asset to be recognized during controlling 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:

- Certification of ownership u/s 33(7) of the 'Artharin Adalat Act 2003' obtained
- Registration from the Sub Registry Office completed
- DCR & Mutation form the concerned AC Land office completed
- Land Rent tax and Municipal tax (if any) Paid
- Valuation of the property done
- Physical possession obtained

Measurement of the non-banking assets:

Non-banking Asset is 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):

After global economic turmoil in 2010, the global financial regulators are more concerned to enhance risk resilience capacity of the banks and introduced more risk sensitive capital adequacy framework namely Basel III. With the view to strengthening capital base of the bank and subsequently to meet up the capital adequacy ratio as per Bangladesh Bank's instruction in line with BASEL-III Accord, UCB issued the following bonds with key features as listed below:

Name of the Subordinated Bond	Issued Amount (BDT in Million)	Outstanding Amount As on 31 Dec 2018 (BDT in Million)	Issue Date	Tenure	Interest Rate	Range of Interest Rate	Redemption of Principal
UCB 1 st Subordinated Bond	2,000.00	1,400.00	16 May 2013	7 Years	Base Rate plus 3%	11.50%-16.00%	30%, 30% & 40% in last 3 years
UCB 2 nd Subordinated Bond	5,000.00	4,000.00	29 July 2015	7 Years	Base Rate plus 2.5%	10.00%-13.50%	20% in each of last 5 years
UCB 3 rd Subordinated Bond (1 st Tranche)	3,500.00	3,500.00	28 December 2017	7 Years	Base Rate plus 2.5%	7%-10.50%	20% in each of last 5 years
UCB 3 rd Subordinated Bond (2 nd Tranche)	3,500.00	3,500.00	16 May 2018	7 Years	Base Rate plus 2.5%	7%-10.50%	20% in each of last 5 years
UCB 4 th Subordinated Bond (1 st Tranche)	500.00	500.00	24 December 2018	7 Years	Base Rate plus 2.00%	7%-9.00%	20% in each of last 5 years
UCB 4 th Subordinated Bond (2 nd Tranche)	2,500.00	2,500.00	26 December 2018	7 Years	Base Rate plus 2.00%	7%-9.00%	20% in each of last 5 years

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 International Financial Reporting Standards (IFRS).

2.10.21 Dividend payments

Interim dividend is recognized when it is paid to the shareholders. Final dividend is recognized when it is approved by the shareholders in AGM. The proposed dividend for the year 2018, therefore, has not been recognized as a liability in the balance sheet in accordance with IAS 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, BRPD Circular No. 08 dated 2 August 2015, BRPD Circular no. 12 dated 20 August 2017 and BRPD Circular no. 15 dated 27 September 2017. 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 is to be provided on unrealized loss (gain net off) according to DOS Circular No. 04 dated 24 November 2011 on portfolio basis.

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. 07 dated 21 June 2018 and BRPD circular no. 13 dated 18 October 2018, the Bank has 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, FEPD Circular no. FEPD (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 IAS 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 International Accounting Standard-19, "*Employees Benefits*". Various types retirement benefit schemes of the bank are 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 Trustee 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 fund

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 Trustee 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.

Welfare fund

Employees' Welfare fund was established in June 18, 2009. The UCBL policy on Employees' Welfare Fund, 2009, governs the fund and the day-to-day affairs are run by a duly constituted Board of Trustee. The fund is held and administered by a Board of Trustee and invested according to the rules of the Fund framed as per applicable laws of Bangladesh.

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.

i) 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 IAS-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 yet been finalized. On the other hand, the tax provision (as estimated as per IAS-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 yet been finalized.

ii) 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 IAS-12 "Income taxes".

C. Capital / Shareholders' 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 shareholders' capital that has been paid in full by the ordinary shareholders. Holders of ordinary share 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 (amendment up to 2018).

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 IAS 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 is 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 a 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 with 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 an appropriate provision has been made against such contingent items.

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 is 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:

The economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract.

1. The embedded derivative would meet the definition of a derivative if separated from the host contract.
2. 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 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 the 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 have also been presented separately unless they are immaterial in accordance with IAS 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 IAS 33 "*Earnings Per Share*" which has been shown on the face of Profit and Loss Account. Earnings 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 2018.

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 among related parties, regardless of whether a price is charged as per IAS 24 '*Related Party Disclosures*', Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in notes 47.1 to 47.8.

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 IAS 10 '*Events after the Reporting Period*'. The only material event after the balance sheet date is: the Board of Directors recommended Stock dividend @ 10% for the year 2018 in its meeting no. 436 held on 30 April 2019.

2.10.51 Credit rating

ECRL has rated the Bank based on December 31, 2017 with "AA"(pronounced as Double A) in the Long Term and ST-2 for the Short Term. The date of rating was May 07, 2018.

Year	Long Term Rating	Short Term Rating
2017	AA	ST-2
2016	AA	St-2

The outlook of the rating is Stable. The rating reflects the strengths of the company which is backed by its strong management, good liquidity position and satisfactory capital base as well as branch coverage throughout the country.



2.10.52 Compliance report on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) as issued by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable. While preparing the financial statements, UCB applied all the applicable IAS and IFRS as adopted by ICAB. Details are given below:

Name of the IAS	IAS no	Status
Presentation of Financial Statements	1	Applied *
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the reporting period	10	Applied
Construction Contracts	11	Replaced by IFRS 15
Income Taxes	12	Applied
Property Plant and Equipment	16	Applied
Leases	17	Applied
Revenue	18	Replaced by IFRS 15
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A **
Separate Financial Statements	27	Applied
Investments in Associates and Joint Ventures	28	N/A
Financial Instruments: Presentation	32	Applied *
Earnings per share	33	Applied
Interim Financial Reporting	34	Applied ***
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Financial Instruments: Recognition and Measurement	39	Applied *
Investment Property	40	N/A
Agriculture	41	N/A



Name of the IFRS	IFRS no.	Status
First time adoption of Bangladesh Financial Reporting Standards	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contract	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments: Disclosure	7	Applied *
Operating Segments	8	Applied
Financial Instruments	9	Applied *
Consolidated Financial Statements	10	Applied
Joint Arrangement	11	N/A
Disclosure of Interest in other entities	12	N/A
Fair Value Measurement	13	Applied
Regulatory deferral accounts	14	N/A
Revenue from contractors with customers	15	Applied

* In order to comply with certain specific rules and regulations of the local Central Bank (Bangladesh Bank) which are different to IAS/IFRS, some of the requirements specified in these IAS/IFRSs are not applied. Refer below for such recognition and measurement differences that are most relevant and material to the Bank and the Group.

** This Standard regards a retirement benefit plan as a reporting entity separate from the employers of the participants in the plan. Therefore, it is not applicable for the Bank's annual report as it is the employer and not the retirement benefit plan itself.

*** The objective of IAS 34 is to prescribe the minimum content of an interim financial report and to prescribe the principles for recognition and measurement in complete or condensed financial statements for an interim period and hence it is not applicable for annual financial statements. However, the Bank being a listed entity in Dhaka and Chittagong Stock Exchanges regularly publishes Interim Financial Report complying with IAS 34.

N/A= Not Applicable

New accounting standards not yet adopted:

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2018 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing Bangladesh Financial Reporting Standards (BFRS) effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Bank did not apply earlier the following new standards in preparing these financial statements.

(a) IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

(b) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and to be applied to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

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:

Segments' 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.
Agent Banking	UCB Agent Banking aims to promote full-fledged banking services to geographically dispersed and financially excluded areas. It's looking forward to offer cashless transaction to all class of people in near future.

2.10.54 Risk Management

In banking organization, risk is the possible outcome of an action or event which could bring up an 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 depending upon a number of factors such as its size, complexity in business activities, volume etc. Initially Bangladesh Bank have 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 is most simply defined as the potential risk where a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The goal of credit risk management is to maximize a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Banks need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions. Banks should also consider the relationships between credit risk and other risks. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long term success of any banking organization.

Both on-balance sheet and off-balance sheet activities like guarantee has impact on credit risk. It may arise from either an inability or an unwillingness to perform in the pre-committed contracted manner.

Credit risk comes from a bank's dealing with households, small or medium-sized enterprises (SMEs), corporate clients, other banks and financial institutions, or a sovereign. The assessment of credit risk involves evaluating both the probability of default by the borrower and the exposure or financial impact on the bank in the event of default.

Our credit risk management function has been kept independent of business origination functions to establish better internal control and to reduce conflict of interest. The Chief Risk Officer and the Head of Credit Risk Management have clear responsibilities for management of credit risk. The final authority and responsible for all activities that expose the bank to credit risk rests with the Board of Directors.

The Board, however, has delegated authority to the Managing Director and CEO to re-delegate authorities to other officers of the credit risk management division. The Board also sets credit policies and delegates authority to the management for setting procedures, which together has structured the credit risk management framework in the bank.

2.10.54.2 Foreign Exchange Risk Management

Foreign exchange risk is the risk that changes an investment's value 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 guidelines 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' have separate and independent reporting lines to ensure segregation of duties and accountabilities.

The Bank has also developed different strategies to handle the 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 the risk associates 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 the 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 that 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 headed by the Managing Director of the Bank 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:

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:

Internal Controls are the structure, policies and procedures put in place to provide reasonable assurance that the management meets its objectives and fulfils its responsibilities. An organization deploys many layers of defense. In order to ensure the said defense there are controls enough to manage the adverse risk of any major setback. The first layer of defense is the operational management. The second layer of defense is the control function such as internal control, risk management and compliance. The third layer of defense is the internal and external audit function.

A system of effective internal controls is a critical component of bank management and a foundation for the safe and sound operation of banking organizations. Internal control is the process, affected by a company's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations, Reliability of financial reporting and Compliance with applicable laws, regulations, and internal policies. Internal controls are tools that help management to be effective and efficient while avoiding serious problems such as overspending, operational failure, and violation of laws.

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 Technology Risk'.

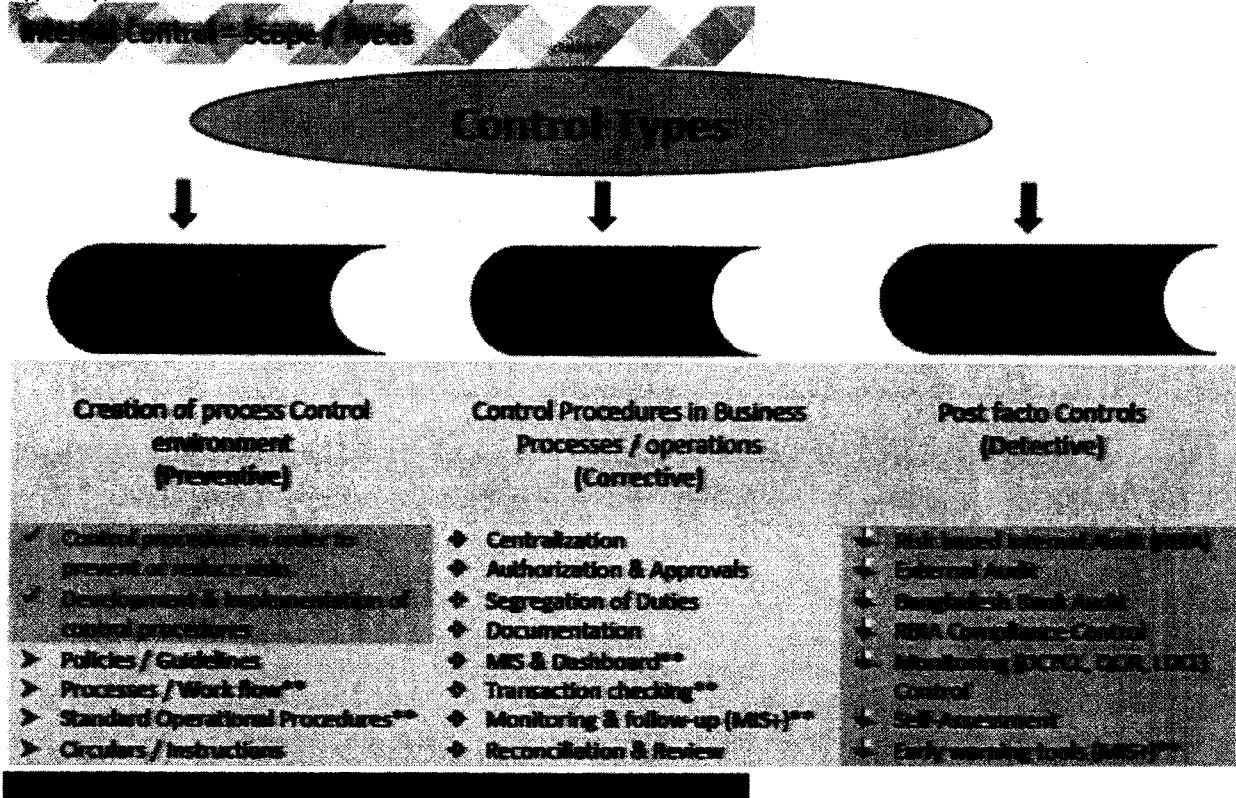
UCBL maintains a robust internal control framework comprising the following internal control functions:

- 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**

Typically, Internal Controls may be defined as under:



ICCD under the guidance of the Board & the Senior Management of the bank 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 the 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 the major initiatives which have already been taken are:

- Operational Risk Monitoring through analysis of financial and non-financial information received from system to identify day to day operational risks of bank on regular/ random basis and to communicate & compliance the same accordingly
- Introduction of compliance inspection regarding authenticity/accuracy of RBIA compliance and miss reporting
- Building Compliance Awareness through arranging workshop in different zone. As workshop on Response to Compliance where HOB, OM & in charges & Cluster Head usually participate
- Preparation and updating of MIS reports based on operational risk areas in connection with RBIA & Compliance including update the same in MIS portal
- Continuous review of Audit Report Format, Audit Checklist & Branch Risks Scoring Sheet etc.

However Effective & efficient controls reduce the risk of asset loss & help the organization complying with laws and regulations in a significant manner. The main purpose of UCBL is to secure the interest of depositors and stakeholders through effective internal control system to establish the followings:

- Emanates from an ethical tone at the top.
- Policies & procedures are in place, understood, and followed.
- Organization-wide commitment to strong internal controls, effective risk management, and to meeting expectations of all stakeholders

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 mechanism to be in place and are working properly so that attempts to make fraud and forgeries can be identified at the initiation, escalated to the appropriate level of management and necessary corrective measures are undertaken accordingly. Moreover, as a part of practicing compliant culture, the Bank reported all instances of fraud and forgeries detected to the central bank on timely manner.

2.10.54.5 Money Laundering Risk:

Financial institutions across the globe are working hard to fight financial crime driven by demands to protect assets and to maintain regulatory compliance. The areas of specific focus are those of Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF). Regulators expect functions in the Bank to be standardized on a global level and across business lines. The businesses themselves need consistency and efficiency, and one of the best ways to satisfy these expectations is to centralize functions. This is an important first step in sharing and harmonizing skills throughout the organization.

UCB is walking in the path of centralizations of its functions. In 2018, new Anti Money Laundering and Anti-Terrorist Financing Division has been formed. As instructed by BFIU, Deputy CAMLCO is heading this Division. The Division has been manned with qualified resources to ensure high level of AML and ATF compliance across the Bank.

As per BFIU instruction, we have conducted 02 (two) daylong Training Programmes on AML/CFT issues for the BAMLCO(s)/Operation Managers and concerned Officers of different Banks operating in Chapainawabgonj and Jessore Districts as Lead Bank. Besides, all the employees of 17 (seventeen) Branches of Rangpur, Rajshahi and Khulna Divisions have been brought under in-house AML Training Programmes.

During 2018, the Velocity AML Solution Suite, the software we procured for automation of AML and CTF compliance activities, went through various testing, modification and stream-lining. In the later part of 2018, we have arranged orientation sessions for the related Officers. A total number of 450 employees, mostly the Branch Anti Money Laundering Compliance Officers (BAMLCO) were covered in this orientation sessions. Branches are now capable of conducting sanction screening, Transaction Profile (TP) monitoring, reporting of Cash Transaction Report (CTR), Suspicious Transaction Report (STR), Suspicious Activities Report (SAR) and Self-Assessment through Velocity AML Solution Suite.

