

ANNUAL
REPORT | 2015

A BETTER BANK A BETTER PLANET



Letter of Transmittal

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

Subject : Annual Report for the year ended December 31, 2015.

Dear Sir (s),

We are pleased to enclose a copy of the Annual Report of United Commercial Bank Limited together with the Audited Financial Statements as at December 31, 2015 for kind information & record.

Sincerely Yours,

ATM Tahmiduzzaman FCS
Company Secretary

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General Information

This section contains:

- Forward Looking Statements
- Vision, Mission, Core Values
- Strategic Priority /Objectives
- Awards & Recognition
- Corporate Profile /Corporate Information
- UCB Chronicles/Milestones
- Group Corporate Structure
- Five Years Financial Summary
- Graphical Review (graphs & charts)
- Organizational Structure/Organogram
- Ethics & Code of Conduct

Forward Looking Statement



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

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

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

statements as a result of various factors.

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

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

VISION MISSION CORE VALUES

VISION

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

MISSION

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

CORE VALUES

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



Strategic Priority

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

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

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

Continuous development without compromising **needs of future generation**

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

To establish **good governance**

Ensuring effective **risk management** system within entire phases of activities

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

To build & enhance brand **image**

Awards & Recognition



Awards & Recognition



Hon'ble Managing Director Muhammed Ali is receiving First Prize in the Banking Category of ICAB National Award for Best Presented Annual Reports 2014 by The Institute of Chartered Accountants of Bangladesh (ICAB).



Hon'ble Additional Managing Director M Shahidul Islam is receiving Corporate Governance Excellence national Award by Institute of Chartered Secretaries of Bangladesh (ICSB).



Muhammed Ali, Managing Director, is receiving Best Emerging Market Bank Award by Global Finance.



Mirza Mahmud Rafiqur Rahman, Additional Managing Director, is receiving Best CEO of the Year award on behalf of the Managing Director of UCB by World Brand Congress.

Corporate Profile



United Commercial Bank Limited (UCB) started its humble journey in mid 1983 with a firm commitment of the economic and social development of Bangladesh and has been able to establish itself as one of the largest private commercial banks in Bangladesh today. The bank has played a pivotal role in creating, nourishing and establishing leading entrepreneurs of the country and without these very special people (entrepreneurs) we wouldn't have the economically strong Bangladesh we have today. UCB is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited and the bank has been included in DS30 Index, formulated by world renowned S&P, considering the bank as one of the top 30 listed companies in Bangladesh.

UCB offers a wide range of banking products and financial services to corporate, SME and retail customers through a variety of delivery channels and through its subsidiary companies. With a vast network of 158 branches along with Off-shore banking unit, mobile financial service (UCash), priority banking (UCB Imperial), remittance services, credit card business and with dedicated human capital of 3,837 the bank has already made a distinct mark in the realm of private sector banking through boutique service, innovative practices, dynamic problem solving approach and efficient management. The bank has very special focus on import-export, agriculture, SME sector and retail business with a view to lead in nationwide financial inclusion and green banking initiatives. The Bank has two wholly owned subsidiaries namely i.e. UCB Capital Management Limited (provides brokerage services in the capital market) and UCB Investment Limited (aims to carry out full-fledged merchant banking activities in Bangladesh).

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

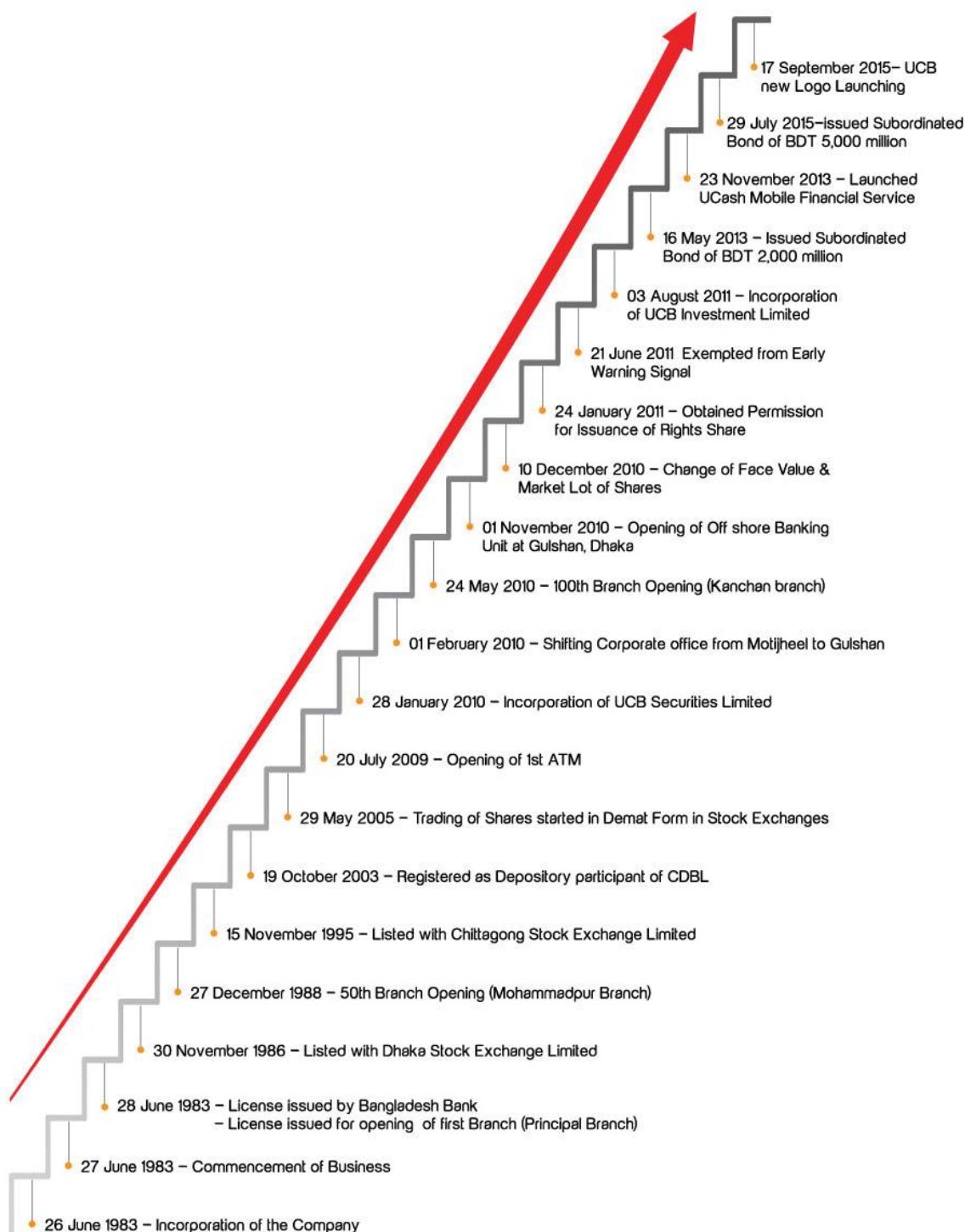
Our innovative banking services has been recognized and rewarded even in the global arena. Muhammed Ali, Managing Director of UCB has been awarded as best CEO of the year for Asia Pacific region by World Brand Congress. The bank has also been adjudged as Best Emerging Markets banks by renowned publication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

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

Corporate Profile

Registered Name	United Commercial Bank Limited
Legal Status	Public Limited Company
Date of Incorporation	26 June 1983
Date of Commencement of Business	27 June 1983
Chairman	M. A. Hashem
Vice Chairman	Ahmed Arif Billah
Chairman, Executive Committee	Anisuzzaman Chowdhury
Chairman, Audit Committee	Lt. Gen ATM Zahirul Alam, rcds, psc (Retd)
Chairman, Risk Management Committee	M. A. Sabur
Managing Director	Muhammed Ali
Company Secretary	ATM Tahmiduzzaman FCS
Chief Financial Officer	Mohammad Habibur Rahman Chowdhury FCA
Date of Listing with DSE	30 November 1986
Date of Listing with CSE	15 November 1995
Authorized Capital	BDT 15,000 million
Paid up Capital	BDT 10,039.34 million
Total Manpower	3,837
Number of Branches	158
Number of AD Branches	28
Number of Agri. Branches	02
Number of ATM Booths	151
Auditors	Hoda Vasi Chowdhury & Co. BTMC Bhaban (8th Floor), 7-9 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh
Tax Consultants	Md. Mosharrof Hossain, Advocate 28A, Kakrail (3rd Floor), Room No-20, Dhaka.
Legal Consultant	T.I.N. Nurun Nabi Chowdhury
Rating Agency	Emerging Credit Rating Ltd. Shams Rangs, Level A1, A2 & A5 House 104, Park Road, Baridhara, Dhaka 1212
Registered office	CWS(A) -1, Gulshan Avenue, Dhaka-1212, Bangladesh
Telephone	0088 09611 999999
E-mail	info@ucb.com.bd
Website	www.ucb.com.bd
SWIFT	UCBL BDDH