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. 1442 dated 03.04.2018 for meticulous compliance by all the concerned.

We have reported 19 (Nineteen)) Suspicious Transaction Reports (STRs) and 38 (Thirty-eight) Suspicious Activity Reports (SARs) to BFIU in 2018.

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 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' as 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 recently been 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's has 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 2017. 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 2018 to 31 December 2018.

Approval of financial statements

The financial statements have been approved by the Board of Directors of the bank in its meeting held on April 30, 2019.



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
3 Cash		22,790,705,537	23,914,511,782
3.1 Cash in hand			
Local currency	4,141,551,671	3,101,095,752	
Cash in ATM	987,276,500	477,597,600	
Foreign currency	81,134,204	43,736,885	
	5,209,962,375	3,622,430,237	
3.2 Balance with Bangladesh Bank and its agent Bank(s)			
Local currency	17,477,680,438	20,125,131,695	
Foreign currency	103,062,724	166,949,850	
	17,580,743,162	20,292,081,545	
Total Cash in hand including balance with Bangladesh Bank & its agent Bank's	22,790,705,537	23,914,511,782	
3.2.1 Balance with Bangladesh Bank			
Local currency	17,477,672,089	20,125,128,522	
Foreign currency	103,062,724	166,949,850	
	17,580,734,813	20,292,078,372	
* 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	8,349	3,173	
Foreign currency	-	-	
	8,349	3,173	
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 2018) and of instructions contained in DOS Circular No. 01 dated 19 January 2014, DOS Circular No. 23 dated 07 October 2018 and MPD circular No. 01 dated 03 April 2018 issued by Bangladesh Bank.			
The Cash Reserve Requirement (CRR) of the Bank calculated @ 5.50% on by weekly average basis of total time and demand liabilities and maintained provision 5% on daily basis with Bangladesh Bank in current account and 13% Statutory Liquidity Ratio (SLR) on the same liabilities has also been maintained in the form of cash in hand, balance with Sonali Bank (agent Bank), treasury bills, bonds, Bangladesh Bank bills, prize bond & excess of CRR. 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) (5.50% of average Demand & Time Liabilities)			
Required reserve	16,953,922,109	18,720,722,426	
Actual reserve held (note - 3.2.1)	17,477,672,089	20,125,128,522	
Surplus/(Deficit)	523,749,980	1,404,406,096	
3.3.2 Statutory Liquidity Ratio (SLR) (13% of average Demand & Time Liabilities)			
Required reserve	40,072,906,803	37,441,444,853	
Actual reserve held (note-3.3.3)	47,448,925,818	44,007,790,240	
Surplus/Deficit	7,376,019,016	6,566,345,387	
3.3.3 Held for Statutory Liquidity Ratio			
Cash in hand (note- 3.1)	5,209,962,375	3,622,430,237	
Balance with Sonali Bank (agent Bank) (note-3.2.2)	8,349	3,173	
Govt. Securities (Treasury Bills) (note:6.1)	983,579,726	3,082,620,214	
Govt. Treasury Bond (HTM) (note : 6.1)	39,229,209,308	28,795,289,070	
Govt. Treasury Bond (HFT) (note : 6.1)	-	-	
Reverse Repo with other Bank (note : 6.1)	1,496,272,880	-	
Bangladesh Bank Bills (note : 6.1)	-	7,097,217,550	
Stock of Prize Bond (note : 6.1)	6,143,200	5,823,900	
Excess Reserve of CRR (note : 3.3.1)	523,749,980	1,404,406,096	
	47,448,925,818	44,007,790,240	
3(a) Consolidated Cash			
United Commercial Bank Ltd.	22,790,705,537	23,914,511,782	
UCB Capital Management Ltd.	100,440	156,516	
UCB Investment Ltd.	-	-	
	22,790,805,977	23,914,668,298	



Amount in BDT	
31 Dec. 2018	31 Dec. 2017
15,326,482,725	18,547,019,487
929,659,746	1,221,644,823
16,256,142,471	19,768,664,310
93,847,134	42,869,795
108,030	136,828
41,596	8,052,384
773,238,975	773,918,284
24,896,990	2,042,196
892,132,725	827,019,487
550,000,000	100,000,000
250,000,000	250,000,000
50,000,000	220,000,000
1,550,000,000	1,500,000,000
550,000,000	550,000,000
650,000,000	650,000,000
1,390,000,000	1,390,000,000
209,750,000	300,000,000
240,000,000	240,000,000
1,950,000,000	1,950,000,000
400,000,000	450,000,000
250,000,000	500,000,000
335,600,000	350,000,000
1,500,000,000	800,000,000
500,000,000	1,490,000,000
620,000,000	600,000,000
500,000,000	250,000,000
500,000,000	-
1,300,000,000	-
839,000,000	-
100,000,000	-
200,000,000	-
-	1,000,000,000
-	800,000,000
-	1,980,000,000
-	1,000,000,000
-	1,000,000,000
-	350,000,000
14,434,350,000	17,720,000,000
15,326,482,725	18,547,019,487
1,642,132,725	2,048,664,310
14,614,009,746	15,850,000,000
-	1,520,000,000
-	350,000,000
16,256,142,471	19,768,664,310
15,326,482,725	18,547,019,487
692,884,914	1,143,243,946
16,102,877	7,078,054
16,035,470,516	19,697,341,487
156,476,711	190,457,859
15,878,993,805	19,506,883,628
929,659,746	1,221,644,823
-	-
-	-
929,659,746	1,221,644,823
16,808,653,551	20,728,528,451
50,000,000	-
100,000,000	-
-	290,000,000
150,000,000	290,000,000

4 Balance with other banks and financial institutions

In Bangladesh (note - 4.1)

Outside Bangladesh (Annexure-A)

4.1 In Bangladesh

A. Current account

Janata Bank Limited.
Agrani Bank Limited.
Rupali Bank Limited.
Sonali Bank Limited.
Standard Chartered Bank

B. Fixed Deposits

Industrial and Infrastructure Development Finance Company Limited
Peoples Leasing and Financial Services Limited
National Finance Limited
Dhaka Bank Limited
Uttara Finance & Investment Limited
Reliance Finance
Jamuna Bank Limited
Modhumoti Bank Limited
IPDC Finance Limited
Investment Corporation of Bangladesh
Lanka Bangla Finance Limited
Meridian Finance & Investment Limited
NRB Bank Limited
Mutual Trust Bank Limited
Shahjalal Islami Bank Limited
International Leasing and Financial Services Limited
Phonix Finance and Investment Limited
Social Islami Bank Limited
National Credit and Commerce Bank Limited
Islami Bank Bangladesh Limited
National Housing Finance and Investment Limited
Bay Leasing and investment Limited
Standard Bank Limited
Delta Brac Housing Finance Limited
South East Bank Limited
IFIC Bank Limited
One Bank Limited
United Finance

Total (A+B)

4.2 Maturity grouping of balance with other banks & financial institutions

On demand
Upto three months
More than three months but less than six months
More than six months but less than one year

4(a) Consolidated Balance with other banks & financial institutions In Bangladesh

United Commercial Bank Ltd. (note-4.1)
UCB Capital management Ltd.
UCB Investment Ltd.

Less: Inter Company balance eliminated

Outside Bangladesh

United Commercial Bank Ltd.
UCB Capital Management Ltd.
UCB Investment Ltd.

5 Money at call on short notice

Industrial and Infrastructure Development Finance Company Limited
Lanka Bangla Finance Limited
NRB Global Bank Limited



Amount in BDT

6 Investments			
Government Securities (note-6.a)		41,715,205,114	38,980,950,734
Other Investments (note-6.b)		9,115,632,584	3,930,795,570
		50,830,837,698	42,911,746,304
a) Government Securities			
Treasury Bills			
28 days Treasury bills		-	-
91 days Treasury bills		-	497,173,466
182 days Treasury bills		-	1,984,161,079
364 days Treasury bills		983,579,726	601,285,669
Total Treasury Bills		983,579,726	3,082,620,214
Government Bonds			
Prize Bonds		6,143,200	5,823,900
Reverse Repo with other Bank		1,496,272,880	-
Bangladesh Bank Bills		-	7,097,217,550
Government Bonds		39,229,209,308	28,795,289,070
Total Government Bonds		40,731,625,388	35,898,330,520
Total Government Securities		41,715,205,114	38,980,950,734
b) Other investments			
Shares in listed companies (note- 6.3)		4,017,742,382	3,315,459,178
Shares in un-listed companies (note- 6.3)		1,597,890,202	615,336,392
Sub-ordinated Bond		3,500,000,000	-
Total other investments		9,115,632,584	3,930,795,570
Total Investments (a+b)		50,830,837,698	42,911,746,304
6.1 Government Securities are Classified as per Bangladesh Bank Circular			
Treasury Bond - HTM		39,229,209,308	28,795,289,070
Treasury Bond - HFT		-	-
Treasury Bills - HTM		983,579,726	1,098,459,135
Reverse Repo with Other Bank		1,496,272,880	1,984,161,079
Bangladesh Bank Bills - HTM		-	2,499,388,226
Bangladesh Bank Bills - HFT		-	4,597,829,324
Other Securities (Prize Bond)		6,143,200	5,823,900
		41,715,205,114	38,980,950,734
6.2 Maturity grouping of investments			
On demand		6,143,200	5,823,900
Up to three months		1,797,185,137	10,170,160,353
More than three months but less then one year		7,666,173,330	7,675,242,186
More than one year but less then five years		13,599,247,898	7,829,900,000
Over five years		27,762,088,133	17,230,619,865
		50,830,837,698	42,911,746,304
6.3 Other Investments			
Name of the Company	Market Price On 31.12.2018	Cost Price On 31.12.2018	Cost Price On 31.12.2017
A) Shares in listed companies			
Square Pharmaceuticals Ltd.	223,163,197	172,784,406	216,842,164
Grameenphone Ltd.	238,544,822	124,613,694	298,871,971
Brac Bank Ltd.	510,576,171	357,901,402	241,953,726
Linde Bangladesh Limited	119,840,000	102,676,122	115,337,337
BSRM Steels Limited	29,650,500	57,790,980	57,997,743
Envoy Textiles Limited	36,300,000	40,694,867	23,767,200
Matin Spinning Mills Ltd.	144,164,605	157,390,917	156,793,934
Meghna Life Insurance Co. Ltd.	12,340,918	22,901,343	22,323,530
National Housing Fin. and Inv. Ltd.	244,381,172	44,648,491	44,648,491
Powergrid Company of Bangladesh Ltd.	56,040,672	80,919,818	80,919,817
Titas Gas Transmission & dist. Co. Ltd.	33,355,104	65,321,150	65,321,150
Unique Hotel & Resorts Limited	30,360,000	79,999,980	79,999,980
ACI Limited.	147,061,398	178,752,378	180,822,052
Bata Shoe Ltd.	141,548,356	151,116,795	108,057,847
Square Textile Limited	66,348,781	95,713,543	95,396,611
Shasha Denims Limited	114,456,683	102,518,000	224,981,804
The ACME Laboratories Limited	660,768,570	492,715,507	525,856,071
Eastern Bank Ltd.	70,546,140	90,726,532	71,975,671
Prime Bank Limited	37,888,730	51,009,775	80
The City Bank Limited	147,325,566	206,580,362	99,357,759



Name of the Company	Market Price On 31.12.2018	Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
		Cost Price On 31.12.2018	Cost Price On 31.12.2017
Fortune Shoes Limited	8,417,988	8,638,378	-
Kattali Textile Limited	280,071	100,640	-
United Power Generation & Distribution Company Limited	376,944,295	401,666,547	-
SK Trims & Industries Limited	280,115	55,001	-
Navana CNG Limited	22,841,812	32,008,952	-
VFS Thread Dyeing Limited	284,723	44,783	-
M.L. Dyeing Limited	161,449	45,303	-
Confidence Cement Limited	28,866,536	28,894,650	-
The IBN SINA Pharmaceuticals Industry Limited	45,000,170	49,546,266	-
Khulna Power Company Limited	85,740,328	165,387,921	-
Singer Bangladesh Limited	63,362,519	63,890,748	-
Silva Pharmaceuticals Limited	276,709	91,930	-
Paramount Textile Limited	6,590	5,831	-
Indo Bangla Pharmaceuticals Limited	36,605	10,700	-
IFAD Autos Limited	39,535,106	41,953,125	-
BBS Cables Limited	22,341,600	23,731,264	-
Active Fine Chemicals Limited	18,753,000	21,195,790	-
Jamuna Bank Limited	31,374,499	32,980,354	-
Jamuna Oil Company Limited	5,119,307	5,112,128	-
SS Steel Limited	134,920	134,920	-
Bangladesh Export Import Company Ltd.	-	-	2,931,594
IDLC Finance Ltd.	-	-	171,614,140
RAK Ceramics (Bangladesh) Limited	-	-	40,068,041
MJL Bangladesh Limited	-	-	1,013,113
Salvo Chemical	-	-	1,338,864
Oimex Electrode Limited	-	-	64,800
Nahee Aluminium Composite	-	-	62,246
DBH First Mutual Fund	49,034,346	73,417,946	72,522,439
EBL First Mutual Fund	30,620,400	43,473,982	43,453,314
EBL NRB Mutual Fund	14,634,914	20,713,530	20,082,271
ICB AMCL 2nd Nrb Mutual Fund	27,225,000	40,985,161	40,803,762
ICB AMCL Second Mutual Fund	14,079,040	27,242,375	25,174,848
MBL 1st Mutual Fund	54,498,002	72,253,179	71,647,568
NLI First Mutual Fund	58,500,000	39,696,800	39,696,800
Trust Bank 1st Mutual Fund	30,757,478	48,492,506	48,492,506
Asian Tiger Sandhani Life Growth Fund	10,450,000	8,909,309	8,909,309
NCCBL Mutual Fund-1	17,250,000	16,358,625	16,358,625
LR Global Bangladesh Mutual Fund -1	63,480,000	73,927,676	-
Sub Total (a)	4,184,948,907	4,017,742,382	3,315,459,178
B) Shares in un-listed companies			
Karmasangsthan 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 Finance 1st Unit Fund	15,000,000	15,000,000	15,000,000
Energies Power Corporation	300,000,000	300,000,000	320,000,000
Fiber shine	10,000,000	10,000,000	10,000,000
SWIFT	8,258,622	8,258,622	8,258,622
Runner Automobiles	145,800,000	145,800,000	145,800,000
Best Holdings Limited	1,000,000,000	1,000,000,000	-
Esquire Knit Composite Limited	1,880,100	1,880,100	-
AND Telecom Limited	569,040	569,040	-
Genex Infosys Limited	104,670	104,670	-
Sub total (b)	1,597,890,202	1,597,890,202	615,336,392
Total (a + b)	5,782,839,109	5,615,632,584	3,930,795,570

6.4 Cost and market value of investment as on 31 December 2018

Government securities:

Treasury Bills (Govt. Securities)
Govt. Treasury Bond (HTM)
Reverse Repo with Other Bank
Bangladesh Bank Bills
Stock of Prize Bond



Cost Price (Taka)	Market Value/ Amortized Cost	Market Value/ Amortized Cost
974,513,750	983,579,726	3,082,620,214
39,462,436,625	39,229,209,308	28,795,289,070
1,496,272,880	1,496,272,880	-
-	-	7,097,217,550
6,143,200	6,143,200	5,823,900
41,939,366,455	41,715,205,114	38,980,950,734
Market Value/ Amortized Cost	Cost Price	Cost Price
4,184,948,907	4,017,742,382	3,315,459,178
1,597,890,202	1,597,890,202	615,336,392
5,782,839,109	5,615,632,584	3,930,795,570

Investment in Shares, Bond & Debenture:

Quoted Shares
Un-Quoted Shares
Total investment in shares

				Amount in BDT	
				31 Dec. 2018	31 Dec. 2017
6.5 (a) Disclosure regarding outstanding Reverse Repo on 31 December 2018.					
Sl. No	Counter party Name	Agreement Date	Reversal Date	Amount	
				(1st leg cash consideration)	
01	Agrani Bank Limited	27.12.2018	01.01.2019	1,496,272,880	
Total				1,496,272,880	
6.5 (b) Disclosure regarding overall transaction of Repo and Reverse Repo					
				Minimum outstanding during the year	Maximum outstanding during the year
					Daily average outstanding during the year
Securities sold under repo:					
1) With Bangladesh Bank				-	-
2) With Bank & FIS				744,721,070	744,721,070
Securities Purchased under reverse repo:					
1) from Bangladesh Bank				-	-
2) from Other Bank & Financial ins.				251,959,960	5,965,439,628
					2,458,310,803
6(a) Consolidated Investments					
Governments Securities					
United Commercial Bank Ltd				41,715,205,114	38,980,950,734
UCB Capital Management Ltd.				-	-
UCB Investment Ltd.				-	-
				41,715,205,114	38,980,950,734
Other Investments					
United Commercial Bank Ltd				9,115,632,584	3,930,795,570
UCB Capital Management Ltd. *				1,068,194,022	1,066,491,462
UCB Investment Ltd.				258,831,586	349,269,623
				10,442,658,192	5,346,556,655
Less: Inter Company balance eliminated				100,000	100,000
				10,442,558,192	5,346,456,655
				52,157,763,306	44,327,407,389
7 Loans and Advances				294,671,938,315	261,002,884,449
7.1 Maturity grouping of Loans & Advances (including bills purchased and discounted)					
On demand				3,549,205,395	17,498,536,829
Not more than three months				102,959,938,210	67,549,356,998
More than three months but less than one year				78,152,207,482	72,466,597,270
More than one year but less than five years				68,129,991,338	67,520,235,972
More than five years				41,880,595,890	35,968,157,380
				294,671,938,315	261,002,884,449
7.2 Loans & Advances					
i) Loans, Cash credit & overdraft etc					
a) Within Bangladesh					
Loan				197,149,167,273	170,222,502,362
Cash credits				33,104,056,326	33,002,465,473
Overdrafts				44,930,824,844	41,576,409,463
				275,184,048,443	244,801,377,298
b) Outside Bangladesh				-	-
				275,184,048,443	244,801,377,298
ii) Bills Purchased & Discounted (note : 7.13)					
a) Payable Inside Bangladesh					
Inland Bills Purchased				3,342,621,797	2,696,910,169
b) Payable outside Bangladesh					
Foreign bills purchased & discounted				16,145,268,075	13,504,596,982
				19,487,889,872	16,201,507,151
				294,671,938,315	261,002,884,449
7.3 Net Loans & Advances					
Gross Loans & Advances (note- 7.2)				294,671,938,315	261,002,884,449
Less : Non Performing Loans & Advances (note- 7.10 b)				20,021,627,136	19,268,087,020
Interest suspense (note- 12.18)				6,376,030,371	4,542,106,658
Provision for Loans & Advances (note- 7.11)				9,308,937,358	7,417,455,523
				35,706,594,865	31,227,649,201
				258,965,343,450	229,775,235,248



Amount in BDT

31 Dec. 2018	31 Dec. 2017
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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	652,596,078	664,035,080
c) Advances to customers group		
i) Commercial Lending	51,195,469,672	47,325,750,896
ii) Import Finance	15,695,173,298	12,879,417,630
iii) Export Finance	5,812,320,430	5,514,860,570
iv) House Building Loan	19,233,553,662	17,863,322,106
v) Transport Loan	4,013,274,712	4,168,247,725
vi) Retail Loan	16,328,343,950	13,449,854,964
vii) Staff Loan	3,711,661,324	2,914,733,085
viii) Industrial Loan	139,865,414,170	120,826,400,000
ix) Agricultural Loan	3,899,700,000	5,540,170,000
x) Others	34,264,431,019	29,856,092,393
Total Loans & Advances	294,671,938,315	261,002,884,449

7.5 Industry wise Loans and Advances

RMG & Accessories	43,403,722,531	33,446,517,613
Textile Industries	15,126,828,767	13,852,827,251
Agriculture	3,899,751,000	5,443,143,499
Food Products & Processing	13,882,289,125	13,291,671,693
Jute Industries	196,306,169	194,516,828
Leather & Leather Products	902,650,756	968,436,503
Paper & Paper Products Industries	6,071,275,801	5,172,208,261
Wood & Wooden Products	2,446,696,026	2,102,546,024
Chemical & Chemical Products	2,979,128,627	3,070,697,031
Cement Industries	7,213,851,587	4,462,811,743
Brick Field, Auto Bricks, Tiles	717,901,493	565,161,460
Engineering, Basic Metal & Products	15,265,832,056	15,965,652,898
Ship Re-cycling	836,194,916	348,911,073
Ship Manufacturing	3,856,025,665	3,268,049,587
Educational Institute, Hotel, Restaurant	1,463,315,147	2,540,867,285
Telecommunication	2,725,557,999	2,872,140,075
Transport & Communication	4,013,274,713	4,168,247,725
Diagnostic/Medical/Clinic	2,814,715,293	2,267,430,318
Housing Industry	19,233,553,663	17,863,322,106
Construction (Other than Housing)	24,835,032,989	21,857,008,327
Electronics Media	389,766,747	326,259,763
Power & Energy	7,546,218,561	9,023,848,613
Commercial Trade Financing	72,702,963,401	60,205,120,571
Others	42,149,085,285	37,725,488,202
	294,671,938,315	261,002,884,449

7.6 Geographical Location wise Loans & Advances**Urban branches**

Dhaka	210,484,641,820	180,795,420,609
Chattogram	59,075,946,795	56,061,002,370
Sylhet	1,821,392,247	1,455,251,747
Rajshahi	5,941,934,349	5,608,130,266
Rangpur	850,981,758	694,731,165
Khulna	5,909,771,948	6,005,929,764
Barisal	318,222,870	205,494,331
	284,402,891,785	250,825,960,251

Rural branches

Dhaka	7,304,733,075	6,940,456,341
Chattogram	2,432,593,197	2,436,434,864
Sylhet	309,513,317	295,781,538
Rajshahi	216,513,117	227,555,239
Rangpur	5,693,824	-
Khulna	-	276,696,215
Barisal	-	-
	10,269,046,530	10,176,924,198
	294,671,938,315	261,002,884,449



7.7 Sector - wise Loans and Advances

Government & autonomous
Co-operative sector
Other public sector
Private sector

Amount in BDT	
31 Dec. 2018	31 Dec. 2017
219,671,304	139,897,666
-	-
294,452,267,011	260,862,986,783
294,671,938,315	261,002,884,449

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)	4,250.64	3,691.98
Outstanding Advances (note : 7.8.1)	17,770.73	17,798.74
Number of customers	37	36
Classified amount	-	-
Measures taken for recovery	-	-

7.8.1 Detail of information on Advances more than 10% of Bank's total Capital as on 31 December 2018.

Name of the Borrower	Outstanding as on 31 Dec. 2018			(Figure in crore)
	Funded	Non-Funded	Total	31 Dec. 2017 Total Taka
Four H group	333.03	629.43	962.46	802.72
Smart Group	82.69	150.95	233.64	297.87
kabir Group	215.70	207.55	423.25	675.92
Abul Khair group	344.08	367.79	711.87	732.06
Unique Group	170.32	45.90	216.22	145.41
Spectra Group	217.67	286.84	504.51	468.55
Micro Fibre Group	-	732.30	732.30	440.64
Baraka Patenga Power Ltd.	278.24	519.76	798.00	327.41
Summit Group	52.38	408.77	461.15	181.83
Max Group	52.31	250.07	302.38	213.90
Max Power Ltd	158.80	19.61	178.41	224.63
Toma Group	77.96	575.30	653.26	685.93
Bashundhara Group	391.39	339.94	731.33	472.02
Chaina Railway Major Bridge Engineering Group	-	1,216.45	1,216.45	2,976.79
Syno Hydro Corporation Ltd.	-	870.78	870.78	2,229.17
BSRM	49.64	258.02	307.66	791.66
Pran Group	645.99	125.28	771.27	786.51
LIZ GROUP	120.01	345.11	465.12	347.21
DIRD GROUP	337.53	85.64	423.17	379.38
Palma	17.93	66.17	84.10	146.03
Thermax	68.39	214.87	283.26	357.16
Mondol Group	213.26	586.49	799.75	691.52
Anwar Group	188.96	194.23	383.19	359.35
Metro	146.80	351.58	498.38	381.29
GPH	339.49	337.97	677.46	509.69
New Asia	134.23	223.04	357.27	318.22
N.R. Group	305.92	367.13	673.05	488.04
Habib	297.50	134.48	431.98	247.66
City Group	194.20	193.05	387.25	200.00
Meghna	25.55	18.39	43.94	-
Wahid	180.16	141.66	321.82	-
M.M Knitwear	13.14	253.34	266.48	-
Mir Akhter Hossain	188.77	150.46	339.23	-
BSM Group	415.78	133.07	548.85	-
Energypac	44.17	38.26	82.43	-
Mostafa-Hakim Group	63.16	287.43	350.59	-
BBS Group	226.15	52.32	278.47	-
Orion Group	-	-	-	477.90
Bulk Group	-	-	-	82.18
Robintex	-	-	-	39.30
Abdul Monem	-	-	-	70.54
Rafiqul Islam	-	-	-	104.53
Nitol Niloy Group	-	-	-	145.72
Noapara Trade	-	-	-	-
Total	6,591.30	11,179.43	17,770.73	17,798.74



Amount in BDT

31 Dec. 2018	31 Dec. 2017
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7.9 Disclosure of Particulars of Advances

i) Loans considered good in respect of which the banking company is fully & partly secured.	212,429,000,331	188,130,297,067
ii) Loans considered good against which the banking company holds no security than the debtors personal guarantee.	42,727,431,056	36,824,240,310
iii) Loans considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.	39,515,506,928	36,048,347,072
iv) Loans adversely classified, provision not maintained there against.	-	-
	294,671,938,315	261,002,884,449
v) Loans due by directors or officers of the banking company or any of them either separately or jointly with any other person	3,711,661,324	3,065,388,111
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	1,564,592,000	1,664,913,000
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:	18,237,357,864	17,235,486,320
a) (Decrease)/ Increase in provision	1,891,481,835	1,515,469,214
b) Amount realized against loan previously written off	267,641,572	113,150,993
c) Amount of provision kept against loan classified as Bad /Loss on the balance sheet date	4,780,896,584	4,802,936,566
d) Interest credited to the interest suspense account.	5,015,424,654	4,477,160,401
xi) Cumulative amount of the written off loan	11,248,297,513	9,675,997,281
xii) Amount written off during the year	1,839,941,804	662,684,349
xiii) Amount of written off loan for which law suit filed	13,185,431,950	11,345,490,146

7.10 Classification of Loans & Advances

a) Unclassified		
Standard (SMA)	10,284,217,619	11,559,422,120
Standard (Small & Medium Ent.)	88,498,284,486	75,212,698,178
Standard (Consumer Finance- Credit Card)	1,634,835,635	1,206,873,332
Standard (Consumer Finance-House Finance)	5,148,173,319	4,762,978,002
Standard (Consumer Finance - Loan Professional)	135,707,044	51,819,694
Standard (Consumer Finance-Others)	4,791,093,049	2,963,010,818
Standard (Agri Loan)	1,597,749,686	2,956,048,453
Standard (Staff Loan)	3,711,661,324	3,065,388,111
Standard (Others.)	158,848,589,017	139,956,558,721
	274,650,311,179	241,734,797,429
b) Classified		
Sub - Standard	1,023,970,417	1,329,574,210
Doubtful	760,298,855	703,026,490
Bad & Loss	18,237,357,864	17,235,486,320
	20,021,627,136	19,268,087,020
Total	294,671,938,315	261,002,884,449



Amount in BDT	
31 Dec. 2018	31 Dec. 2017

7.11 Particulars of required provision for Loans & Advances

Particulars	Base for Provision	Rate of Provision	Provision required	
General Provision (a)				
Special Mention Account	10,284,217,619	0.25% - 5%	72,581,208	228,343,000
Small & Medium Enterprise	88,498,284,486	0.25%	224,533,500	188,031,745
Consumer Fin.- Credit Card	1,634,835,635	2%	32,696,713	24,137,467
Consumer Fin-House Finance	5,148,173,319	1%	51,481,733	47,629,780
Consumer Fin - Loan Prof.	135,707,044	2%	2,714,141	1,036,394
Consumer Fin-Others	4,791,093,049	5%	239,554,652	148,150,541
Short Term Agri & Micro Credit	1,597,749,686	1%	15,977,497	29,560,485
Loan to BHs/MBs/SDs against share	41,893,732	2%	837,875	848,676
Standard loans & advances	158,806,695,285	1%	3,727,019,765	1,688,068,913
	270,938,649,855		4,367,397,084	2,355,807,000
Specific Provision (b)				
Sub - Standard	265,962,503	20% & 5%	61,969,714	96,680,948
Doubtful	193,677,445	50% & 5%	96,838,722	121,320,486
Bad & Loss	4,780,896,584	100%	4,780,896,584	4,802,936,566
	5,240,536,532		4,939,705,020	5,020,938,000
Required provision for Loans & Advances (A+B)			9,307,102,104	7,376,745,000
Total provision held for Loans & Advances			9,308,937,358	7,417,455,523
Excess/(Short) Provision			1,835,254	40,710,523

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)

Khatungong branch	857,736,029	87,556,078
Tejgaon branch	25,883,749	717,243
Agrabad branch	111,878,055	175,566,671
Amborkhana branch	7,815,539	1,406,781
Feni branch	254,744,612	7,487,584
Jessore branch	2,110,974	189,937,589
Khulna branch	43,574,131	132,296,428
Nayabazar branch	655,066,649	90,637,470
Naogaon branch	22,116,640	22,643,250
Serajgonj branch	16,690,000	8,124,350
Anowara branch	10,371,032	152,939
Chandpur branch	71,493,850	112,792
Comilla branch	285,263,755	3,594,202
Dampara branch	281,340,885	7,516,462
Faridpur branch	147,546,535	271,401
Islampur branch	84,998,018	13,892,613
Pabna branch	8,033,594	8,441,165
Rajshahi branch	347,407,731	10,421,066
Sylhet branch	499,522	5,667,791
Bashundhara branch	3,844,934	41,603,114
Bangshal branch	3,651,163	251,836
Banasree branch	9,373,017	-
Bhatiary branch	21,092,383	-
Brahmanbaria branch	4,814,447	-
Chinispur branch	15,029,653	-
Dinajpur branch	27,698,899	-
Gazipur Chowrasta branch	116,596,424	-
Hathazari branch	108,254,623	-
Kamrangichar branch	4,171,987	-
Kanaipur branch	41,512,101	-
Kanchan branch	3,788,530	-
Lohagara branch	4,595,987	-
Maizdi Court branch	3,675,746	-
Mawna branch	14,186,626	-
Mirpur Road branch	157,209,928	-
Moulvi Bazar -Dhaka branch	322,877,044	-
Savar branch	5,980,219	-
Shantinagar branch	103,809,562	-
Station Road branch	44,133,016	-
Barolekha branch	1,834,804	-
Chashara branch	22,457,185	-
Lakshmipur branch	36,770,744	-
Noapara bazar branch (Jessore)	7,861,132	-