UCB's Milestones



Five Years' Financial Summary

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

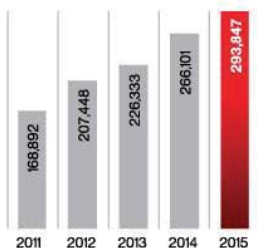
Results of operation	2015	2014	2013	2012	2011
Interest income	22,434.57	22,360.83	22,999.36	21,318.92	15,351.63
Interest expense	14,711.18	14,430.24	15,919.86	14,705.21	10,203.21
Net interest income	7,723.38	7,930.59	7,079.50	6,613.71	5,148.42
Non-interest income	7,824.62	7,278.80	5,319.08	3,563.95	4,145.95
Non-interest expenses	7,145.66	6,489.93	5,272.21	4,415.44	3,321.46
Gross Revenue	30,259.19	29,639.63	28,318.44	24,882.87	19,497.58
Gross Profit	15,548.00	15,209.39	12,398.58	10,177.66	9,294.37
Operating profit	8,402.34	8,719.46	7,126.37	5,762.22	5,972.91
Earning before interest on long term debt, depr. and tax	8,254.73	7571.27	6,413.71	4,008.94	5,375.35
Profit before tax	7,252.34	6,835.67	5,887.32	3,739.06	5,172.91
Net profit after tax	3,977.34	3,668.73	3,065.41	1,586.13	2,945.80
Balance Sheet					
Authorized capital	15,000.00	15,000.00	15,000.00	15,000.00	8,000.00
Paid up capital	10,039.34	8,366.12	8,366.12	8,366.12	7,274.88
Shareholders' equity	25,588.82	22,491.54	20,504.97	18,171.02	15,966.41
Borrowing	10,705.57	6,024.88	6,993.51	4,713.33	-
Deposits	220,866.48	211,072.06	184,896.85	170,530.54	139,484.75
Loans and advances	197,413.64	174,146.10	148,664.86	136,071.65	115,506.33
Investments	44,345.73	44,288.60	35,587.25	26,090.32	19,383.42
Fixed assets	8,586.73	8,510.00	7,957.31	5,222.78	3,288.09
Off-balance sheet exposure	150,713.79	144,554.47	67,094.06	52,153.26	40,255.37
Total assets	293,847.23	266,100.74	226,333.13	207,448.38	168,891.78
Total liabilities	268,258.41	243,609.20	205,828.17	189,277.37	152,925.36
Share Information					
Market price per share	21.30	29.30	25.10	23.60	43.90
No. of shares outstanding (No. in million)	1,003.93	836.61	836.61	836.61	727.49
Earnings per share (basic)	3.96	4.39	3.66	1.90	4.20
Earnings per share (restated)	3.96	3.65	3.05	1.58	2.93
Dividend (percent)	25.00	30.00	20.00	10.00	27.00
Cash Dividend (percent)	20.00	10.00	20.00	10.00	12.00
Stock Dividend (percent)	5.00	20.00	-	-	15.00
Net asset value per share	25.49	26.88	24.51	21.72	21.95
Price earning ratio (times)	5.38	6.68	6.85	12.42	10.45
Dividend cover ratio	158.47	146.17	183.20	189.59	149.97
Dividend Yield (percent)	11.74	10.24	7.97	4.24	6.15
Market capitalization (BDT in million)	21,383.79	24,512.72	20,998.95	19,744.03	31,936.74
Financial ratios (%)					
Cost-income ratio	45.96	42.67	42.52	43.38	35.74
Credit-deposit ratio	84.57	78.92	79.81	79.79	82.81
Debt equity ratio (times)	9.36	9.85	9.19	9.45	8.74
Gross profit ratio	51.38	51.31	43.78	40.90	47.67
Current Ratio	113.92	112.94	112.57	80.48	87.05
Return on Capital Employed	12.27	13.10	12.17	8.17	24.77
Net interest income as a % of working funds: i.e. Operating Cost-Efficiency Ratio	40.46	45.35	44.47	(20.38)	(30.61)
Operating profit as % of working funds	44.02	49.86	44.77	(17.75)	(35.51)
Return on assets	1.42	1.49	1.41	0.84	1.97
Return on equity	16.54	17.07	15.85	9.29	24.77
Burden coverage ratio	109.50	112.16	100.89	80.72	124.82
CASA Deposit as % of Total Deposit	25.14	21.08	16.69	14.97	17.46
Cost of fund	9.18	10.16	11.66	12.46	11.09
Yield on advance	11.75	13.87	16.21	16.23	14.81
Spread	2.57	3.71	4.55	3.77	3.72

Five Years' Financial Summary

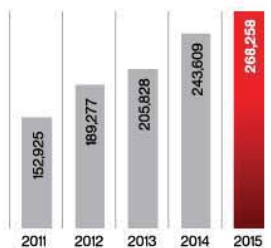
	2015	2014	2013	2012	2011
Foreign business					
Import	169,577.70	155,282.40	117,542.90	94,843.80	90,919.70
Export	148,229.30	130,447.20	94,288.50	78,309.10	76,962.80
Remittance	11,098.50	16,667.90	10,788.07	14,848.30	16,802.80
No. of Foreign correspondents	537	532	363	357	333
Capital measures					
Total Risk Weighted Assets	273,327.11	243,250.40	197,380.55	177,900.41	155,231.89
Tire I Capital	22,406.21	19,265.48	17,269.97	15,041.18	14,278.04
Tire II Capital	10,820.24	6,425.70	5,488.79	3,414.56	2,599.02
Total Capital	33,226.45	25,691.18	22,758.76	18,455.74	16,877.06
Tire I Ratio (percent)	8.20	7.92	8.75	8.45	9.20
Tire II Ratio (percent)	3.96	2.64	2.78	1.92	1.67
Capital Adequacy Ratio (percent)	12.16	10.56	11.53	10.37	10.87
Required Capital	27,332.71	24,325.04	19,738.05	17,790.04	15,523.19
Capital Surplus/(Shortage)	5,893.74	1,366.14	3,020.71	665.70	1,353.87
Liquidity Measures:					
Cash Reserve Requirement (percent)	6.82	7.40	6.35	6.29	6.80
Statutory Liquidity Ratio (percent)	19.68	23.57	21.85	17.84	16.67
Current Assets	156,194.81	152,644.65	142,570.40	133,804.72	113,016.55
Current liabilities	137,106.88	135,156.26	126,652.28	166,262.80	129,836.06
Net Current Assets	19,087.93	17,488.39	15,918.12	(32,458.08)	(16,819.51)
Long term liabilities	131,151.53	108,452.94	79,175.89	21,814.54	23,089.30
Long term liabilities/ Current liabilities (percent)	95.66	80.24	62.51	13.12	17.78
Asset Quality					
Non Performing Loans	10,324.69	8,050.04	5,985.17	5,015.58	2,067.54
% of NPL to Total Loans and advances	5.23	4.62	4.03	3.69	1.79
Total provision for Classified loans and advances	2,730.27	1,929.58	2,122.87	1,850.54	759.66
Total provision for Unclassified loans and advances	1,672.98	1,751.24	1,200.34	1,328.09	1,417.48
Total provision for Investment	292.84	292.84	292.84	351.89	-
Total provision for Other assets	97.44	58.34	31.41	24.91	14.91
Total provision for Off BS Items	1,252.10	1,055.51	670.95	521.55	402.60
Other informations					
No. of branches	158	148	139	130	115
No. of ATM	151	115	101	81	77
No. of employees	3,837	3,679	3,445	3,374	2,982
Operating Profit per employee (BDT in million)	2.19	2.37	2.07	1.71	2.00

Graphical Review

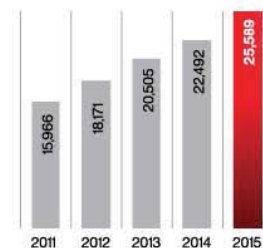
Total Assets
(BDT in million)



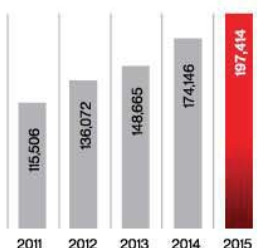
Total Liabilities
(BDT in million)



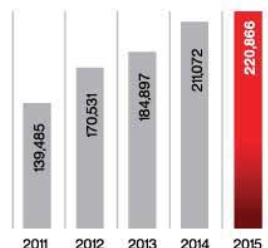
Shareholders' Equity
(BDT in million)



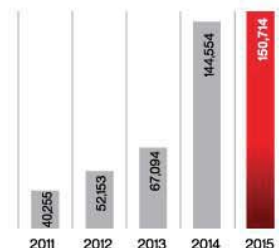
Loans and Advances
(BDT in million)



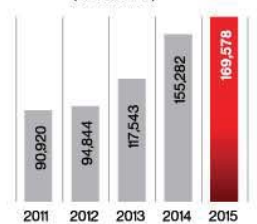
Deposits
(BDT in million)