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
O.R Nizam Road branch		-	297,457,002
Paglabazar branch		-	26,467,019
Principal branch		-	63,781,461
Gulshan branch		-	512,761
Khan Jahan Ali Road branch		-	19,748,916
Mirpur branch		-	78,064
Northbrook Hall Road branch		-	133,525
Dohazari branch		-	9,658,880
Eidgaon branch		-	222,616
Madhabdi branch		-	7,192,236
Mohammadpur branch		-	1,313,356
Uttarkhan branch		-	340,965
Kadamtali branch		-	39,871,627
Card division		-	35,537,386
Foreign Exchange branch		-	204,660,448
Narayangonj branch		-	2,205,112
Shantinagar branch		-	20,409,177
Sherpur branch		-	456,643
Shibchar branch		-	271,181
Uttara Branch		-	3,165,209
Corporate branch		-	1,883,691
Bogra Branch		-	167,458
Anderkilla branch		-	211,696
Muradpur branch		-	5,356,374
		4,319,791,454	1,549,401,628
7.13 Bills purchased and discounted			
a) Payable in Bangladesh		3,342,621,797	2,696,910,169
b) Payable outside Bangladesh		16,145,268,075	13,504,596,982
		19,487,889,872	16,201,507,151
7.13.1 Maturity grouping of bills purchased and discounted			
Payable within one month		1,463,337,927	3,276,035,025
Over one month but less than three months		2,486,748,313	4,499,052,479
Over three months but less than six months		6,350,111,994	5,580,986,751
Six months or more		9,187,691,638	2,845,432,896
		19,487,889,872	16,201,507,151
7(a) Consolidated Loans and Advances			
Loans, Cash Credits, Overdrafts etc			
United Commercial Bank Ltd.		275,184,048,443	244,801,377,298
UCB Capital Management Ltd.		1,905,557,186	1,579,432,201
UCB Investment Ltd.		-	-
		277,089,605,629	246,380,809,499
Less: Inter Company balance eliminated		-	-
		277,089,605,629	246,380,809,499
Bills Purchased and discounted			
United Commercial Bank Ltd.		19,487,889,872	16,201,507,151
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		19,487,889,872	16,201,507,151
Less: Inter Company balance eliminated		-	-
		19,487,889,872	16,201,507,151
		296,577,495,501	262,582,316,650
8. Fixed assets including premises, furniture & fixture.			
Land		4,395,054,283	4,395,054,283
Building		2,131,705,476	1,683,875,932
Furniture and fixtures		1,641,947,205	1,498,045,192
Office equipments		1,384,685,527	1,057,476,281
Computer & equipments		996,595,151	900,579,801
Vehicles		460,816,440	398,340,786
Capital Expenditure Work in Progress		819,944,739	1,015,277,528
		11,830,748,821	10,948,649,803
Intangible assets			
Computer software		897,497,153	578,213,040
		12,728,245,974	11,526,862,843
Less: Accumulated depreciation & amortization		3,672,131,746	3,182,761,207
Written down value at the end of the year		9,056,114,228	8,344,101,636

Fixed Assets Schedule:

A schedule of Fixed assets is given in **Annexure - B**



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
8(a) Consolidated Fixed Assets including premises ,furniture & fixture			
United Commercial Bank Ltd.		9,056,114,228	8,344,101,636
UCB Capital Management Ltd.		27,989,446	8,689,439
UCB Investment Ltd.		-	-
		9,084,103,674	8,352,791,075
Less: Inter Company balance eliminated		-	-
		9,084,103,674	8,352,791,075
9. Other assets			
Investment in share of subsidiary companies.		767,592,757	767,592,757
Investment against Right share of subsidiary companies*		1,486,500,000	1,486,500,000
Receivable from Subsidiary Company		767,021	744,021
Stock of Stationery & Stamps		42,223,835	45,869,403
Account with Stock Broker		481,365,696	989,168,534
Advance Payment		790,299,986	823,613,009
Advance Deposit		8,249,730	8,177,730
Suspense Account (note - 9.1)		1,155,463,440	662,017,050
Advance Income Tax Paid (note - 9.2)		1,346,549,251	1,351,430,049
Interest Receivable		1,171,858,272	944,736,388
Head Office General Account (note - 9.3)		665,685	-
Others (note - 9.4)		3,042,716	3,042,715
		7,320,406,165	7,082,891,656
*This amount represents subscription money of BDT 1,486,500,000 (1,48,65,000 right share @Tk. 100) with UCB Capital Management Limited. This amount will be adjusted appropriately as soon as we receive verdict from the Hon'ble High Court and subsequent consent from BSEC.			
9.1 Suspense accounts			
Advance against expenses		278,981,306	207,127,502
Advance against others		43,628	-
Advance against Foreign Remittance Settlement		8,526,396	7,058,444
Claims on Sanchaypatra		435,254,482	183,771,976
Interest on sanchaypatra		227,988,579	105,240,221
Excise duty		10,914,610	19,114,020
Protested bill		92,964,663	72,831,536
Sundry receivable ATM		63,590,036	38,172,351
Cash in Transit		2,170,000	23,814,000
Card suspense		12,301,509	-
Upay suspense		22,404,731	-
Cash in Excess/(Short) ATM		323,500	4,887,000
		1,155,463,440	662,017,050
9.2 Advance income tax			
Opening balance		1,351,430,049	1,472,757,862
Add: Advance Tax paid during the year		2,361,320,271	2,114,571,485
Less: Advance Tax adjustment with tax Provision		(2,366,201,069)	(2,235,899,298)
Balance at the end of the year		1,346,549,251	1,351,430,049
9.2.1 Advance income tax paid			
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		2,300,895,593	2,300,895,593
2013-2014		1,801,862,346	1,801,862,346
2014-2015		2,343,175,995	2,257,875,995
2015-2016		2,590,092,879	2,590,092,879
2016-2017		3,011,606,166	3,011,606,166
2017-2018		2,204,701,311	2,204,701,311
2018-2019		2,280,903,375	1,114,303,375
2019-2020		1,109,422,577	-
		18,929,043,740	16,567,721,163
Less: Advance Tax Adjusted with tax provision up to the year 2017		(17,582,494,489)	(15,216,291,114)
		1,346,549,251	1,351,430,049



Amount in BDT	
31 Dec. 2018	31 Dec. 2017
113,404,680,500	-
113,404,014,815	-
665,685	-
3,042,606	3,042,606
100	100
10	9
-	-
3,042,716	3,042,715
42,223,835	45,869,403
481,365,696	989,168,534
790,299,986	823,613,009
8,249,730	8,177,730
1,346,549,251	1,351,430,049
1,155,463,440	662,017,050
665,685	-
3,042,716	3,042,715
3,827,860,339	3,883,318,490
7,320,406,165	7,082,891,656
277,927,718	172,027,102
45,023,922	8,529,952
7,643,357,805	7,263,448,710
2,250,666,921	2,250,643,921
763,399,900	763,399,900
1,487,267,021	1,487,244,021
5,392,690,884	5,012,804,789

9.3 Head Office General Account

This is made up as follows :

Due from branches
Due to branches

9.4 Others

UCB International school project
Receivable from Others
MFS fraction digit
OBU exchange equalization

9.5 Non-income generating other assets

Stock of Stationery & Stamps
Account with Stock Broker
Advance Payment
Advance Deposit
Advance Income Tax Paid
Suspense Account
Head Office General Account
Others

9(a) Consolidated Other assets

United Commercial Bank Ltd.
UCB Capital Management Ltd.
UCB Investment Ltd.

Less: Inter Company balance eliminated
Investment in shares of subsidiary companies
Receivables from Subsidiary Company



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
10 Borrowings from other banks, financial institutions & agent.			
In Bangladesh (note - 10.1)		39,533,582,870	28,871,306,690
Out Side Bangladesh (note - 10.2)		5,160,676,312	4,975,087,444
		44,694,259,182	33,846,394,134
10.1 In Bangladesh			
UCBL Subordinated Bond (note - 10.1.1)		15,400,000,000	10,500,000,000
Bangladesh Bank IPFF Fund		4,014,121,262	3,365,537,280
EDF Borrowings from Bangladesh Bank		19,844,737,794	14,890,485,384
Borrowing from Bangladesh Bank Refinancing scheme		274,723,814	32,584,026
Southeast Bank Limited		-	82,700,000
		39,533,582,870	28,871,306,690
10.1.1 UCBL Subordinated Bond			
UCBL 1st Subordinated Bond		1,400,000,000	2,000,000,000
UCBL 2nd Subordinated Bond		4,000,000,000	5,000,000,000
UCBL 3rd Subordinated Bond (1st Tranche)		3,500,000,000	3,500,000,000
UCBL 3rd Subordinated Bond (2nd Tranche)		3,500,000,000	-
UCBL 4th Subordinated Bond (1st Tranche)		500,000,000	-
UCBL 4th Subordinated Bond (2nd Tranche)		2,500,000,000	-
		15,400,000,000	10,500,000,000
10.2 Out Side Bangladesh			
International Finance Corporation		419,499,916	1,929,666,638
PROPARCO		599,285,713	748,238,095
Emirates NBD Bank PJSC-UAE		292,660,400	727,710,380
Emirates Islamic Bank		860,324,024	911,877,491
First Gulf Bank		857,694,367	297,833,713
Habib Bank UK		839,000,000	-
Commercial Bank of Qatar		419,500,000	-
National Bank of Ras Al-Khaimah, UAE		536,625,524	-
ICICI Bank Ltd, India		336,086,368	-
YES BANK LTD		-	359,761,127
		5,160,676,312	4,975,087,444
Secured		-	-
Unsecured		44,694,259,182	33,846,394,134
		44,694,259,182	33,846,394,134
10.3 Maturity Grouping of Borrowings from other banks, financial institutions & agent.			
Payable on demand		1,131,660,399	-
Payable within one month		4,096,805,886	2,217,130,467
Over one month but within six months		19,358,162,192	15,659,112,627
Over six month but within one year		1,011,245,000	2,242,600,000
Over one year but within five years		12,399,571,977	8,958,301,260
Over five years but within ten years		6,696,813,728	4,769,249,780
		44,694,259,182	33,846,394,134
10(a) Consolidated Borrowings from other banks, financial institutions & agent.			
United Commercial Bank Ltd.		44,694,259,182	33,846,394,134
UCB Capital Management Ltd.		549,400,000	350,000,000
UCB Investment Ltd.		-	-
		45,243,659,182	34,196,394,134
Less: Inter Company balance eliminated		-	-
		45,243,659,182	34,196,394,134
11 Deposits and other accounts			
Inter Bank deposits		5,027,935,604	49,161,801
Other deposits		292,144,885,028	278,146,324,031
		297,172,820,632	278,195,485,832
a. Current accounts & other accounts			
Current deposits		27,686,282,356	24,105,914,832
Foreign currency deposits		3,849,712,228	2,824,478,720
Sundry deposits (note - 11.1)		17,459,120,972	17,403,996,464
		48,995,115,556	44,334,390,016
b. Bills Payable			
Pay order		7,511,696,355	6,585,548,355
Demand draft payable		8,367,418	9,374,075
Others Payable		3,500	3,500
		7,520,067,273	6,594,925,930



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
c. Savings Bank deposits			
Savings Bank deposits		52,032,663,276	52,852,622,249
		52,032,663,276	52,852,622,249
d. Fixed deposits			
Fixed deposits		113,712,587,040	73,794,076,649
Special notice deposits		42,614,926,217	68,701,628,547
Scheme Deposits		32,297,461,270	31,917,842,441
		188,624,974,527	174,413,547,637
Total Deposits and other accounts (a+b+c+d)		297,172,820,632	278,195,485,832
11.1 Sundry deposits			
Sundry creditors		214,910,481	225,023,326
Security deposits		7,093,300	6,392,100
Debit & Credit card		7,070,130	2,226,530
Others		63,444,802	12,877,417
FC held against deemed export LC		914,667,606	2,490,799,952
FC held against BTB LC		11,128,965,570	10,267,467,424
Margin			
Letter of guarantees		1,403,493,758	1,111,483,638
Letter of credit		3,505,317,061	3,131,194,524
SME Time Loan		6,458,136	-
Export Proceed		207,700,128	156,531,553
		17,459,120,972	17,403,996,464
11.2 Maturity analysis of deposits & other accounts			
Inter- Bank Deposits			
Payable on demand		17,978,879	44,303,044
Payable within one month		9,956,725	4,858,757
Over one month but within six months		5,000,000,000	-
Over six month but within one year		-	-
Over one year but within five years		-	-
Over five years but within ten years		-	-
		5,027,935,604	49,161,801
Other Deposits			
Payable on demand		5,077,137,200	7,014,424,235
Payable within one month		31,971,149,198	32,325,665,636
Over one month but within six months		75,893,377,879	75,137,857,079
Over six month but within one year		32,467,210,672	30,983,570,644
Over one year but within five years		72,358,684,856	67,737,888,832
Over five years but within ten years		74,377,325,223	64,946,917,605
		292,144,885,028	278,146,324,031
		297,172,820,632	278,195,485,832
11.3 Sector-wise deposits			
Government		927,619,982	630,851,552
Semi-Government		5,514,325,770	4,339,044,598
Public		36,486,384,746	56,884,622,922
Private		250,394,777,906	213,516,488,040
Foreign Currency Deposits		3,849,712,228	2,824,478,720
		297,172,820,632	278,195,485,832
11(a) Consolidated Deposits and other accounts			
Current accounts & other accounts			
United Commercial Bank Ltd.		48,995,115,556	44,334,390,016
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		48,995,115,556	44,334,390,016
Less: Inter company balance eliminated		156,476,711	190,457,859
		48,838,638,845	44,143,932,157
Bills Payable			
United Commercial Bank Ltd.		7,520,067,273	6,594,925,930
UCB Capital Management Ltd.		-	-
UCB Investment Ltd.		-	-
		7,520,067,273	6,594,925,930



Savings Bank deposits

United Commercial Bank Ltd.
UCB Capital Management Ltd.
UCB Investment Ltd.

Fixed deposits

United Commercial Bank Ltd.
UCB Capital Management Ltd.
UCB Investment Ltd.