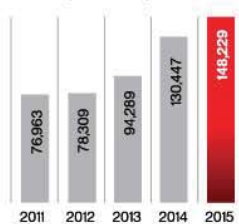
Off-balance Sheet Exposure
(BDT in million)



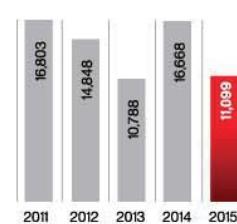
Import Business
(BDT in million)



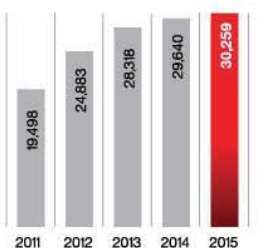
Export Business
(BDT in million)



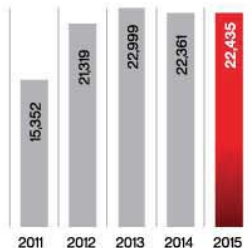
Inward Remittance
(BDT in million)



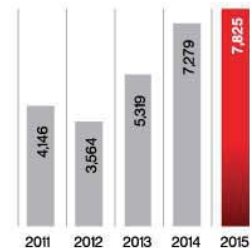
Gross Revenue
(BDT in million)



Interest Income
(BDT in million)

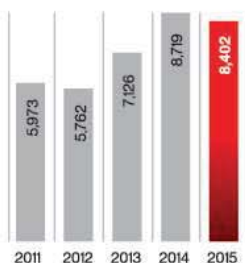


Non-interest Income
(BDT in million)

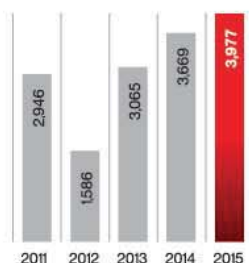


Graphical Review

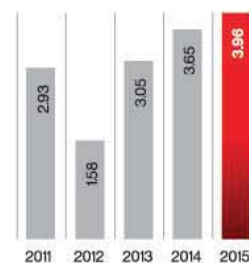
Operating Profit
(BDT in million)



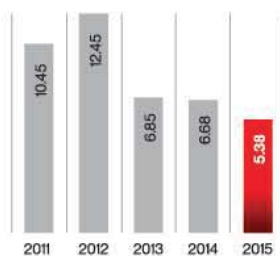
Net Profit
(BDT in million)



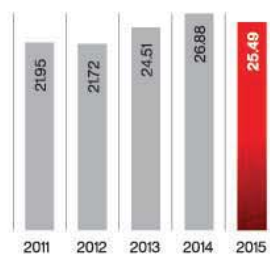
Earnings Per Share
(Restated) (BDT)



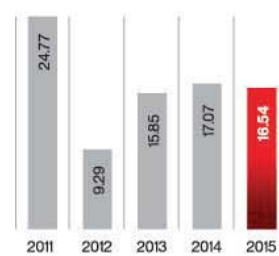
Price Earning Ratio
(Times)



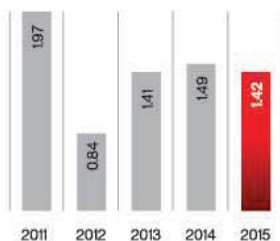
Net Asset Value per Share
(BDT)



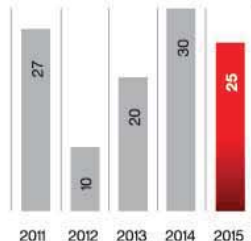
Return on Equity
(Percent)



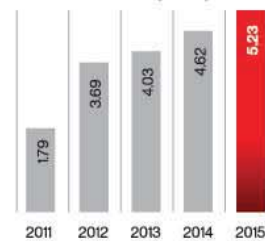
Return on Asset
(Percent)



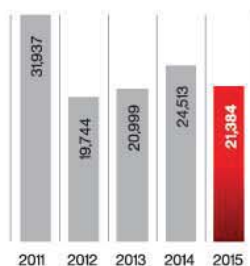
Dividend
(Percent)



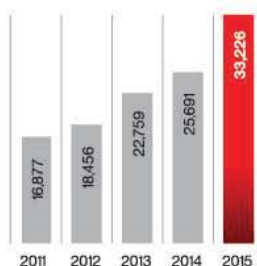
Non-performing loan to total loan (Percent)



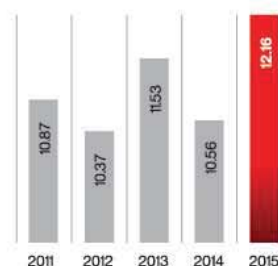
Market Capitalization
(BDT in million)



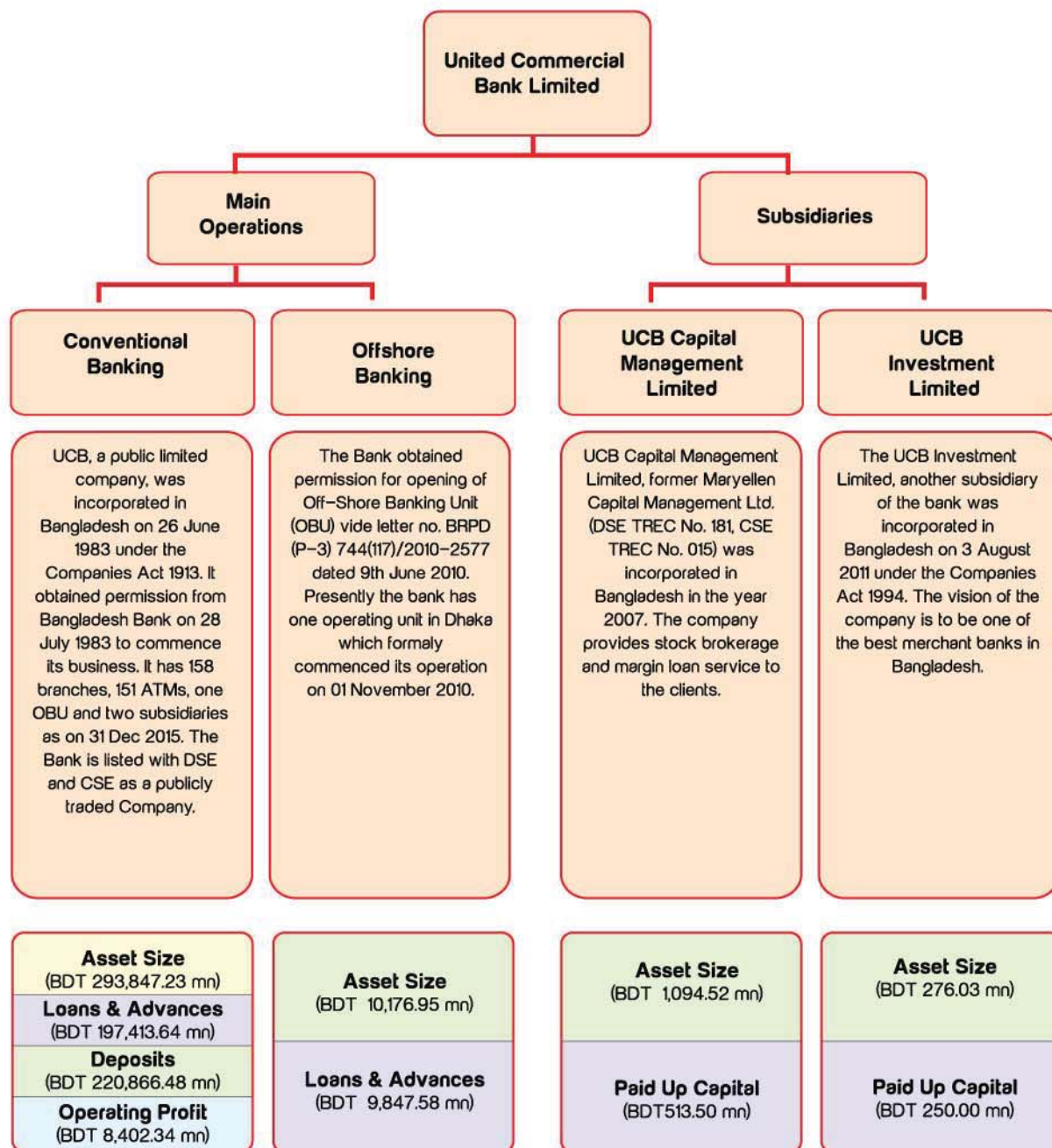
Capital
(BDT in million)



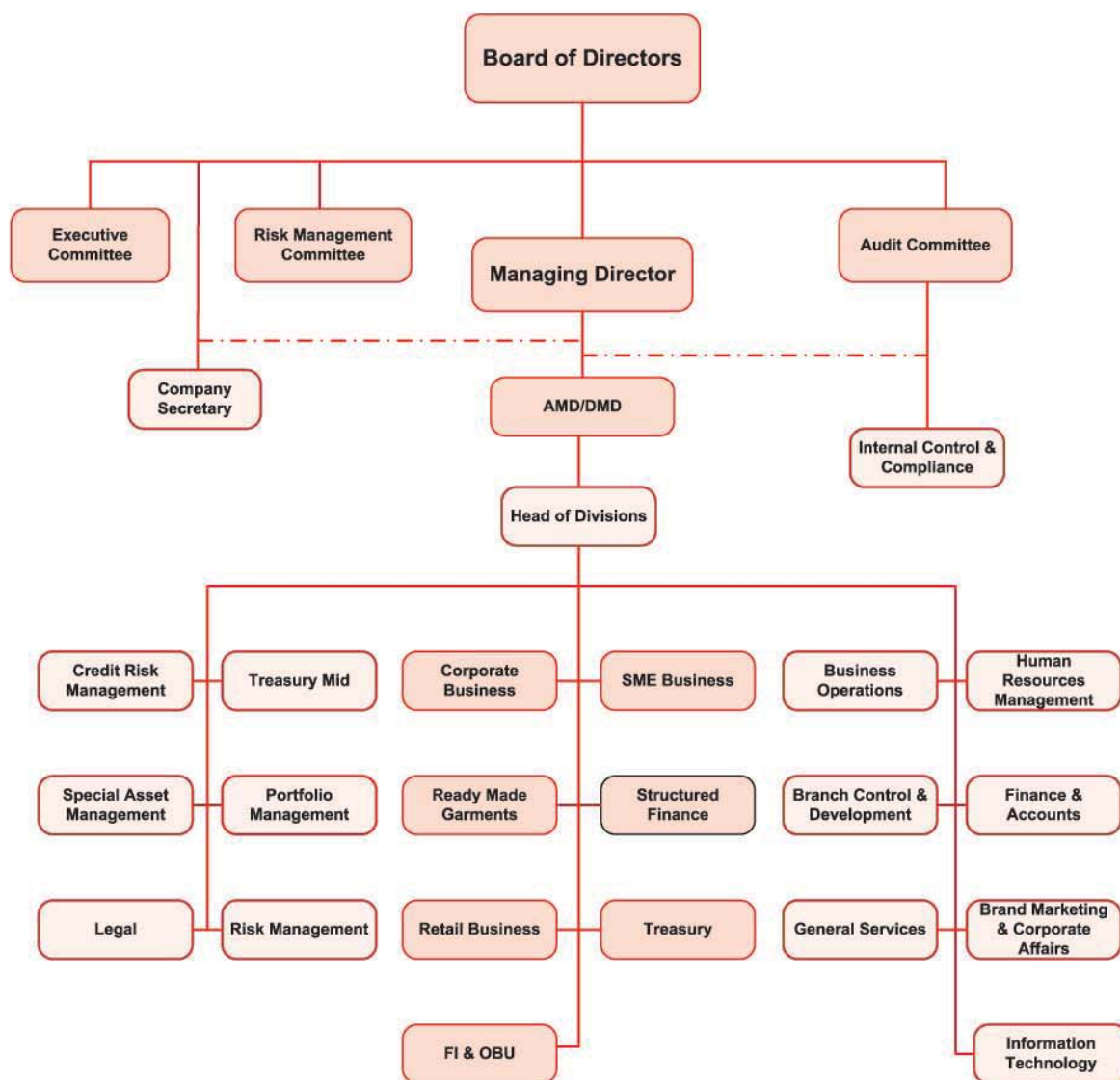
Capital Adequacy Ratio
(Percent)



Group Corporate Structure



Organogram of Corporate Office



Code of Conduct and Ethics

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

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

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

Confidentiality	Confidential information about United Commercial Bank Ltd's business or business plans, products and services, marketing methods, technology or systems must never be disclosed to a third party except pursuant to a statute or regulations, or a valid court order. The Bank owes a strict duttee of confidentiality to their customers.
Conflicts of Interest	All employees of United Commercial Bank Ltd. should be scrupulous in avoiding any action or interest that conflicts or gives the appearance of a conflict with the Bank's interests.
Outside Pressure	Employee must refrain from bringing in outside pressure or influence to attain personal gains within the organization; any such attempt will be subject to disciplinary action.
Gifts and Entertainment	Employees are not permitted to accept gifts, entertainment, or other favors from existing or prospective customers of the bank. This is essential to keep the employees of the Bank from being prejudiced or influenced or showing lenient attitude keeping aside bank's interest.
Accuracy of Records and Reporting	Bank's books, records, accounts and reports must accurately reflect its transactions, and must be subject to an adequate system of internal controls and disclosure controls to promote the highest degree of integrity.
Fraud, Theft or Illegal Activities	Employees are to be alert and vigilant with respect to frauds, theft or significant illegal activity committed within the office. If any such activity comes into employee's attention, he/she must immediately report the same to his/her immediate superiors who will arrange for appropriate follow up action to be taken. Failure to report any such activity will be subject to disciplinary action.
Opportunities	Employees are prohibited from taking for themselves personally opportunities that arise through the use of corporate property information or position. They are further prohibited from using corporate property, information or position for personal gain and/or competing with the bank.

Code of Conduct and Ethics

Compliance with laws, rules and regulations

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

Equal Employment Opportunity

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

Discrimination or Harassment

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

Board and Management

This section contains:

- Composition of Board and its Committees
 - Directors' Profile
 - Management Profile
 - Key Executive of Divisions
 - List of Executives
- 
- A decorative white line graphic in the bottom right corner, consisting of several overlapping curved lines that form a stylized, abstract shape.

Board of Directors & It's Committees

Board of Directors

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

Executive Committee

Status in the Committee

Anisuzzaman Chowdhury	Chairman
M. A. Sabur	Member
Md. Jahangir Alam Khan	Member
Hajee Yunus Ahmed	Member
Hajee M. A. Kalam	Member
Showkat Aziz Russell	Member
Sharif Zahir	Member

Audit Committee

Status in the Committee

Lt. Gen ATM Zahirul Alam, rcds, psc (Retd.)	Chairman
Md. Tanvir Khan	Member
Shabbir Ahmed	Member
Nurul Islam Chowdhury	Member
Dr. Salim Mahmud	Member

Risk Management Committee

Status in the Committee

M. A. Sabur	Chairman
Md. Jahangir Alam Khan	Member
Hajee Yunus Ahmed	Member
Showkat Aziz Russell	Member
Asifuzzaman Chowdhury	Member

Managing Director

Muhammed Ali

Company Secretary

ATM Tahmiduzzaman FCS

Directors' Profile



M. A. Hashem
Chairman

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

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

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



Ahmed Arif Billah
Vice-Chairman

Ahmed Arif Billah, leading young entrepreneur of Bangladesh, is the Vice-Chairman of UCB. He is the son of Mr. M. A. Sabur, sponsor Director & previous Chairman of UCB. Mr. Arif was born on July 29, 1982.

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

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



Anisuzzaman Chowdhury
Director & Chairman, Executive Committee

Anisuzzaman Chowdhury, a young and dynamic industrialist of the country is one of the Directors and Chairman of Executive Committee of UCB.

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

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

Directors' Profile



Lt. Gen. Abu Tayeb Muhammad Zahirul Alam, rcds, psc (Retd.)

Independent Director & Chairman, Audit Committee

Lieutenant General Abu Tayeb Muhammad Zahirul Alam, rcds, psc (retired), one of the Independent Directors of UCB, is the Chairman of Audit Committee.

He served Bangladesh Army for long 35 years with great honor and dignity. He is a graduate of the pioneer course of Bangladesh Military Academy. He was adjudged as the best all round Gentleman Cadet and was awarded the "Sword of Honor". In his career, he held many coveted appointments some namely are Brigade Commander, Director of Military Training, General Officer Commanding Infantry Divisions and Commandant, National Defense College (NDC), Bangladesh. He had active service to his credit in Counter Insurgency in Chittagong Hill Tracts and in Operations in Aid of Civil Power in Bangladesh on several occasions. He is also a peace keeper and has two United Nations Peacekeeping Missions to his credit. In the final leg of his career, he held the appointment of Force Commander of the United Nation Multinational Peace Keeping Force in Liberia, West Africa.

He holds a Master's Degree in Arts from King's College London, United Kingdom and he is a graduate of prestigious Royal College of Defense Studies (RCDS), United Kingdom. He also attended a short course on Multi-agency Negotiation at Harvard University, USA. After retirement, besides teaching in National Defense College, he is involved in philanthropic job as Member Board of Trustees in Hamdard Foundation, Hamdard Laboratories and Hamdard University. He is also an amateur golfer.



M. A. Sabur

Director & Chairman, Risk Management Committee

M. A. Sabur, leading industrial entrepreneur, is Sponsor Director of UCB. He is the current Chairman of Risk Management Committee of the Board of Directors of UCB. He is also the Chairman of Masco Group and Maxim Group, leading export houses in textile sector of the country.

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

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



Sharif Zahir

Director

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

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

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

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

Directors' Profile



Showkat Aziz Russell

Director

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

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

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

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

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



Md. Jahangir Alam Khan

Director

Md. Jahangir Alam Khan, eminent industrialist, is Director of UCB. He is also the Chairman & Managing Director of J.K. Group of Industries, a leading business house in Textile sector.