Less: Inter company balance eliminated

Amount in BDT	
31 Dec. 2018	31 Dec. 2017
52,032,663,276	52,852,622,249
-	-
52,032,663,276	52,852,622,249
188,624,974,527	174,413,547,637
-	-
188,624,974,527	174,413,547,637
188,624,974,527	174,413,547,637
297,016,343,921	278,005,027,973

12 Other Liabilities

Provision for classified loans & advances	(note - 12.1)	4,940,005,020	5,020,938,000
Provision for diminution in value of investment	(note - 12.2)	-	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)	104,964,661	74,851,344
Provision for standard loans & advance	(note - 12.5)	3,727,755,019	1,728,779,435
Provision for special mention account	(note - 12.6)	75,968,997	228,343,000
Provision for small & medium enterprise (SME)	(note - 12.7)	221,345,711	188,031,745
Provision for consumer finance (Credit Card)	(note - 12.8)	32,796,713	24,137,467
Provision for consumer finance (House Finance)	(note - 12.9)	51,581,733	47,629,780
Provision for consumer finance (L.p)	(note - 12.10)	2,814,141	1,036,394
Provision for consumer finance (Others)	(note - 12.11)	239,654,652	148,150,541
Provision for short term agri micro finance	(note - 12.12)	16,077,497	29,560,485
Provision for off-balance sheet exposure	(note - 12.13)	1,570,407,545	1,979,838,013
Provision for BHs/MBs/SDs/against share	(note - 12.14)	937,875	848,676
Provision for current tax	(note - 12.15)	4,930,176,967	4,936,286,216
Provision for deferred tax	(note - 12.16)	227,531,267	206,445,374
Provision for UCB foundation	(note - 12.17)	63,165,000	60,851,461
Interest suspense account	(note - 12.18)	6,376,030,371	4,542,106,658
Head office general account		-	4,470
Dividend payable		41,400	41,400
Sundry liabilities		2,735,984,809	1,986,074,297
Interest payable		5,888,086,976	3,261,896,365
		31,209,298,354	24,762,662,367

12.1 Provision for classified loans & advances

Opening balance	5,020,938,000	4,160,119,215
Adjustment due to written off	(1,530,803,672)	(595,088,705)
Provision made during the year	1,449,870,692	1,455,907,490
	4,940,005,020	5,020,938,000

12.2 Provision for diminution in value of investment

Opening balance	292,839,246	292,839,246
Provision made/(reversed) 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	74,851,344	85,850,000
Provision made during the year	30,113,317	-
Transferred the surplus to other provision heads	-	(10,998,656)
	104,964,661	74,851,344

12.5 Provision for standard loans & advance

Opening balance	1,728,779,435	1,111,201,270
Provision made during the year	1,833,118,593	471,340,825
Transferred from surplus of other provision heads	165,856,991	138,749,527
Adjustment during the year	-	7,487,813
	3,727,755,019	1,728,779,435

12.6 Provision for special mention account

Opening balance	228,343,000	92,852,645
Provision made during the year	-	135,490,355
Transferred the surplus to other provision heads	(152,374,003)	-
	75,968,997	228,343,000



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
12.7 Provision for small & medium enterprise(SME)			
Opening balance	188,031,745	177,133,812	
Provision made during the year	33,313,966	10,897,933	
	221,345,711	188,031,745	
12.8 Provision for consumer finance (Credit Card)			
Opening balance	24,137,467	49,180,941	
Provision made during the year	8,659,246	-	
Transferred the surplus to other provision heads	(25,043,474)		
	32,796,713	24,137,467	
12.9 Provision for consumer finance (House Finance)			
Opening balance	47,629,780	141,893,696	
Provision made during the year	3,951,953	-	
Transferred the surplus to other provision heads	(94,263,916)		
	51,581,733	47,629,780	
12.10 Provision for consumer finance (Loan Professionals)			
Opening balance	1,036,394	306,128	
Provision made during the year	1,777,747	730,266	
	2,814,141	1,036,394	
12.11 Provision for consumer finance (Others)			
Opening balance	148,150,541	131,138,520	
Provision made during the year	91,504,111	17,012,021	
	239,654,652	148,150,541	
12.12 Provision for short term agri micro finance			
Opening balance	29,560,485	38,003,966	
Provision made during the year	-	-	
Transferred the surplus to other provision heads	(13,482,988)	(8,443,481)	
	16,077,497	29,560,485	
12.13 Provision for off-balance sheet exposure			
Opening balance	1,979,838,013	1,581,680,000	
Provision made/(reversed) during the year	(409,430,468)	397,928,598	
Adjustment during the year	229,415		
	1,570,407,545	1,979,838,013	
Provision against Off-Balance Sheet Exposure made as per BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 07 dated 21 June 2018 and BRPD Circular No. 13 dated 18 October 2018. Required provision against off-balance sheet exposure as on 31 December 2018 is Tk. 1,570,307,544 against which available provision is Tk. 1,570,407,545.			
12.14 Provision for BHs/MBs/SDs/against share			
Opening balance	848,676	156,164	
Addition during the year	89,199	692,512	
Transferred the surplus to other provision heads	-	-	
	937,875	848,676	
12.15 Provision for current tax			
Opening balance	4,936,286,216	4,144,685,514	
Add: Addition during the year	2,360,094,126	3,027,500,000	
Less: Adjustment with advance Tax	(2,366,203,375)	(2,235,899,298)	
	4,930,176,967	4,936,286,216	
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	2,561,251,694	
2018-2019	3,027,500,000	3,027,500,000	
2019-2020	2,360,094,126		
	22,512,671,456	20,152,577,330	
Less: Adjustment of Current Tax Provision with advance Tax up to the year 2017.	(17,582,494,489)	(15,216,291,114)	
	4,930,176,967	4,936,286,216	
12.16 Provision for deferred tax			
Opening balance	206,445,374	206,445,374	
Addition during the year	21,085,893	-	
	227,531,267	206,445,374	
12.17 Provision for UCB foundation			
Opening balance	60,851,461	105,274,987	
Addition during the year	63,165,000	60,851,461	
Less: Fund transfer to UCB Foundation	(60,851,461)	(105,274,987)	
	63,165,000	60,851,461	



	Amount in BDT	
	31 Dec. 2018	31 Dec. 2017
12.18 Interest suspense account		
Opening balance	4,542,106,658	3,399,350,429
Add: Amount transferred to interest suspense account during the year	5,015,424,654	4,477,160,401
Less: Amount recovered from interest suspense account during the year	(2,853,586,641)	(3,261,030,544)
Less: Interest waiver/remission allowed	(18,776,167)	(5,777,984)
Less: Amount written off during the year	(309,138,133)	(67,595,644)
	6,376,030,371	4,542,106,658

12(a) Consolidated Other Liabilities		
United Commercial Bank Ltd.	31,209,298,354	24,762,662,367
UCB Capital Management Ltd.	975,424,520	1,350,520,009
UCB Investment Ltd.	22,913,676	22,890,675
	32,207,636,550	26,136,073,051
Less: Inter company balance eliminated	767,021	744,021
	32,206,869,529	26,135,329,030

13 Share Capital		
Opening balance	10,541,306,540	10,541,306,540
Add: Bonus shares issue	-	-
	10,541,306,540	10,541,306,540

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		
105,41,30,654 ordinary shares @ Taka 10.00 each	10,541,306,540	10,541,306,540
	10,541,306,540	10,541,306,540

Shareholding position:

Particulars	2018		2017	
	No. of Shares	Amount in BDT	No. of Shares	Amount in BDT
Sponsors/Directors	365,545,869	3,655,458,690	390,243,577	3,902,435,770
Institution(Financial & Others)	216,928,739	2,169,287,390	220,666,286	2,206,662,860
General Public	463,106,213	4,631,062,130	434,670,958	4,346,709,580
Govt. of Peoples Republic of BD	8,549,833	85,498,330	8,549,833	85,498,330
Total	1,054,130,654	10,541,306,540	1,054,130,654	10,541,306,540

13.3 Share Premium		
29,09,95,350 ordinary shares of Taka 5 each per share	1,454,976,750	1,454,976,750

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.

13.4 Classification of Shareholders by holding as at 31 December 2018

Shareholding Range	Number of Shareholders	Number of Shares	Value of Shares in BDT	Total Holdings %
Upto 500 Shares	26,802	4,160,158	41,601,580	0.39%
501 to 5000 Shares	24,287	41,687,202	416,872,020	3.95%
5001 to 10,000 Shares	3,294	23,824,213	238,242,130	2.26%
10,001 to 20,000 Shares	1,728	24,658,193	246,581,930	2.34%
20,001 to 30,000 Shares	488	12,004,257	120,042,570	1.14%
30,001 to 40,000 Shares	224	7,903,466	79,034,660	0.75%
40,001 to 50,000 Shares	158	7,368,953	73,689,530	0.70%
50,001 to 100,000 Shares	306	22,497,989	224,979,890	2.13%
100,001 to 10,00,000 Shares	299	94,022,123	940,221,230	8.92%
10,00,001 & above	116	816,004,100	8,160,041,000	77.41%
Total	57,702	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
2017	-	-	10,541,306,540
2018	-	-	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 2018 was Taka 39,523,782,910 as against available Tier-1 Capital of Taka 24,740,824,624 and Tier-2 Capital of Taka 17,759,986,852 making a Total Regulatory Capital of Taka 42,500,811,476 thereby an excess of capital of Taka 2,977,028,566 at that date.

Details are shown below :

Tier-I Capital :

Common Equity Tier-1 capital (CET1):

Paid-up Capital (note: 13.2)	10,541,306,540	10,541,306,540
Share Premium (note: 13.3)	1,454,976,750	1,454,976,750
Statutory Reserve (note: 14)	11,448,968,037	10,467,416,183
General Reserve (note : 15)	26,577,961	26,577,961
Retained Earnings (note : 17)	1,880,305,140	1,389,408,394
	25,352,134,428	23,879,685,828

Less: Regulatory Adjustments:

Goodwill and all other Intangible Assets	365,632,506	149,473,352
Investment in own CET-1 Instruments/Shares	32,217,920	15,854,020
Reciprocal crossholdings and excess investment above limit	155,101,900	118,468,970
Others	58,357,478	-
	611,309,804	283,796,342

Total Common Equity Tier-1 Capital

Additional Tier-1 Capital (AT-1)

Total Tier-1 Capital

	24,740,824,624	23,595,889,486
	-	-
	24,740,824,624	23,595,889,486

Tier-II Capital:

General Provision	5,939,339,883	4,376,355,536
Revaluation Reserve (note: a)	1,618,953,640	1,618,953,640
Subordinated Bond	12,680,000,000	8,300,000,000
	20,238,293,523	14,295,309,176

Less: Regulatory Adjustments:

Revaluation Reserve	1,295,162,912	971,372,184
Reciprocal crossholdings in the T-2 Capital of BNBFI's & Insurance Entities	195,000,000	-
Any investment exceeding the approved limit under section 26(2) of Bank Company Act, 1991 (50% of Investment)	100,815,000	-
Others	887,328,759	-
	17,759,986,852	13,323,936,992

Total Admissible Tier-2 Capital

Total Regulatory Capital

	42,500,811,476	36,919,826,478
	332,831,856,087	305,850,277,961
	39,523,782,910	34,408,156,271
	2,977,028,566	2,511,670,207

Risk Weighted Assets (note-13.8)

Minimum Capital Requirement with Capital Conservation

Buffer (11.875% of Risk Weighted Assets)

Capital Surplus/(Shortfall)

Note :

- a) The amount of Revaluation Reserve is 20 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%	7.43%	4.50%	7.71%
	Tier-I Capital	6.00%	7.43%	6.00%	7.71%
	Tier-II Capital		5.34%		4.36%
	Total CRAR	11.875%	12.77%	11.25%	12.07%

13.8 Computation of Risk weighted assets

On- Balance Sheet	230,574,061,626	209,876,695,560
Off-Balance sheet	64,628,529,708	59,899,924,754
	295,202,591,334	269,776,620,314
Credit Risk (A)	9,383,100,482	9,946,328,443
Market Risk (B)	28,246,164,271	26,127,329,204
Operational risk (C)		
Total: Risk Weighted assets (A+B+C)	332,831,856,087	305,850,277,961



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
14 Statutory Reserve			
As per section 24(1) of the Bank company Act, 1991 (amendment upto 2018), 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		10,467,416,183	9,375,134,484
Add : Transferred during the year		981,551,855	1,092,281,699
		11,448,968,037	10,467,416,183
15 General Reserve			
Opening Balance		26,577,961	26,577,961
Add: Transferred during for the year		-	-
		26,577,961	26,577,961
16 Other Reserve			
Asset Revaluation Reserve (notes: 16.1)		2,534,101,559	2,534,101,559
Foreign currency translation gain/(loss)		22,729,894	19,591,419
Revaluation Reserve on HTM Securities (notes: 16.2.1)		90,800,364	74,130,335
Revaluation Reserve on HFT Securities (notes: 16.2.2)		-	2,748,663
		2,647,631,817	2,630,571,976
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)		90,800,364	74,130,335
HFT Securities (notes 16.2.2)		-	2,748,663
		90,800,364	76,878,998
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		74,130,335	175,532,010
Net Revaluation gain/adjustment during the year		16,670,029	(101,401,675)
		90,800,364	74,130,335
16.2.2 Revaluation Reserve on HFT Securities			
Opening Balance		2,748,663	15,108,951
Net Revaluation gain/adjustment during the year		(2,748,663)	(12,360,288)
		-	2,748,663
17 Retained Earnings			
Opening Balance		1,389,408,394	1,628,977,579
Add: Transferred during for the year		1,545,027,399	1,341,626,796
Less. Issuance of Stock Dividend		-	-
Less. Issuance of Cash Dividend		(1,054,130,654)	(1,581,195,981)
		1,880,305,140	1,389,408,394



17(a) Consolidated Retained Earnings

United Commercial Bank Ltd.
UCB Capital Management Ltd.
UCB Investment Ltd.

Less: Non controlling Interest

Total balance of retained earnings attributable to the ordinary Share holders.

Paid up Capital
Retained earnings

Non controlling interest

18 Contingent liabilities & commitment

Acceptances & endorsement (note- 18.1)
Letters of guarantee (note- 18.2)
Irrecoverable letters of credit (note- 18.3)
Bills for collection (note-18.4)
Other Commitments

18.1 Acceptances & endorsements

Bankers liabilities for accepted against usance LC
Bankers liabilities for accepted against BB usance

18.2 Letters of guarantee

Bankers liabilities for letters of guarantee (Inland)
Bankers liabilities for letters of guarantee (Foreign)

18.3 Irrecoverable letters of credit

Letters of credit (Inland)
Letters of credit (Foreign)
Back to back L/C
Letters of credit EDF
Letters of credit EPZ

18.4 Bills for collection

Bills for collection
Foreign Bills for collection

Amount in BDT	
31 Dec. 2018	31 Dec. 2017
1,880,305,140	1,389,408,394
447,829,206	269,520,658
47,044,709	91,986,953
2,375,179,055	1,750,916,005
88	53
2,375,178,967	1,750,915,952
763,500,000	763,500,000
494,873,915	361,507,611
1,258,373,915	1,125,007,611
188	153
69,188,473,619	48,836,369,932
65,251,091,309	91,361,376,812
34,639,116,428	44,803,196,081
12,987,932,703	12,155,872,347
-	816,986,203
182,066,614,059	197,973,801,375
49,417,838,186	31,205,844,459
19,770,635,433	17,630,525,473
69,188,473,619	48,836,369,932
59,442,843,234	63,632,931,521
5,808,248,075	27,728,445,291
65,251,091,309	91,361,376,812
577,295,396	1,233,987,672
21,126,627,865	29,453,050,001
11,838,704,913	12,811,076,891
1,090,445,450	1,300,027,046
6,042,804	5,054,471
34,639,116,428	44,803,196,081
9,357,443,172	7,418,643,939
3,630,489,531	4,737,228,408
12,987,932,703	12,155,872,347



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
19 Income Statement			
Income			
Interest, discount and similar income (note - 19.1)	28,951,237,161	24,466,356,152	
Dividend income	303,129,439	139,310,824	
Fees, commission and brokerage	2,811,872,013	2,451,664,459	
Gain <u>less</u> losses arising from dealing in securities	443,241,342	525,463,593	
Gain <u>less</u> losses arising from investment securities	1,668,745,144	1,614,857,800	
Gain <u>less</u> losses arising from dealing in foreign currencies	-	-	
Income from non-banking asset	406,428,680	272,002,941	
Other operating income	34,584,653,779	29,469,655,769	
Expenses			
Interest paid on deposits and borrowings etc	16,024,496,884	12,087,387,278	
Administrative expenses (note - 19.2)	9,301,986,202	7,984,258,399	
Other operating expenses	1,035,097,565	896,892,661	
Depreciation on banks assets	565,184,745	549,708,936	
	26,926,765,396	21,518,247,274	
	7,657,888,383	7,951,408,495	
19.1 Interest, discount and similar income			
Interest Income	25,266,932,644	21,034,156,637	
Interest income from investments	3,684,304,517	3,432,199,515	
	28,951,237,161	24,466,356,152	
19.2 Administrative expenses			
Salary and allowances	6,491,607,508	5,736,494,910	
Rent, taxes, insurance, electricity etc.	1,226,148,243	1,155,591,221	
Legal expenses	63,146,961	65,336,223	
Postage, stamps, telecommunications etc.	141,984,025	148,928,973	
Stationery, printing, advertisements etc.	1,127,862,324	648,490,430	
Chief Executive's salary and fees	9,912,000	8,026,560	
Directors' fees	5,403,306	5,408,654	
Auditors' fees	1,150,000	805,000	
Repair of banks assets	234,771,835	215,176,428	
	9,301,986,202	7,984,258,399	
20 Interest Income			
Interest on loans and advances	23,690,265,232	20,008,574,551	
Interest on balances with other banks & Fin Ins.	1,417,602,305	792,632,140	
Interest on money at call on short notice	117,132,472	213,164,527	
Interest on balance with foreign Bank	41,932,635	19,785,419	
	25,266,932,644	21,034,156,637	
20(a) Consolidated Interest Income			
United Commercial Bank Ltd.	25,266,932,644	21,034,156,637	
UCB Capital Management Ltd.	268,577,805	160,862,935	
UCB Investment Ltd.	-	-	
	25,535,510,449	21,195,019,572	