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

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

Directors' Profile



Hajee Yunus Ahmed

Director

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

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



Hajee M. A. Kalam

Director

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

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



Abdul Gaffar Chowdhury

Director

Abdul Gaffar Chowdhury, eminent businessman of the country, is one of the Sponsor Directors of UCB. He is also the Director of Hotel Holiday Cox's Bazar Ltd. Sea Gull Aquaculture Ltd. and Janata Insurance Company Ltd.

Abdul Gaffar Chowdhury comes of a respectable muslim family of Chittagong having dignified status in the society. He is also allied with a number of social & educational organizations in Dhaka and Chittagong.

Directors' Profile



Md. Tanvir Khan

Director

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

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



Asifuzzaman Chowdhury

Director

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

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



Sultana Rezia Begum

Director

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

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

Directors' Profile



Shabbir Ahmed

Director

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

This Promising Business personality is also the Director of Farid Level & Accessories, Sharafat & Brothers, Kashfi Knitting Ltd. and East End Automobiles Ltd. He also maintains strong relation with various educational & social organizations.



Rukhmila Zaman

Director

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

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

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



Nurul Islam Chowdhury

Director

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

This distinguished businessman is the chairman of Islam Steel Mills Ltd, Eastern Engineers (CTG.) Ltd, Shoppers World Express Ltd and Director of Anowara Jute Mills Ltd & Shoppers World Ltd. He also maintains a strong rapport with many social & educational organizations in the country.

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

Directors' Profile



Dr. Salim Mahmud

Independent Director

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

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

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



Syed Mohammed Nuruddin

Independent Director

Syed Mohammed Nuruddin, a multilateral business personality of the country, is one of the independent directors of UCB.

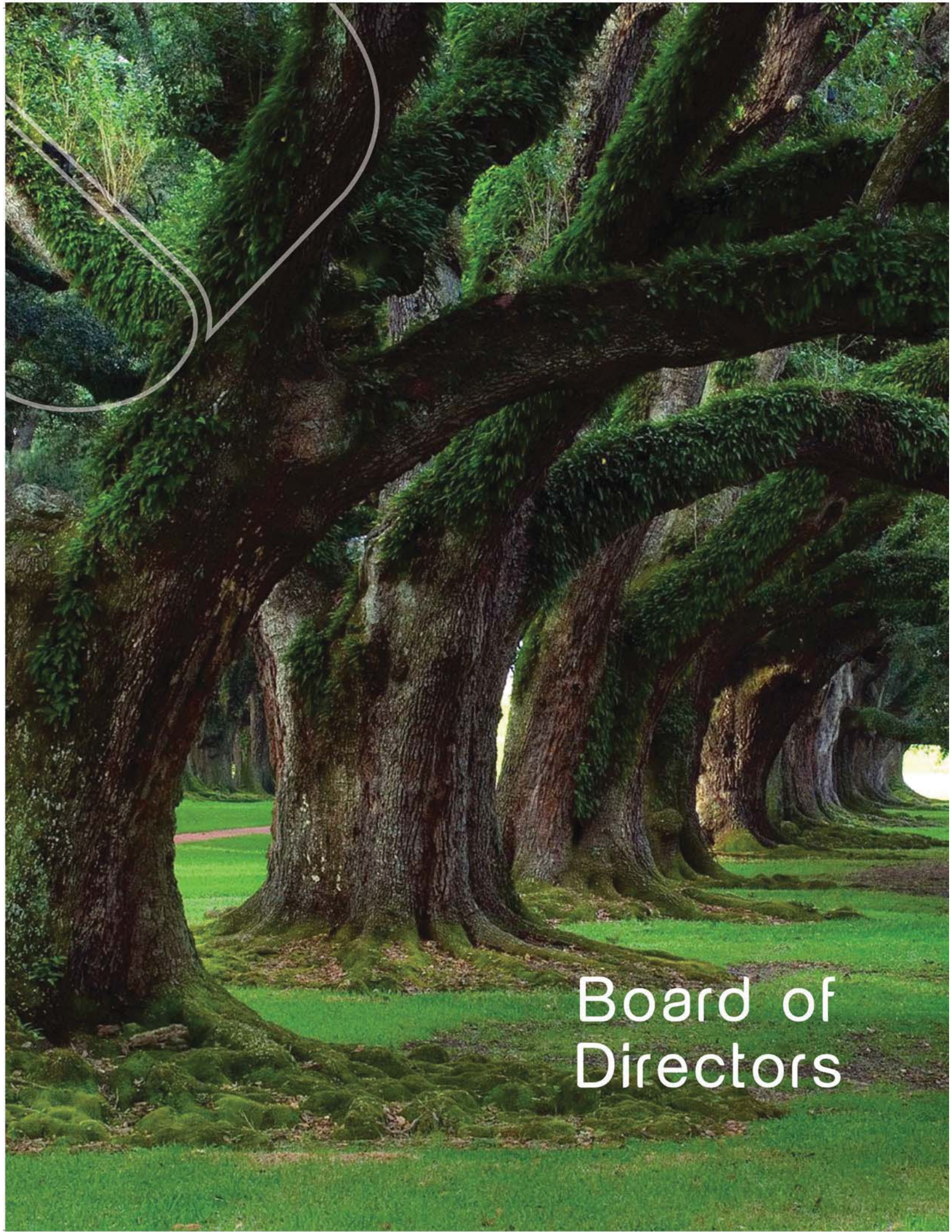
This visionary personality is also the Managing Director of Allport Cargo Services (Ocean) Ltd, Mariners Cargo Services Ltd, Mariners Trading Corporation Ltd, Sundararm Tiles Ltd and Director of Mariners (BD) Ltd, Chittagong Shipyard Ltd and many other prestigious business entities. He is also a former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

He is the member of Chittagong Club, Bhatiary golf & country club and Chittagong boat club.

united we achieve

UCB





Board of Directors

Board of Directors



Hon'ble Directors
not present in the
group photograph



Executive Committee



Hon'ble Director
not present in the
group photograph



Audit Committee



Risk Management Committee



Hon'ble Directors
not present in the
group photograph



Key Management



Management Profile



Muhammed Ali
Managing Director

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

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

Mr. Muhammed Ali always prefers to take challenges and take the derailed in smooth platform. Under his dynamic leadership, UCB has now turned to the best private commercial bank in the country in terms of profit, asset quality, risk mitigation and brand value. And these achievements are even noticed in international area. United Commercial Bank has been adjudged as the best emerging markets bank in Bangladesh by the Global Finance Magazine. And the contribution of Mr. Muhammed Ali is acknowledged through Global Brand Excellence Award as "CEO of the Year" by World Brand Congress 2014.

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

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

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

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

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

Management Profile



M. Shahidul Islam

Additional Managing Director

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

He has over 30 years of experience in the Banking Industry. He served in National Bank Limited and Prime Bank Limited before joining in UCB as Deputy Managing Director in the year 2008. He has got vast experience in almost every key area of banking operations like Corporate Credit, SME Credit, Foreign Trade, Consumer Banking, Credit Risk Management, Financial Administration, Treasury Operations etc. He also got wide experience in branch banking as Head of Branch during his long career in the industry. He led almost all major branches located in different locations within and outside Dhaka City and successfully developed business relationship with all major conglomerates of the country. He also served as Head of Credit Risk Management and Corporate Banking Division during his long banking career.

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



Mirza Mahmud Rafiqur Rahman

Additional Managing Director

Graduated from Dhaka University (Hon's & Masters in English Literature & Linguistics), Mr. Mirza Mahmud Rafiqur Rahman started his Banking Career in 1988. In his long 28 years of Banking Career, he has held many responsible management positions in Corporate Affairs, Business Development, Human Resources, Public Relations and Company Secretariat etc. in reputed Banks like UCB, The City Bank Ltd. and many other esteemed organizations. Prior to joining the Banking Industry, he served in Cadet Colleges of the Country as Lecturer in English and also served abroad with dignified status.

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

Management Profile



A. E. Abdul Muhaimen
Additional Managing Director

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

Mr. Muhaimen started his career with ANZ Grindlays Bank as a Management Trainee in 1986. Mr. Muhaimen is a senior banking professional with over 30 years of multi-functional experience with six banks in Asia and the Middle East. He has earlier worked as Chief Executive Officer & Managing Director of Brac Bank and also held senior management positions in ANZ Grindlays Bank, Standard Chartered Bank, The City Bank Limited in Bangladesh.

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

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



Md. Tariqul Azam
Deputy Managing Director & Chief Risk Officer

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

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

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

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

Management Profile



Mohammad Shawkat Jamil
Deputy Managing Director

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

Mr. Jamil has completed his MSS from University of Dhaka in 1982. He started his career as 'Probationary Officer' in United Commercial Bank Limited in 1983. He has demonstrated experience in managerial and leadership positions including 21 years as Branch manager. He had been serving as Senior Executive Vice President and Head of Principal Branch of the bank, prior to taking over higher responsibility.