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
21 Interests Paid on deposits and borrowings etc.			
Interest paid on deposits (note - 21.1)	13,542,329,435	10,708,216,861	
Interest paid on borrowings (note - 21.2)	2,482,167,449	1,379,170,417	
	16,024,496,884	12,087,387,278	
21.1 Interest paid on deposits			
Savings Deposit	1,608,476,240	1,462,031,677	
Special Notice Deposit	1,917,299,686	1,882,378,870	
Fixed Term Deposit	6,584,373,642	3,833,545,134	
Scheme Term Deposit	3,432,179,867	3,530,261,180	
	13,542,329,435	10,708,216,861	
21.2 Interest paid on borrowings			
Borrowing from Bangladesh Bank	125,148,200	111,540,164	
Borrowing from other Bank & financial institution	282,033,437	6,279,919	
Interest Paid on Subordinated Bond	1,212,577,776	733,305,553	
F.C borrowings	253,714,686	164,951,643	
Interest Exp. On Other Bank repo borrowings	51,008	205,225	
Interest on money at call on short notice	13,366,167	814,931	
Interest on EDF borrowings from Bangladesh Bank	595,276,175	315,660,015	
Re-issued/Buy Bonds	-	46,412,967	
	2,482,167,449	1,379,170,417	
21(a) Consolidated Interests Paid on deposits and borrowings etc.			
United Commercial Bank Ltd.	16,024,496,884	12,087,387,278	
UCB Capital Management Ltd.	34,379,656	8,391,667	
UCB Investment Ltd.	-	-	
	16,058,876,540	12,095,778,945	
22 Investment income			
Interest income from investments (note - 22.1)	3,684,304,517	3,432,199,515	
Non interest income from investments (note - 22.2)	746,400,781	664,804,417	
	4,430,705,298	4,097,003,932	
22.1 Interest income from investments			
Government treasury bill/bond	3,110,757,549	2,983,589,271	
Bangladesh Bank Bill	78,364,683	399,914,433	
Sub-ordinated Bond	207,369,750	-	
Reverse Repo with Other Bank	44,002,201	6,452,256	
Gain/(Loss) on revaluation on govt. securities (note - 22.2.1)	243,810,334	42,243,555	
	3,684,304,517	3,432,199,515	
22.2 Non interest income from investments			
Dividend on shares	303,129,439	139,310,824	
Gain/(Loss) on sale of share (note - 22.2.2)	443,241,342	525,463,593	
Prize money on prize bond	30,000	30,000	
	746,400,781	664,804,417	
	4,430,705,298	4,097,003,932	
22.2.1 Gain/(Loss) on revaluation on govt. securities			
Gain on revaluation on govt. securities	254,005,970	98,558,592	
Less : Loss on revaluation on govt. securities	(10,195,636)	(56,315,037)	
	243,810,334	42,243,555	
22.2.2 Gain/(Loss) on sale of shares			
Gain on sale of shares	515,623,782	723,911,009	
Less : Loss on sale of shares	(72,382,440)	(198,447,416)	
	443,241,342	525,463,593	



22(a) Consolidated Investment Income

United Commercial Bank Ltd.
UCB Capital Management Ltd.
UCB Investment Ltd.

Amount in BDT	
31 Dec. 2018	31 Dec. 2017
4,430,705,298	4,097,003,932
40,645,551	114,614,544
(44,906,674)	68,796,725
4,426,444,175	4,280,415,201

23 Commission, Fees, Exchange & Brokerage

Commission (note - 23.1)
Fees (note - 23.2)
Exchange earning (note - 23.3)

1,626,993,030	1,380,784,209
1,184,878,983	1,070,880,250
1,668,745,144	1,614,857,800
4,480,617,157	4,066,522,259

23.1 Commission

Remittance Inland
Remittance Foreign
Commission on Letters of guarantee
Commission on Letters of credit
Letters of credit (back to back)
Irrevocable Reimbursement Undertaking
Commission on BSP / PSP
Commission on acceptance
Exchange comm. & rebate
Clearance
Commission (Card)
MFS Commission
Others

23,505,812	14,184,363
7,778,540	6,997,362
387,962,411	302,451,901
384,297,677	360,032,890
221,932,358	200,605,890
6,489,292	7,957,165
5,141,519	7,879,168
427,801,308	294,824,841
136,401,771	159,706,342
2,229,397	6,942,157
6,132,698	4,838,159
14,016,520	11,646,093
3,303,727	2,717,878
1,626,993,030	1,380,784,209

23.2 Fees

Bills for collection
Account maintenance fees
Appraisal/processing fees
Online transaction fees
BACH/BEFTN charges
Cash incentive charges
Standing instruction charges
FC Endorsement charges
LC, BC, & BG (Others) Fees & Charges
Debit card
Credit card
Arrangement Fees
ABS fees & charges
SMS Banking charges
Misc. fees

56,900,418	53,143,695
153,657,143	147,443,500
46,099,351	38,085,922
86,278,174	82,724,199
3,050	38,055
9,683,350	8,251,030
44,600	33,550
595,037	686,163
362,143,526	334,611,983
80,614,818	53,321,522
302,604,515	220,708,367
31,619,130	85,084,100
182,716	-
35,472,300	32,024,800
18,980,855	14,723,364
1,184,878,983	1,070,880,250

23.3 Exchange

Exchange earning (general)
Revaluation gain/(Loss) on foreign currency
FX Deal Discount Income

1,602,698,866	1,590,406,858
50,938,964	80,859,399
15,107,314	(56,408,457)
1,668,745,144	1,614,857,800
-	-
1,668,745,144	1,614,857,800

Less : Exchange loss (general)
Less : Exchange loss (dealing room)



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
23(a) Consolidated Commission, Fees, Exchange & Brokerage			
United Commercial Bank Ltd.	4,480,617,157	4,066,522,259	
UCB Capital Management Ltd.	137,986,067	171,922,568	
UCB Investment Ltd.	-	-	
	4,618,603,224	4,238,444,827	
24 Other Operating Income			
Locker	13,467,570	9,185,008	
Premises rent	488,595	103,500	
Miscellaneous earning	67,367,114	75,078,057	
Swift charges	52,433,829	74,455,383	
Recoveries from Operational Loss	5,000,000	-	
Recoveries from previously written off loan	267,641,572	113,150,993	
	406,398,680	271,972,941	
24(a) Consolidated Other Operating Income			
United Commercial Bank Ltd.	406,398,680	271,972,941	
UCB Capital Management Ltd.	660,548	665,835	
UCB Investment Ltd.	-	-	
	407,059,228	272,638,776	
25 Salaries and allowances			
Basic salary	2,493,199,239	2,176,693,469	
Allowances	2,195,051,752	1,873,293,952	
Bonus	1,080,481,239	1,108,689,910	
Provident fund	245,498,478	212,036,359	
Gratuity	424,800,000	320,000,000	
Welfare fund	52,576,800	45,781,220	
	6,491,607,508	5,736,494,910	
25(a) Consolidated Salary and allowances			
United Commercial Bank Ltd.	6,491,607,508	5,736,494,910	
UCB Capital Management Ltd.	88,066,646	90,199,742	
UCB Investment Ltd.	-	-	
	6,579,674,154	5,826,694,652	
26 Rent, taxes, insurance, electricity etc.			
Rent premises	711,889,287	692,984,992	
Rent, rates & taxes	45,304,865	41,406,985	
Other rental charges	34,816,263	30,505,901	
Insurance charge	238,771,833	226,355,516	
Electricity, Water & Gas	195,365,995	164,337,827	
	1,226,148,243	1,155,591,221	



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
26(a) Consolidated Rent, taxes, insurance, electricity etc.			
United Commercial Bank Ltd.	1,226,148,243	1,155,591,221	
UCB Capital Management Ltd.	3,583,506	3,955,841	
UCB Investment Ltd.	-	-	
	1,229,731,749	1,159,547,062	
27 Legal expenses			
Professional fees	60,227,636	57,456,165	
Other legal charges	2,342,393	6,169,690	
Stamp, power of attorney & notary public	576,932	1,710,368	
	63,146,961	65,336,223	
27(a) Consolidated Legal expenses			
United Commercial Bank Ltd.	63,146,961	65,336,223	
UCB Capital Management Ltd.	132,544	299,725	
UCB Investment Ltd.	-	-	
	63,279,505	65,635,948	
28 Postage, stamps, telecommunications etc.			
Postage	27,834,540	19,267,583	
Telecommunication charges	38,570,562	36,997,061	
Reuter	3,668,239	2,266,414	
Internet	519,806	80,572	
Online connectivity charge	71,390,878	90,317,343	
	141,984,025	148,928,973	
28(a) Consolidated Postage, stamps, telecommunications etc.			
United Commercial Bank Ltd.	141,984,025	148,928,973	
UCB Capital Management Ltd.	1,235,296	702,122	
UCB Investment Ltd.	-	-	
	143,219,321	149,631,095	
29 Stationery, printing & advertisements etc.			
Security Stationery	20,033,670	22,144,331	
Petty Stationery	32,715,788	28,181,283	
Office Stationery	85,347,507	150,618,173	
	138,096,965	200,943,787	
Advertisement			
News paper	49,730,809	29,771,939	
Magazine	2,576,932	1,318,960	
Sponsorship	254,894,531	165,124,930	
Point of sales material (POSM)	1,374,880	2,971,453	
Business Development	1,672,593	798,400	
Branding expenses	284,643,456	59,066,427	
Promotional Material	177,128,903	93,426,613	
Misc. advertisement	22,646,004	13,179,585	
Hoarding & neon sign	-	5,056,168	
Television	194,539,731	76,832,168	
Radio	557,520	-	
	989,765,359	447,546,643	
	1,127,862,324	648,490,430	



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
29(a) Consolidated Stationery, printing & advertisement etc.			
United Commercial Bank Ltd.	1,127,862,324	648,490,430	
UCB Capital Management Ltd.	3,983,846	5,230,902	
UCB Investment Ltd.	-	-	
	1,131,846,170	653,721,332	
30 Chief Executive's salary and fees			
Basic salary	7,652,000	5,659,463	
Festival Bonus	1,260,000	600,000	
Incentive Bonus	1,000,000	1,000,000	
House rent allowance	-	500,000	
Provident fund	-	267,097	
	9,912,000	8,026,560	
31.00 Directors fees			
Meeting fees	2,999,200	3,118,800	
Other meeting fee (travelling expenses)	2,404,106	2,289,854	
	5,403,306	5,408,654	
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		1,150,000	805,000
32(a) Consolidated Auditors fees			
United Commercial Bank Ltd.	1,150,000	805,000	
UCB Capital Management Ltd.	57,500	57,500	
UCB Investment Ltd.	23,000	23,000	
	1,230,500	885,500	
33 Depreciation and repair of bank's assets		799,956,580	764,885,364
33.1 Depreciation			
Furniture/fixtures	159,650,748	154,544,404	
Vehicles	30,094,587	35,689,274	
Office equipments	125,243,647	121,495,195	
Computer equipments	93,012,166	91,207,533	
Computer software	103,124,958	104,675,632	
Immovable property (Building)	54,058,639	42,096,898	
	565,184,745	549,708,936	
33.2 Repair renovation & maintenance			
Furniture /fixtures	3,269,461	3,061,047	
Vehicles	14,943,169	13,584,739	
Office equipments	30,423,234	25,072,139	
Computer equipments	1,095,337	1,670,291	
Renovation & maintenance	174,901,446	154,163,493	
Premises	9,636,529	9,369,683	
Repair building	502,659	8,255,036	
	234,771,835	215,176,428	
33(a) Consolidated Depreciation and repair of bank's assets			
United Commercial Bank Ltd.	799,956,580	764,885,364	
UCB Capital Management Ltd.	3,792,667	4,840,592	
UCB Investment Ltd.	-	-	
	803,749,247	769,725,956	



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
34 Other expenses			
Entertainment	62,284,948	53,990,891	
Petrol, oil & lubricant	146,705,243	125,462,449	
Subscription	8,681,237	7,730,390	
Donation	75,068,040	141,958,266	
Traveling	116,917,240	86,493,170	
Cartage and freight	12,977,193	11,677,294	
Hon. general	1,975,802	1,353,800	
Fees commission & charges	64,264,015	46,061,060	
Meeting Seminar and staff training	43,391,119	6,157,008	
Fees Commission and Charges Dabit Card	11,673,053	16,249,327	
Fees Commission and Charges Visa Card Local	79,754,360	33,539,060	
Liveries & uniforms	1,497,851	667,800	
Operational Loss	-	468,341	
Medical expenses	187,945,780	167,938,445	
Car expenses	154,349,192	126,824,480	
Loss on sale of assets	3,914,415	698,478	
Write off of assets	127,536	4	
BATCH/BEFTN Charges	405,541	8,770,937	
UCB Foundation	63,165,000	60,851,461	
	1,035,097,565	896,892,661	
34(a) Consolidated Other Expenses			
United Commercial Bank Ltd.	1,035,097,565	896,892,661	
UCB Capital Management Ltd.	9,629,617	33,291,370	
UCB Investment Ltd.	12,570	5,902	
	1,044,739,752	930,189,933	
35 Provision for Loans & Advances			
Classified loans & advances	1,444,248,792	1,455,907,490	
Standard Loans & advances	1,838,740,493	471,340,825	
Special mention account (SMA)	-	135,490,355	
Small & medium enterprise (SME)	33,313,966	10,897,933	
Consumer finance (Credit Card)	8,659,246	-	
Consumer finance (House Finance)	3,951,953	-	
Consumer finance (Credit Card)	-	-	
Provision for Consumer Finance (L.P)	1,777,747	730,266	
Consumer finance (Others)	91,504,111	17,012,021	
Short Term Agri. Micro Finance	-	-	
Provision for BHs/MBs/SDs/against share	89,199	692,512	
	3,422,285,507	2,092,071,402	
35(a) Consolidated Provision for Loans & Advances			
United Commercial Bank Ltd.	3,422,285,507	2,092,071,402	
UCB Capital Management Ltd.	3,400,939	-	
UCB Investment Ltd.	-	-	
	3,425,686,446	2,092,071,402	
36 Provision for diminution in value of investments			
Provision required during the year	(292,839,246)	-	
	(292,839,246)	-	
36(a) Consolidated Provision for diminution in value of investment			
United Commercial Bank Ltd.	(292,839,246)	-	
UCB Capital Management Ltd.	20,730,684	-	
UCB Investment Ltd.	-	(5,191,480)	
	(272,108,562)	(5,191,480)	



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
37 Other Provision			
Provision for other assets	30,113,317	-	
Provision for off-balance sheet exposures	(409,430,468)	397,928,598	
	(379,317,151)	397,928,598	

Provision for Off-Balance Sheet Exposure

Provision against Off-Balance Sheet Exposure made as per BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 07 dated 21 June 2018 and BRPD Circular No. 13 dated 18 October 2018.

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	2,360,094,126	3,027,500,000
Deferred Tax Provision	21,085,893	-
	2,381,180,019	3,027,500,000

38(a) Consolidated Provision for Taxation

Current Tax

United Commercial Bank Ltd.	2,360,094,126	3,027,500,000
UCB Capital Management Ltd.	100,000,000	78,698,560
UCB Investment Ltd.	-	7,583,052
	2,460,094,126	3,113,781,612

Deferred Tax

United Commercial Bank Ltd.	21,085,893	-
UCB Capital Management Ltd.	568,522	431,776
UCB Investment Ltd.	-	-
	21,654,415	431,776
	2,481,748,541	3,114,213,388

39 Earnings per Share (EPS)

Earnings per share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".

Net Profit after Tax (Numerator)	2,526,579,254	2,433,908,495
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654
Earning Per Share (EPS)	2.40	2.31

39(a) Consolidated Earnings per Share (CEPS)

Consolidated Earnings per share has been calculated in accordance with IAS-33: "Earnings Per Share (EPS)".