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



Md. Sohrab Mustafa
Deputy Managing Director

Mr. Md. Sohrab Mustafa has over 32 years of banking experience to his credit. After completing his graduation from Dhaka University, Mr. Mustafa started his career in banking in 1983 by joining the City Bank Limited as a probationary officer. He served City Bank for 16 years in different branches and at the International Division. In 1999 he moved to Premier Bank limited as Head of International Division of the Bank. After a short stint in Premier bank he moved to Prime Bank Limited in 2001 and took the helm of International Division where he served till May 31, 2010. Mr. Mustafa joined United Commercial Bank Limited on 1st June 2010 as Head of International Division. In 2015 he was promoted to the rank of Deputy Managing Director. Mr. Mustafa has a long track record in branch banking, FI, Foreign Trade, Credit, Treasury and other core areas of banking.



Golam Awlia
Deputy Managing Director

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

Mr. Awlia belongs to an aristocratic Muslim family of Barisal, born in the year 1960. He completed his B.Com with honors as well as Masters in Finance from the University of Dhaka in the year 1982. Immediately after completion of his post-graduation he joined United Commercial Bank Limited as "Probationary Officer" in the year 1983. He has completed his successful 32 years of banking services in the bank since his joining in UCB, out of which 21 years as the Head of Branch of the different important branches of the bank namely Corporate Branch, Gulshan Branch, Mohakhali Branch, Malibagh Branch etc. During the journey he was also assigned the responsibilities of different Division at Head Office like Credit, Legal, Recovery etc.

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

Management Profile



Md. Abdul Jabber Chowdhury

Deputy Managing Director

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

Mr. Chowdhury, a veteran banker has over 36 years professional exposure in the banking industry in three renowned nationalized and private commercial banks in various capacities. He started his career in Janata Bank in 1980 and served more than 21 years as a Branch Manager, Departmental In-Charge, Corporate Branch Chief & Regional Chief and other different positions at Head Office. He also worked for Mutual Trust Bank Limited as Vice President & Opening Manager of Agrabad Branch, Chittagong. Prior to joining UCBL, he served Shahjalal Islami Bank Limited as Deputy Managing Director. During his tenure in Shahjalal Islami Bank Limited, he worked in different senior positions including Branch Chief, Regional Head of Chittagong, In-charge of Local Office, Dhaka and In-Charge of Investment Division, Financial Administration Division, International Division, CAMLCO, Risk Management Division, Recovery Division, Common Service Division, Public Relation Division and other different position at Head Office. He attended different training programs and seminar at home and abroad. Mr. Chowdhury is a post graduate from the University of Chittagong.



Arif Quadri

Deputy Managing Director

Mr. Arif Quadri, eminent banker of the country, having over 31 years of professional experiences in different reputed commercial banks, joined the services of UCB on October 13, 2015 in the rank and status of 'Deputy Managing Director'. Prior to joining in UCB, he was the 'Deputy Managing Director & Chief Operating Officer' of Premier Bank Limited.

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

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

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

Key Executives at Corporate Office



M Habibur Rahman Chowdhury, FCA
Senior Executive Vice President & CFO
Finance & Accounts Division



N. Mustafa Tarek
Senior Executive Vice President
General Services Division & Project Management Office



Abu Sadeque Miah
Executive Vice President
Branches Control & Development Division



Md. Ekram Ullah
Executive Vice President
Legal Division



Md Ziaullah Khan
Executive Vice President
Internal Control & Compliance Division



Muhammad Shariful Anam
Executive Vice President
Information Technology Division



Mohammad Shafiqur Rahman
Executive Vice President
Retail Business



Chowdhury Mohidul Haque
Learning & Development Center



Mohammad Iqbal
Senior Vice President
Board Audit Cell



Md. Shahidul Ameen
Senior Vice President
RMG Business Division



Mohammad Monabbir Ahmed Khan
Senior Vice President
SME Business Division



Javed Iqbal
Senior Vice President
Brand Marketing & Corporate Affairs

Key Executives at Corporate Office



Champak Barua
Senior Vice President
Credit Risk Management Division



Md. Tofazzal Hossain
First Vice President
Special Assets Management Division



Mohammad Al- Amin
First Vice President
Corporate Business Division



ATM Tahmiduzzaman FCS
First Vice President
Company Secretariat Division



Khairul Alam Chowdhury
First Vice President
Business Operations Division



Javed Moin
Vice President
Treasury Back Office



Md. Ibne Khaled
Vice President
Risk Management Division



Mohammad Monowar Hossain
First Assistant Vice President
Treasury Front Office



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

List of Executives

Managing Director

Muhammed Ali

Additional Managing Director

Muhammed Shahidul Islam
Mirza Mahmud Rafiqur Rahman
Abul Ehtesham Abdul Muhaimen

Deputy Managing Director

Md. Tariqul Azam
Mohammad Shawkat Jamil
Md. Sohrab Mustafa
Golam Awlia
Md. Abdul Jabbar Chowdhury
Arif Quadri

Senior Executive Vice President

M Habibur Rahman Chowdhury FCA
N. Mustafa Tarek
Abul Alam Ferdous
Md. Ahaduzzaman

Executive Vice President

Abu Sadeque Miah
Md. Ekram Ullah
Md. Delwar Hossain Mazumder
Md. Habibur Morsalin
Md. Diderul Islam
S. M. Wali Ul Morshed
Md. Habib Uddin Bhuiyan
Mohammed Faruque
Md. Ziaullah Khan
Niamat Uddin Ahmed
Khondkar Rafiq Uz Zaman
Muhammad Shariful Anam
Mohammad Shafiqur Rahman

Senior Vice President

Mohammad Iqbal
Md. Shahidul Ameen
A. Wadud Miah
Ahmed Saiful Huda
Md. Golam Sarwar
Md. Ahsan Mozlish
Md. Zakaria
Md. Sowkat Abdullah
Md. Aman Ullah
Md. Khalequzzaman Chowdhury
Kh. Zibaur Rahman (Nadim)
Mohammed Khorshed Alam
Mohammad Monabbir Ahmed Khan
Md. Forhad Hossain
Md. Amiruzzaman
Mohammad Nurul Islam
Mohammad Abdul Based
Kazi Muzibul Islam
Javed Iqbal
Amalendu Roy
Md. Mosleh Uddin Mansur
Champak Barua
Md. Dulal Hossain

First Vice President

Md. Fazle Karim Khan
S.M. Jahangir Kabir
Saiful Alam
Nasimul Islam
Munir Uddin Chowdhury
Md. Abdul Mannan Chowdhury
Kazi Md. Lokman Hakem
Lisa Islam
Md. Aminul Islam
Mohammad Nesar Alam
Md. Wahaduzzaman
Md. Abdul Maied
Manjur Murshed Chowdhury
Chowdhury Bodiuazzaman
Md. Showkat Karim
Shaheed Hossain Chowdhury
Shamsul Alam
Md. Tofazzal Hossain
Sultan Ahmed Shah Chowdhury
Md. Salim Reza Khan
Md. Jahangir Hossain
Md. Shafiqur Rahman
Md. Shafinur Rahman
Md. Enamul Hoque
Md. Shamsul Hoque Khandaker
Mohammad Al-Amin
Abu Taiyab Md. Tajmilur Rahman
Abul Hasan Muhammad Azim
Ikram Farid Chowdhury
Emtiaz Haque
Md. Khairul Alam Chowdhury
Md. Anis Ur Rahman
Muhammad Hafizur Rahman FCA, FCMA
A. K. M. Zillur Rahman
Tunku Humayun Md. Morshed
Ahsanul Hoque
Aminul Haque Chowdhury
Mohammad Monwar Hossain
Ikhtear Uddin Ahmed
Mohammad Abu Hanif
Major Kamal Mustafa (Retd.)
A. T. M. Tahmiduzzaman FCS
Syedur Rahman
Saiful A. Chowdhury
Alamgir Kabir
Mohammad Nur Nobi FCA
Mohammad Sarwar Alam
Ikramul Haque Bhuiyan
Masudur Rahman Sannamot
Mohammad Anisur Rahman
Abul Kalam Azad
Mohammad Monirul Islam
Mohammad Taufiqul Haider Chowdhury

Vice President

Akter Banu Anju
Md. Zafrul Hoque
Md. Monjurul Islam
Md. Wais Ahmed Khan
Md. Shafiqueul Islam
Md. Belayet Hossain
Dewan Abdul Bakki
Kamrun Naher

Md. Abul Hashem
Md. Abdul Basith
Muhammad Fazle Rabbi
Md. Mofazzal Hossain Patwary
Md. Abdul Hakim
Md. Mazibur Rahman
Md. Mofizul Alam
Shahadat Hussain Chowdhury
Mohammad Abdur Rahim
Jennyfar Yousuf
Tofael Haider
Md. Muzibur Rahman Chowdhury
Md. Nizam Uddin
Chitra Chowdhury
Md. Nurur Rahman Khan
Minu Ara Begum
Md. Badshah Gazi
Md. Manirul Islam
Ahmed Baker Imam
Md. Salahuddin
Momtaz Sobhan
Mohd Kamal Uddin Faruque
Ajit Kumar Beidya
Mosihuddin Hussein
Md. Jahangir Alam
Kamrul Majid Mahmud
Md. Nazim Uddin
Md. Nurul Absar
Jinnatun Baki
Mohammed Abdul Gofran
Zahirul Islam Chowdhury
Md. Munjur Kadher Chowdhury
Sazzad Yussouf
Md. Taiyub Hossain
Md. Hasan Murad Chowdhury
Shamsun Lora Karim
Abu Jamil Md. Abdul Alim
Golam Sarwar Bhuiyan
Mohammad Abdul Ahad
Altaf Ali Khan
Md. Moazzam Hossain Chowdhury
Arfanul Islam
A. B. Moinul Karim
Mohammad Shohel Haider
Iqbal Ahmed
Mohammad Iklas Uddin
Kh. A.R.M. Kamrul Hasan
Syed Kamruzzaman
Yousuf Habib
Md. Ibne Khaleel
Mohammad Jashim Uddin
Kamrul Ahsan Moin
Murtaz Ahmed
Md. Abul Hossain Howlader
Md. Faruk Hossain
Md. Shamim Ferdous
Partho Kumar Bagchi
Debashish Roy
Javed Moin
Abu Sayed Md. Ashrafuzzaman
Achinta Kumar Saha
Kashef Rahman
Najmus Sakeb Jamil

List of Executives

Sheikh Nahid Reza
Md. Sabbir Hossain
Md. Shakhawat Hossain
Shireen Sultana
Mohammad Liakat Hussain
Mohammad Reaz Ahmad
Md. Nazrul Islam
Mohammad Zamal Uddin
Mohammad Monir Hossain
Anup Kumar Roy
Md. Mohsinur Rahman
Md. Marufur Rahman Khan
Naunehal Ashraf Huda
Mohammad Mahbubul Alam
Md. Anwar Hossain
Mohammad Jahir Uddin
Mohammad Taher Hasan Al Mamun
Muhammad Arifur Rahman
Mohammad Aktar Hossain
A.Y.M. Mostafa
Md. Saiful Islam
Md. Jahangir Hossain
Taslima Akhter
Md. Abdullah Al Mamun
Baqui Md. Omar Faruk
Mehdi Hasan

First Assistant Vice President

Mohammed Hasan
Md. Masud Hasan Chowdhury
Shyma Akhtar
Ashfaq Mohammad
Sujoy Kumar Das
Mostaque Ahmed
Maksud Ahmed
Saifur Rahman Chowdhury
Md. Amin Faroque Sharif
Md. Ibrahim Meah
Md. Hashan Miah
Syed Ghulam Mustaque
Aklima Akter
Md. Salah Uddin
Md. Jashim Uddin Chowdhury
Meherun Nahar Khanam
Salina Akhter
Golam Mostafa
Burhan Uddin Mohammed Jahangir
Asma Begum
Md. Habibur Rahman
Md. Kabir Uddin Ahmed
Fakir Aktarul Alam
Jamil Faruque
Md. Mokhlesur Rahman
Md. Suruzzaman
Mohd. Nurul Afsar
Reshadul Hannan
Shireen Akhter
Md. Momtaz Hasan
Md. Salim Ullah
Md. Mosharraf Hossain
Md. Murad Morshed

Israt Fatema
Md. Mehedi Hasan
Md. Moshfiqur Rahman
Md. Kawsar Jamil
Hasina Yeasmin Khan
Md. Mahmudul Haq
Kazi Kamal Uddin Ahmed
Md. Aref Ullah
Monsurul Ahsan
Gaziul Haider Mazumder
Tawhidul Haque Chowdhury
Md. Belayet Hossain Bhuiyan
Md. Hasan
Md. Akhter Hossain
Mujibur Rahman
Mohammad Younus
Mohammed Ibrahim
Abdul Motalib Miah
Mahmudur Rahman
Md. Ashfaque Ahmed
Gowtom Kumar Ghosh
Sankar Kumar Mitra
Md. Shah Newaz Chowdhury
Mohd. Salahuddin
Md. Harun-Ur-Rashid
Chowdhury Jafarullah Sarafat
Mohammed Yusuf Chowdhury
Mohammad Imtiaz Kabir
Habib Mohammed Enayet
Md. Billal Ali Shaikh
Md. Abul Bashar Chowdhury
Md. Rahim Uddin
Md. Helal Uddin
Golam Mohammed
Mohammed Mahbub Ali Chowdhury
Azam Chowdhury
Halimur Rashid
Mohammad Yousuf Ali
Md. Nazmul Huda
Shamima Akhter
Md. Rafiqul Alam
Mohd. Jahangir Kabir
Farzana Rob
Kazi Monir Hossain
Bipasha Begum
Syed Alam
Md. Al-Hachan Khan
Md. Lutfur Rahman
Mosaddeque Md. Yusuff
Mohammed Shamsuddin Ahmed
Mehdi Hassan Chowdhury
Abul Bashar Munshi
Shah Masudur Rahman
Syed Hasan Afzal
Syed Md. Ataher Iqbal
Md. Shamsul Alam
Md. Mustofa Kamal
Mohammad Sohrab Hossain Sarker
Abu Jafar Mohammad Faisal
Md. Hasibul Asad
Arman Sayeed

A. S. M. Naushad Alam
Md. Dabir Uddin
Mohammed Monjur Alam
S. M. Masum
Md. Anwarul Islam
Md. Tareq Uddin
Mohammad Asif Qureshi
Somen Saha
Ashfaq Ali Choudhury
Md. Sajjad Hossain
Gias Uddin Ahmed
Bishanat Sharder
Anwar Hossain Pathan
Md. Masudul Alam
Mohammad Mahbub Ur Rashid
Mohammad Maidul Islam
Md. Mahbub-Ul-Islam Khan
Mohammad Fazle Mahmood
Md. Gias Uddin
Muhammed Nazrul Islam
Mohammad Arif Uddin
Mohammed Ramjan Ali
Md. Zafar Iqbal
Mahbubul Hoque
Fahmida Sharmin
Md. Nasir Uddin
Md. Tazammul Hossain Khan
Mohammed Rezaur Rahman
Mohammad Siful Islam
Md. Saifullah
Md. Lutfur Rahman
Mohammad Monowar Hossain
Md. Ashiquzzaman
Mohammad Kamrul Islam
Md. Parvej Ahmed ACA
Mohammed Moinuddin Ripon
Sanaul Haque
Md. Rezaul Islam
Md. Nahid Kamal
Md. Abdus Sabur
Md. Amirul Islam
Md. Abdullah Al Mamun
Mohammad Abdul Mannan
Rashedur Rahman
Badrul Ahsan
Utpal Basak
Mohammad Saiful Islam

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Message from the Chairman and Managing Director

This section contains:

- Chairman's Message
- Managing Director & CEO's Round up





Chairman's Message

Dear Stakeholders,

I am pleased to report another year of solid performance and to present the annual report of United Commercial Bank Limited. UCB has had another good year, with financial results that reinforces our confidence in the strategy we are pursuing. The core businesses of the Bank continued to show strong growth, and all of us – the Board of Directors, Management, our employees and our customers' are optimistic about the year ahead.

Our employees are truly dedicated to their work and the customers they serve by providing them and the communities in which they live and work with extraordinary service. We are relationship-driven and personalized service will always remain the focus of our business model. We are committed to providing you with the best possible banking relationship and invite you to begin that relationship with United Commercial Bank Limited to start investing in your future. We are here to help resonate with all of us in the ever-more-complex world of financial services. It nicely complements the Bank's culture of service, where our employees' dedication and commitment to customers continue to be driving forces in our performance.

Through a wide range of branch network and setting up best-in-class digital channels, the Bank is building capabilities to offer its customers an unmatched experience across the country. Additionally, the Bank is taking measures to simplify processes to provide more responsive customer service in all urban and rural areas. We are proud to pronounce that we have widened our network to 158 branches all over the country.

The Bank's core motto "United We Achieve", encapsulates the futuristic sights to be adopted: delivering Business excellence, Exceeding customer expectations, Speedy delivery and Technology driven. And this enthusiastic vision is vividly sketched in our performance. The year 2015 is a successful year for us with operating profit of Taka 840.24 crore; deposit of Taka 22,086.65 crore and loans & advances of Taka 19,741.36 crore.

In year 2015, we initiated a major venture, the new Logo launching of UCB. The new logo of UCB is inspired by the caring attitude that promotes unity, care and progression. The logo emphasizes on our commitment to safety, empowerment and guidance.

We are also concerned with the issues of compliance and governance. In order to enjoy the trust of customers and the confidence of the regulators, the Bank and its employees always behave in an ethical manner. A key focus area for the Board is ensuring that best-in-class corporate governance and risk management regimes are in place.

United Commercial Bank Limited is deeply attached with the noble spirit of social involvements with a number of CSR activities. Corporate social responsibility plays a critical role in our business strategy of responsible growth and connects us to our core purpose of making people's financial lives better around the world. UCB, through its responsible banking ethos always aims to enhance value creation and is committed towards playing a larger role in sustainable development by embedding wider economic, social and environmental objectives.

Dear all, success of a Bank is based on the strength of its partnership with shareholders, customers, other financial institutions and the regulators and I thank them for their unstinting support and assure them of our relentless efforts in the coming year.

Finally, I pay tribute to the efforts and achievements of the Bank's employees and Management. Their commitment, dedication and contribution are fundamental to success of United Commercial Bank Limited and I am greatly encouraged by what we can achieve together in the years to come.



M. A. Hashem
Chairman



Managing Director & CEO's Round up

Private Commercial Banks (PCBs) since early 80s have been acting as the major conduits for financial intermediation and other services in the economy creating the largest interface between the cash surplus and cash deficit platforms in the country along with other state-owned and specialized banking and non-banking financial institutions. From day one of its inception on June 26, 1983, UCB has been a prominent and fundamental force among the private commercial banks to contribute to this pursuit.

We know acts of financial intermediation in a growing economy is a naturally propelled phenomenon due to the deficit gradient that pushes the need for mobilization of additional resources up in the economy, this however was not the same during 2015. Although economic scorecard remained stable for most of the indicators, the investment climate almost remained shy lacking stimuli until later part of 2015.

On a broader outlook, the economy in 2015 stood resilient with GDP clocking up over 6.50% as it remained well above a mark of 6% all through during last decade, wheeling up for the next level at 7% and beyond with such robust foundation. The country notched its entry into the lower middle income group on World Bank's classification. Country's import of US\$ 37 billion in previous fiscal (2014-2015) still left a dent of US\$ 10 billion in the form of trade deficit, which again was made good for by a surge in overseas remittance that flew in abundance, and helping to substantiate the already robust foreign exchange reserve at all time high of US\$ 27 billion+. Country's export turnover of US\$ 16.10 billion during the first half of current fiscal (2015-2016) already out-paced the target of US\$ 15.86 billion for the corresponding period, while the import during the same period stood at US\$ 16.6 billion, marking an end of a prolonged, slackened trend in capital machinery mobilizations for large scale development and expansions in the country. The consumer price index remained favorably poised with average inflation declining to 6.2% in 2015 from 6.4% in 2014, when food inflation stood even impressive at 5.48%, suggesting an increased level of agri output in the country much to the credit of inclusive financing programs of Bangladesh Bank mediated through the Banking channels.

The other side of the story however witnessed an inflationary pressure on BDT against Dollar during the last

part of 2015 which went up to nearly 1.48% at the end of 2015. Excessive liquidity pile up with the Banks remained almost like a constant detriment in maintaining a balanced loan-deposit mix throughout 2015, that eventually pushed the money market rates (weighted) to dip down to an all time low of 3.69% at the close of 2015, from 8.57% at the beginning of the year.

Thus, while the economic indicators remained fairly solid and brilliant throughout 2015, the investment climate in the country, on the other hand, remained quite inert and static for the Banks to operate and drive their portfolio and profit along the lines of budgets. This was due to the languishing effects of an edgy political situations carrying its tolls since the whole of 2014 and for almost the 1st half of 2015, when movements and mobility within the country was greatly interrupted, pushing the costs of carriage upward and, consequently, doing business profitably. Few major industries still continue to reel under the pressure of near-collapse since long, like the real estate and ship breaking, and yet to cope up. Commodities also tending to heal up from large scale price drops in recent past. This also had a rummaging effect on private sector credit growth that stumbled at a modest range between 11%-13% in 2015, which however started improving with signs of growth since second half of 2015, when pinches of political adversities gradually clawed back in.

All these attributed to the apparently displeasing consequences like a rising trend in the NPLs in the Banking sector. These disincentives played a retardation effect on the Operating Profit of the Bank in 2015. Despite the shades of gloom that prevailed in the investment frontier, it's pleasing to watch that we could rightfully set our aspirations into strategies, where our plans began to work as expected and promises yielded to results with an honest justice to prevailing realities.

When I look back to my words of earlier terms in this Bank, I recall, with the steadfast support from all corners, we adopted an assemblage of strategies that were meant to reshape few critical dimensions of the Bank with a view to achieving greater sustainability and better returns for the Bank. 2015 stood to be testimony to those drives in full right. Today UCB still leads the row of all peer group banks in its capacity having marked the best position in all directions of performance that a commercial bank can boast of.

Managing Director & CEO's Round up

With facts remaining in place as said, I would like to proceed further to frame in UCB's prudent achievements and future outlooks in next segments. Here I would once again like to recall with profound gratitude to the unflinching support we received from the members of our Board of Directors, and with the untiring efforts of all sections of Senior Management and employees of the Bank, we could successfully accomplish our strategic goals, which I would like to share here:

01. Export volume of the Bank increased to BDT 148.30 billion in 2015 from BDT 130.44 billion in 2014, marking a growth of 13.69% for the Bank, and contributing to 6.50% of total export of the country. UCB ranks first among all PCBs in the country on this feat.

02. Import turnover through the Bank increased to BDT 168.30 billion in 2015 from BDT 155.28 billion in 2014, posting an import business growth of 8.38% for the bank, and occupying 5.50% share on country's total import.

03. Fee-based income, which adds directly to the profit base of the Bank, stood at BDT 3.65 billion in 2015, from BDT 3.41 billion in 2014, marking an increase of 7.04% over 2014. This feat was achieved through promoting and effectively expanding the RMG business of the Bank in 2015. All front ranking large RMG groups in the country are banking with us in full confidence.

04. OBU business also grew in volume (outstanding basis) significantly to BDT 9.93 billion in 2015 from BDT 7.33 billion in 2014, marking a growth of 27.28% over 2014.

05. SME exposure grew to an enviable BDT 84.00 billion in 2015, in line with the ambitions taken in this business segment by the Bank.

06. Trimmed down high-cost deposit base from 60.93% in 2014 to 54.73% in 2015, thereby consolidating the deposit mix in a better way.

07. Asset-liability management in 2015 has been further consolidated over 2014 and Treasury income posted a growth of 14.24% over 2014.

08. Agri lending target for 2015 has been fully achieved as a mark of fulfillment of Central Bank's directives.

09. Core Banking Solutions (CBS) have been implemented across all business and functional areas of the Bank, well ahead of its schedule.

10. Green Banking activities gained a new momentum through implementation of programs like paper-less decision process at Board level, framing of Green Office Guidelines, opening of Green Branch and launching Green Finance etc.

11. Successful negotiation with multilateral agencies like ADB, USAID, IFC etc establishing a robust credit line base of US\$ 135 million for the Bank (US\$ 55 million fund-based and US\$ 80 million non-funded).

12. Signing of Agreement with Bangladesh Bank on arrangement of FC denominated World Bank loan.

13. Strengthening Bank's capital base by arranging BDT 5,000 million long-term debt through issuing subordinated bonds.

14. Opening 10 new branches in 2015, thereby increasing Bank's coverage from 148 branches in 2014 to 158 branches in 2015.

Besides the countable achievements that have been numbered so far, we have quite a few of goodwill achievements in 2015, which have a mention here:

01. ICSB National Award for Corporate governance Excellence 2014 in Banking Company Category by the Institute of Chartered Secretaries of Bangladesh (ICSB) received on November 10, 2015.

02. First position under the category of Private Sector Banks for 'Best Presented Annual Reports 2014' at 15th ICAB National Award, received on December 10, 2015.

03. 'Excellence Performance Award' for customer Service & Stall in Banking Fair by Bangladesh Bank, received on November 28, 2015.

Going forward, I believe 2016 shall be a year of growth and consolidation for the Bank, and we should weave into strategies, plans and processes, that will conform to and flexibly blend with emerging situations within the regulatory environment, to convert each weakness into a strength, and every threat into an opportunity. With this view in mind, I herewith outline the key strategic initiatives for the Bank for the year 2016:

Managing Director & CEO's Round up

01. Establishing a more effectively aligned and streamlined organogram down to the levels of functional units, in order to achieve planned Growth and consolidation of business;

02. Optimizing Bank's work flows and processes at various levels to complement the business and profit objectives of the Bank, while simultaneously enhancing the asset and liability quality for the Bank;

03. Retrofitting the values of customer orientation at all front offices of the Bank to spruce up an ambient, customer friendly culture and environment for enhanced customer relationship.

04. Strengthening of Bank's Capital Base in line with new capital accords under Basle III, through implementation of external rating-based customer classification and initializing improved, internal credit rating system in line with new Credit Risk Management guidelines of Bangladesh Bank along with other tools/steps as may be required.

05. Realigning HR capital of the Bank, wherever necessary, to best organize the internal resources into an effective working group based on their knowledge, competence and skills and introduce a transparent, performance-based HR system in the