Net Profit after Tax (Numerator)	2,659,945,558	2,722,250,831
Non controlling interest	35	43
	2,659,945,523	2,722,250,788
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654
Consolidated Earning Per Share (CEPS)	2.52	2.58



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
40 Receipt from other operating activities			
Exchange earning & brokerage		1,668,745,144	1,614,857,800
Other operating income		582,028,450	684,315,541
		2,250,773,594	2,299,173,341
40(a) Consolidated Receipt from other operating activities			
United Commercial Bank Ltd.		2,250,773,594	2,299,173,341
UCB Capital Management Ltd.		20,277,389	95,497,990
UCB Investment Ltd.		(56,196,439)	-
		2,214,854,544	2,394,671,331
41 Payment for other operating activities			
Legal expenses		63,146,961	65,336,223
Directors fees & other expenses		5,403,306	5,408,654
Auditors fees		1,150,000	805,000
Repair to fixed assets		234,771,835	215,176,428
Other expenditure		1,035,097,565	896,892,661
		1,339,569,667	1,183,618,966
41(a) Consolidated Payment for other operating activities			
United Commercial Bank Ltd.		1,339,569,667	1,183,618,966
UCB Capital Management Ltd.		9,842,659	35,594,504
UCB Investment Ltd.		12,570	5,902
		1,349,424,896	1,219,219,372
42 Increase / Decrease of other assets			
Closing other assets		6,148,547,893	6,138,155,268
Advance income tax		(1,346,549,251)	(1,351,430,049)
Opening other assets		(4,786,725,219)	(3,706,391,832)
Increase /Decrease for the year		15,273,423	1,080,333,387
42(a) Consolidated Increase / Decrease of other assets			
Closing other assets		4,220,832,612	4,068,068,401
Advance income tax paid		(1,428,159,973)	(1,393,898,298)
Opening other assets		(4,068,068,401)	(3,032,975,376)
Increase /Decrease for the year		(1,275,395,762)	(358,805,273)
43 Increase / Decrease of other liabilities			
Closing other liabilities		27,968,843,195	24,131,337,978
Provision for classified loans & advances		(4,934,383,120)	(5,020,938,000)
Provision for classified investment		-	(292,839,246)
Provision for classified fixed assets		(3,972,000)	(3,972,000)
Provision for classified other assets		(104,964,661)	(74,851,344)
Provision for unclassified loans & advances		(3,733,376,919)	(1,728,779,435)
Provision for special mention account (SMA)		(75,968,997)	(228,343,000)
Provision for small & medium enterprise (SME)		(221,345,711)	(188,031,745)
Provision for consumer finance (Credit Card)		(32,796,713)	(24,137,467)
Provision for consumer finance (House Finance)		(51,581,733)	(47,629,780)
Provision for consumer finance (L.p)		(2,814,141)	(1,036,394)
Provision for consumer finance (Others)		(239,654,652)	(148,150,541)
Provision for short term agri micro finance		(16,077,497)	(29,560,485)
Provision for others		(937,875)	(848,676)
Provision for off-balance sheet exposures		(1,570,407,545)	(1,979,838,013)
Provision for current tax		(4,930,176,967)	(4,936,286,216)
Provision for deferred tax		(227,531,267)	(206,445,374)
Adjustment of provision of OBU		(2,305)	7,717,228
Opening other liabilities		(9,219,650,262)	(7,655,981,574)
Increase /Decrease for the year		2,603,200,829	1,571,385,916



		Amount in BDT	
		31 Dec. 2018	31 Dec. 2017
44 Net Operating Cash Flows Per Share (NOCFPS)			
Net Cash from operating activities	(8,810,311,331)	1,711,783,268	
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654	
Net Operating Cash Flows Per Share (NOCFPS)	(8.36)	1.62	
44(a) Consolidated Net Operating Cash Flows Per Share (CNOCFPS)			
Net Cash from operating activities	(9,402,934,244)	2,151,669,992	
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654	
Consolidated Net Operating Cash Flows Per Share (CNOCFPS)	(8.92)	2.04	
45 Net Asset Value Per Share (NAVPS)			
Net Asset Value	27,999,766,245	26,510,257,804	
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654	
Net Asset Value Per Share (NAVPS)	26.56	25.15	
45(a) Consolidated Net Asset Value Per Share (CNAVPS)			
Net Asset Value With Non Controlling Interest	28,494,640,260	26,871,765,515	
Non Controlling Interest	188	153	
	28,494,640,072	26,871,765,362	
Number of Ordinary shares outstanding (Denominator)	1,054,130,654	1,054,130,654	
Consolidated Net Asset Value Per Share (CNAVPS)	27.03	25.49	



46 Audit Committee

The 1st 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 from time to time. The Audit Committee of the Board of Director consisted of the following 05 (five) members of the Board as on 31 December 2018.

Name of the Members	Status with the Bank	Status in the Committee	Educational Qualification
Akhter Matin Chaudhury	Independent Director	Chairman	FCA (E&W), FCA, FCS
Syed Mohammed Nuruddin	Independent Director	Member	Bachelor of Arts
Bashir Ahmed	Director	Member	Bachelor of Commerce
Syed Kamruzzaman	Director	Member	B.Com (Honours) in Accounting, FCMA
Muhammed Shah Alam	Director	Member	M.Com.in Accounting, FCMA

During the period from 01 January 2018 to 31 December 2018 the Audit Committee has conducted 09 (Nine) meetings. Details of the meeting are shown below by datewise.

Details of the Audit Committee Meeting in the year 2018

Sl. No	Meeting No	Held On
1	91st	14-02-2018
2	92nd	20-03-2018
3	93rd	14-05-2018
4	94th	27-06-2018
5	95th	09-07-2018
6	96th	19-07-2018
7	97th	29-08-2018
8	98th	23-10-2018
9	99th	11-11-2018

The Audit Committee discussed the following issues during the year 2018

- Internal Audit Plan - 2018.
- Audited Financial Statements of the Bank for the year ended 31, December 2017 and Auditors report thereon.
- Unaudited financial statements for the 1st, 2nd and 3rd quarter of the Bank for the year 2018, before submission for approval to the Board of Directors.
- "Annual Health Report" as on 31 December 2017.
- IT Security & Risk Assessment.

47 Related Party Disclosers :

47.1 (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. 2018	Closing Share holding position as on 31 Dec. 2018
Rukhmila Zaman	Chairman	21083833	21083833
Hajee Yunus Ahmed	Vice - Chairman	22767628	22767628
Anisuzzaman Chowdhury	Chairman - Executive Committee	29501526	29501526
Akhter Matin Chaudhury	Chairman - Audit Committee (Independent Director)	-	-
M. A. Sabur	Chairman - Risk Management Committee	22532585	22893585
Hajee M. A. Kalam		21084815	21084815
Nurul Islam Chowdhury	Director	21086874	21086874
Bazal Ahmed	Director	21125467	21125467
Asifuzzaman Chowdhury	Director	29735237	29735237
Roxana Zaman, (Representative of Volkart Trading Limited)	Director	21100000	21100000
Bashir Ahmed	Director	21202269	21202269
Afroza Zaman, (Representative of Legandary Asset Management Limited)	Director	-	21100000
Md. Tanvir Khan	Director	21084773	21084773
Syed Kamruzzaman (Representative of Aramit Thai Aluminium Limited)	Director	21611000	21611000
Farid Uddin Ahmed (Representative of Nahar Metals Limited)	Director	21083000	21083000
Muhammed Shah Alam, (Representative of Ardent Asset management Limited)	Director	-	21100000
Syed Mohammed Nuruddin	Independent Director	-	-
Dr. Salim Mahmud	Independent Director	-	-
Mohammed Shawkat Jamil	Managing Director	-	-

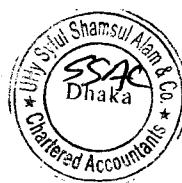


47.1 (b): Name of the Directors and the entities in which they had interest as at 31 December 2018

Name of Directors	Status	Entities where they have interest.
Rukhmila Zaman	Chairman	1. Aramit Limited. 2. Aramit Cement Limited. 3. Aramit Thai Aluminum Limited. 4. Aramit Power Limited. 5. Aramit Alu Composite Panels Limited. 6. Aramit Steel Pipes Limited.
Hajee Yunus Ahmed	Vice Chairman	1. Yunusco T&A (BD) Limited. 2. Yunusco K. Textiles Ltd. 3. Adapt ID Bangladesh Ltd. 4. Yunusco Stone & Engineering Ltd. 5. Yunusco Properties Ltd. 6. Yunusco Ltd. 7. Ynunosco (BD) Limited. 8. Yunusco Global Sourcing Ltd. 9. YK Limited. 10. Best Eat (Pvt) Ltd. 11. Nine 2 Nine Intimates Ltd. 12. Wonder Gas Ltd.
Anisuzzaman Chowdhury	Chairman - Executive Committee	1. Ronny Chemical Industries Ltd. 2. Anowara Construction Ltd.
Akhter Matin Chaudhury	Independent Director & Chairman, Audit Committee	-
M.A. Sabur	Chairman - Risk Management Committee	1. Masco Industries Ltd. 2. Mascotex Ltd. 3. Masco Cottons Ltd. 4. Masco Superknits Ltd. 5. Masco Energy Ltd. 6. Masminu Energy Ltd. 7. Masminu Footspree Ltd. 8. Shanta Expressions Ltd. 9. Maxim Ltd. 10. Maxim International Ltd. 11. Masco Shares & Securities Ltd. 12. Masco Properties Ltd. 13. Masco Poultry Ltd. 14. Masco Services Ltd. 15. Concept Knitting Ltd. 16. Masco Printing & Embroidery Ltd. 17. Masco Picasso Ltd. 18. Tasniah Fabrics Ltd. 19. Masco Poultry Enterprise. 20. Masco Dairy Enterprise. 21. Masco Fisheries Enterprise.
Hajee M.A. Kalam	Director	1. M/s. M. A. Kalam Ltd. 2. M/s. United Overseas (BD) Ltd. 3. Arab Plantation Ltd.
Nurul Islam Chowdhury	Director	1. Islam Steel Mills Ltd. 2. Eastern Engineers (CTG.) Ltd. 3. MegaByte Software Ltd. 4. Shoppers World Ltd. 5. NAMS Trading Corporation.
Bazal Ahmed	Director	1. Taj Accessories (Pvt.) Ltd. 2. Saikat Textile Ind. Ltd. 3. KITH Fashion Ltd.
Asifuzzaman Chowdhury	Director	1. Synthetic Rezin Products (Pvt) Ltd. 2. Ronny Chemical Industries Ltd.
Roxana Zaman (Representative of Volkart Trading Limited)	Director	1. Volkart Trading Ltd. 2. Janata Insurance Ltd.
Bashir Ahmed	Director	1. Airmate Goodie Electrical Industries Ltd. 2. Goodie Accessories (Pvt) Ltd. 3. International Distribution Company Bangladesh (Pvt) Ltd. 4. B & B Electronics. 5. B & B Food & Beverage. 6. B & B Electrical & Electronics. 7. Dhaka Electrical & Electronics. 8. Bard International Mettle Emporium. 9. Petal Enterprise.



Name of Directors	Status	Entities where they have interest.
Afroza Zaman (Representative of Legendary Assets Management Limited)	Director	1. Janata Insurance Ltd. 2. Legandary Asset Managemet Ltd. 3. Volkart Trading Ltd.
Md. Tanvir Khan	Director	1. J. K. Fabrics Ltd. 2. J. K. Knit Composite Ltd.
Syed Kamruzzaman (Representative of Aramit Thai Aluminium Limited)	Director	-
Muhammed Shah Alam, (Representative of Ardent Asset Management Limited)	Director	-
Farid Uddin Ahmed (Representative of Nahar Metals Limited)	Director	-
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. American Education Council Ltd.
Dr. Salim Mahmud	Independent Director	1. Chairman, Bangladesh Energy Regulatory Commission Tribunal.
Mohammed Shawkat Jamil	Managing Director	1. United Commercial Bank Ltd.



47.2 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	Remarks
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47.3 Shares issued to Directors & Executives without consideration or exercisable at a discount: **Nil**

47.4 Related Party Transactions: **Nil**

47.5 Lending policies to related parties: Lending to related parties is affected as per requirement of section 27 (1) of the Bank company Act 1991.

47.6 Loans and advances to concern related to directors: **Nil**

47.7 Business other than banking business with any related concern of the Directors as per section 18(2) of the Bank company Act 1991: **Nil**

47.8 Investment in securities of Directors and their related concern: **Nil**

48 Events after Balance Sheet date:

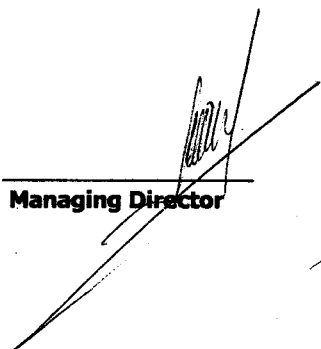
a) The Board of Directors of United Commercial Bank Limited in its Board meeting held on April 30, 2019 recommended Stock dividend @ 10% for the year 2018.

General:

48.1 Banks share capital has not been utilized for acquiring any other direct or indirect business.

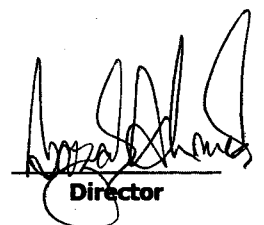
48.2 No amount was spent by the bank for compensating any members of the board for special services rendered during the period.

48.3 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



**United Commercial Bank Ltd.
Balance with Nostro Accounts
As on 31 December 2018**

Nostro Bank			Name of the Country		Currency	2018		2017		(Annexure-A)	
			Amount in FC	Rate	Amount in BDT	Amount in FC	Rate	Amount in FC	Rate	Amount in BDT	
AB Bank Ltd		India	ACU	3,025,659.17	83.90	253,852,804.36		505,079.40	82.70	41,770,066.38	
Bank of Bhutan		Bhutan	ACU	37,570.00	83.90	3,152,123.00		50,867.93	82.70	4,206,777.81	
Commerz Bank AG		Germany	USD	(27,557.71)	83.90	(2,312,091.87)		210,831.22	82.70	17,435,741.89	
Commerz Bank AG		Germany	EUR	549,464.19	95.51	52,480,313.82		297,532.69	98.50	29,308,160.10	
Habib American Bank		USA	USD	11,463,320.76	83.90	961,772,611.76		5,213,369.72	82.70	431,145,675.84	
Habib Metropolitan Bank Limited		Pakistan	ACU	310,508.09	83.90	26,051,628.75		205,073.35	82.70	16,959,566.05	
HDFC Bank Limited		India	ACU	218,993.24	83.90	18,373,532.84		44,355.60	82.70	3,668,208.12	
ICICI Bank Ltd		India	ACU	1,889,251.55	83.90	158,508,205.05		1,053,374.62	82.70	87,114,081.07	
JP Morgan NY		USA	USD	(12,137,213.56)	83.90	(1,018,312,217.68)		(2,654,693.31)	82.70	(219,543,136.74)	
Mashreq Bank Psc		India	ACU	1,259,351.84	83.90	105,659,619.38		200,657.71	82.70	16,594,392.62	
Mashreq Bank Psc		USA	USD	432,691.70	83.90	36,302,833.63		1,502,613.79	82.70	124,266,160.43	
Nepal Bangladesh Bank		Nepal	ACU	144,679.80	83.90	12,138,635.22		77,606.02	82.70	6,418,017.85	
Peoples Bank Colombo		Sri Lanka	ACU	115,597.72	83.90	9,698,648.71		122,218.08	82.70	10,107,435.22	
Sonali Bank Ltd		India	ACU	5,132.67	83.90	430,631.01		53,974.42	82.70	4,463,684.53	
Standard Chartered Bank Ltd		India	ACU	909,071.36	83.90	76,271,087.10		97,467.04	82.70	8,060,524.21	
Standard Chartered Bank Ltd		USA	USD	84,157.80	83.90	7,060,839.42		4,316,753.84	82.70	356,995,542.57	
State Bank of India		India	ACU	2,456.17	83.90	206,072.66		2,456.17	82.70	203,125.26	
The Bank of Tokyo Mitsubishi		Japan	JPY	10,424,912.00	0.76	7,885,403.44		3,172,854.00	0.73	2,319,038.99	
Wells Fargo Bank N.A		USA	USD	(367,706.20)	83.90	(30,850,550.18)		702,883.48	82.70	58,128,463.80	
Mashreq Bank PSC		UAE	AED	6,500.00	22.84	148,483.40		6,499.99	22.52	146,355.72	
Saudi Hollandi Bank		Saudi Arabia	SAR	620,092.40	22.36	13,866,878.30		620,092.40	22.05	13,675,083.72	
BANK AL-JAZIRA		Saudi Arabia	SAR	345,566.32	22.36	7,727,761.39		345,566.32	22.05	7,620,877.72	
KOOKMIN BANK		Korea	USD	96,855.18	83.90	8,126,149.60		410,618.49	82.70	33,958,149.12	
Mashreq Bank PSC		UK	GBP	77,739.11	106.23	8,258,552.16		34,225.00	110.98	3,798,406.87	
Mashreq Bank PSC		UK	EUR	43,756.97	95.51	4,179,306.97		731,611.42	98.50	72,066,651.32	
UBL Switzerland AG		Switzerland	CHF	48,960.67	84.56	4,140,094.67		51,775.85	83.97	4,347,509.40	
Axis Bank Limited		India	ACU	34,167.76	83.90	2,866,675.06		89,253.65	82.70	7,381,276.86	
Yes Bank Limited		India	ACU	11,245.89	83.90	943,530.17		44,001.51	82.70	3,638,924.88	
Citi Bank N.A.New York, USA		USA	USD	(386,299.80)	83.90	(32,410,553.22)		504,379.62	82.70	41,712,194.57	
Mashreq Bank NY (OBU)		USA	USD	12,529.92	83.90	1,051,260.29		38,209.04	82.70	3,159,887.61	
Habib American Bank, NY, (OBU)		USA	USD	2,769,862.65	83.90	232,391,476.34		369,020.31	82.70	30,517,979.64	
Total						929,659,746		1,221,644,823			



UNITED COMMERCIAL BANK LTD.

Schedule of Fixed Assets

As on 31 December 2018

Amount in BDT

Particulars	COST				DEPRECIATION				Written down value as on 31 Dec. 2018
	Opening Balance at Cost as on 01 Jan. 2018	Addition during the year	Adjustment during the year	Total Cost as on 31 Dec. 2018	Rate	Charged up to 31 Dec. 2017	Adjustment during the year	Charged during the year	Total Depreciation as on 31 Dec. 2018
Land	4,395,054,283			4,395,054,283	0.0%	-	-	-	4,395,054,283
Building	1,683,875,932	447,829,544		2,131,705,476	2.5%	262,478,020		54,058,639	316,536,659
Furniture & Fixtures	1,498,045,192	174,861,893	30,959,880	1,641,947,205	10.0%	691,903,156	25,627,680	159,650,748	825,926,224
Office Equipment	1,057,476,281	342,476,726	15,267,480	1,384,685,227	20.0%	777,089,068	14,876,042	125,243,647	887,456,673
Computer Equipment	900,579,801	129,509,949	33,494,599	996,595,151	20.0%	688,609,093	32,610,485	93,012,166	749,010,774
Vehicles	398,340,786	65,175,654	2,700,000	460,816,440	20.0%	333,942,182	2,699,999	30,094,587	361,336,770
Computer Software	578,213,040	319,284,113	-	897,497,153	25.0%	428,739,688		103,124,958	531,864,646
Capital Expenditure Work In Progress	1,015,277,528	1,283,622,790	1,478,955,579	819,944,739	0.0%	-	-	-	819,944,739
Total as on 31 Dec. 2018	11,526,862,843	2,762,760,669	1,561,377,538	12,728,245,974		3,182,761,207	75,814,206	565,184,745	3,672,131,746
Total as on 31 Dec. 2017	11,115,309,869	1,026,625,440	615,072,466	11,526,862,843		2,735,134,128	102,081,857	549,708,936	8,344,101,636



UNITED COMMERCIAL BANK LIMITED
Highlights on Overall Activities

Particulars	Amount in BDT	
	31 Dec 2018	31 Dec 2017
Paid-up Capital	10,541,306,540	10,541,306,540
Total Capital	42,500,811,476	36,919,826,478
Capital Surplus/(Deficit)	2,977,028,566	2,511,670,207
Total Assets	401,076,144,413	363,314,800,137
Total Deposits	297,172,820,632	278,195,485,832
Total Loans & Advances	294,671,938,315	261,002,884,449
Total Contingent Liabilities & Commitments	182,066,614,059	197,973,801,375
Credit Deposit Ratio (%)	79.64	80.34
Percentage of Classified Loans against Total Loans and Advances	6.79	7.38
Operating Profit	7,657,888,383	7,951,408,495
Profit after Tax & Provision	2,526,579,254	2,433,908,495
Amount of Classified Loans during the year	6,373,144,037	7,578,950,608
Classified Advance at the end of the year	20,021,627,136	19,268,087,020
Provision kept against Classified Loans	4,940,005,020	5,020,938,000
Provision Surplus/(Deficit)	1,835,254	40,710,523
Cost of Fund (%)	7.58	6.79
Interest Earning Assets	350,501,799,819	319,376,605,956
Non-interest earning Assets	50,574,344,594	43,938,194,181
Return on Investment (ROI) (%)	9.45	8.33
Return on Assets (ROA) (%)	0.66	0.70
Net Asset value per share	26.56	25.15
Income from Investments	4,430,705,298	4,097,003,932
Earning per share (Taka)	2.40	2.31
Net Income per share (Taka)	2.40	2.31
Price earning ratio (Times)	7.34	10.22



United Commercial Bank Ltd.
Off-shore Banking Unit
Balance Sheet
As at 31 December 2018

	Notes	31 Dec. 2018		31 Dec. 2017
		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	16,095,756	1,350,433,962	638,106,743
In Bangladesh		13,313,364	1,116,991,225	604,428,876
Outside Bangladesh		2,782,393	233,442,737	33,677,867
Loans and advances	4	203,527,706	17,075,974,562	17,867,603,013
Loans, cash credits, overdrafts, etc.		31,946,213	2,680,287,299	5,556,335,721
Bills purchased and discounted		171,581,493	14,395,687,263	12,311,267,292
Fixed assets including premises, furniture and fixtures	5	7,287	568,048	716,026
Other assets	6	95,305	8,039,495	4,792,864
Non - banking assets		-	-	-
Total assets		219,726,056	18,435,016,067	18,511,218,646
LIABILITIES AND CAPITAL				
Liabilities				
Borrowings from other banks, financial institutions and agents	7	216,036,098	18,125,428,612	18,251,671,139
Deposits and other accounts		-	-	-
Other liabilities	8	3,689,958	309,587,455	259,547,508
Total liabilities		219,726,056	18,435,016,067	18,511,218,646
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		219,726,056	18,435,016,067	18,511,218,646



Notes	31 Dec. 2018		31 Dec. 2017
	USD	BDT	BDT
Off Balance Sheet Items	-	-	-
Contingent liabilities	20,632,363	1,731,055,229	666,992,040
Acceptances and endorsements	-	-	-
Letters of guarantee	20,632,363	1,731,055,229	666,992,040
Irrevocable letters of credit	-	-	-
Bills for collection	-	-	-
Other contingent liabilities	-	-	-
Other commitments			
Documentary credits and short term trade -related transactions	-	-	-
Forward assets purchased and forward deposits placed	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
Liabilities against forward purchase and sale	-	-	-
Other commitments	-	-	-
Total Off-Balance Sheet exposures including contingent liabilities	20,632,363	1,731,055,229	666,992,040



United Commercial Bank Ltd.
Off-shore Banking Unit
Profit and Loss Account
for the Year ended 31 December 2018

	Notes	31 Dec. 2018		31 Dec. 2017
		USD	BDT	BDT
Interest income	10	12,788,402	1,067,386,519	834,680,820
Interest paid on deposits, borrowings, etc.	11	(6,195,371)	(517,097,839)	(296,405,461)
Net interest Income		6,593,031	550,288,680	538,275,359
Investment Income		-	-	-
Commission, exchange, brokerage, etc.	12	717,329	59,872,017	51,024,020
Other operating income	13	-	-	-
Total operating income (A)		7,310,360	610,160,697	589,299,379
Salaries and allowances	14	13,005	1,085,432	1,022,109
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	147,978
Other expenditure	15	42,500	3,547,271	-
Total operating expenses (B)		57,403	4,780,681	1,170,087
Profit / (loss) before provision (C=A-B)		7,252,957	605,380,016	588,129,292
Provision for loans and advances / investments		-	-	-
Specific provision		-	-	-
General provision		(115,000)	(9,598,498)	53,883,403
Provision for Off Balance Sheet Exposure		125,672	10,489,208	4,331,599
Total provision (D)		10,672	890,710	58,215,002
Total profit / (loss) before taxes (C-D)		7,242,286	604,489,306	529,914,290
Provision for taxation		-	-	-
Current tax		-	-	-
Deferred tax		-	-	-
Net profit / (loss) after taxation		7,242,286	604,489,306	529,914,290
Retained earnings brought forward from previous years		-	-	-
		7,242,286	604,489,306	529,914,290



UNITED COMMERCIAL BANK LTD
Off-shore Banking Unit
Cash Flow Statement
for the year ended 31 December 2018

	31 Dec. 2018		31 Dec. 2017
	USD	BDT	BDT
A) Cash flows from operating activities			
Interest receipts in cash	12,788,402	1,067,386,519	834,680,820
Interest payments	(6,195,371)	(517,097,839)	(296,405,461)
Fees and commission receipts in cash	717,329	59,872,017	51,024,020
Cash payments to employees	(13,005)	(1,085,432)	(1,022,109)
Cash payments to suppliers	-	-	-
Receipts from other operating activities	-	-	-
Payments for other operating activities	(42,500)	(3,547,271)	-
Cash generated from operating activities before changes in operating assets and liabilities	7,254,856	605,527,994	588,277,270
Increase / (decrease) in operating assets and liabilities			
Loans and advances to other banks	-	-	-
Loans and advances to customers	12,525,535	1,050,892,358	(5,503,835,911)
Other assets	(37,878)	(3,178,005)	(2,745,901)
Deposits from other banks / borrowings	(4,661,256)	(391,079,388)	5,714,944,180
Deposits from customers	-	-	-
Other liabilities	540,865	45,378,550	35,343,507
	8,367,265	702,013,514	243,705,876
Net cash from operating activities	15,622,121	1,307,541,508	831,983,146
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	(7,242,286)	(604,489,306)	(529,914,290)
Net Cash from financing activities	(7,242,286)	(604,489,306)	(529,914,290)
D) Net increase / (decrease) in cash and cash equivalents (A+ B + C)	8,379,834	703,052,202	302,068,856
E) Effects of exchange rate changes on cash and cash equivalents	-	9,275,017	17,784,312
F) Cash and cash equivalents at beginning of the year	7,715,922	638,106,743	318,253,575
G) Cash and cash equivalents at end of the year (D+E+F)	16,095,756	1,350,433,962	638,106,743
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	16,095,756	1,350,433,962	638,106,743
	16,095,756	1,350,433,962	638,106,743



**Off-shore Banking Units
Notes to the Financial Statements
for the year ended 31 December 2018**

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 IAS-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 International 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, 2018.

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 83.90 (closing rate as at 31st December 2018) and Tk. 83.4652 (average rate which represents the year end).



	31 Dec. 2018		31 Dec. 2017
	USD	BDT	BDT
3 Balance with other banks and financial institutions			
In Bangladesh	13,313,364	1,116,991,225	604,428,876
Outside Bangladesh	2,782,393	233,442,737	33,677,867
	16,095,756	1,350,433,962	638,106,743
4 Loans and advances			
i) Loans, cash credits, overdrafts, etc.			
Loan (General)	-	-	-
Hire purchase	-	-	-
Lease finance	-	-	-
Term Loan	31,946,213	2,680,287,299	5,556,335,721
	31,946,213	2,680,287,299	5,556,335,721
ii) Bills purchased and discounted (note-5)			
Payable Inside Bangladesh			
Inland bills purchased	-	-	-
Payable Outside Bangladesh			
Foreign bills purchased and discounted	171,581,493	14,395,687,263	12,311,267,292
	171,581,493	14,395,687,263	12,311,267,292
	203,527,706	17,075,974,562	17,867,603,013
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	11,699	911,964	763,987
Computer and equipments	808	62,949	62,949
	12,507	974,913	826,936
Written down value (WDV)	7,287	568,048	716,026
6 Other assets			
Advance deposits and advance rent	-	-	-
Interest Receivable	95,305	7,996,131	4,749,225
Foreign currency translation reserve	-	43,364	43,638
	95,305	8,039,495	4,792,864
7 Borrowings from other banks, financial institutions and agents			
Borrowings from Head office	154,526,249	12,964,752,300	13,276,583,695
International Finance Corporation	4,999,999	419,499,916	1,929,666,639
PROPARCO	7,142,857	599,285,712	748,238,095
Emirates NBD Bank PJSc-UAE	3,488,205	292,660,400	727,710,380
Emirates Islamic Bank	10,254,160	860,324,024	911,877,491
First Gulf Bank	10,222,817	857,694,367	297,833,713
Habib Bank UK	10,000,000	839,000,000	-
Commercial Bank of Qatar	5,000,000	419,500,000	-
National Bank of Ras Al-Khaimah, UAE	6,396,013	536,625,524	-
ICICI Bank Ltd., India	4,005,797	336,086,368	-
YES Bank Ltd.	-	-	359,761,127
	216,036,098	18,125,428,612	18,251,671,139
8 Other liabilities			
Interest payable	1,433,634	120,281,903	73,832,087
Provision for Loans & Advances	2,050,000	171,995,000	179,045,500
Provision for Off Balance Sheet Exposure	206,324	17,310,553	6,669,920
	3,689,958	309,587,455	259,547,508



	31 Dec. 2018		31 Dec. 2017
	USD	BDT	BDT
9 Retained earnings			
Balance 1 January 2018	-	-	-
	-	-	-
Current year profit	7,242,286	604,489,306	529,914,290
Retained earnings transferred to central operation	(7,242,286)	(607,627,781)	(544,900,617)
Effect of changes in exchange rate	-	3,138,475	14,986,327
	-	-	-
10 Interest income			
Term Loan	2,338,582	195,190,184	293,969,080
Bills purchased & Discount	9,783,636	816,593,152	516,096,715
Others	-	-	-
Interest on loans and advances	12,122,218	1,011,783,336	810,065,796
Interest on balance with other banks and financial institutions	637,984	53,249,474	23,976,981
Interest received from foreign banks	28,200	2,353,709	638,043
Total Interest income	12,788,402	1,067,386,519	834,680,820
11 Interest on deposits, borrowings, etc.			
Interest paid on deposits	-	-	-
Interest paid on local bank accounts	-	-	-
Interest paid on Borrowings	6,195,371	517,097,839	296,405,461
	6,195,371	517,097,839	296,405,461
12 Commission, exchange and brokerage			
LC,BC & BG (Others) Fees and Charges	543,306	45,347,146	40,216,176
Exchange Gain/(Loss)	174,023	14,524,870	10,705,068
Revaluation Gain/(Loss) on foreign currency	-	-	102,776
	717,329	59,872,017	51,024,020
13 Other operating income			
Reimbursement Charge	-	-	-
Miscellaneous earnings	-	-	-
	-	-	-
14 Salaries and allowances			
Basic pay	5,195	433,561	386,810
Allowances	5,233	436,813	418,948
Bonus	2,057	171,701	177,666
Unit's contribution to provident fund	519	43,358	38,686
	13,005	1,085,432	1,022,109
15 Other expenditure			
Foreign bank correspondence charges	42,500	3,547,271	-
Revaluation loss on foreign currency	-	-	-
	42,500	3,547,271	-

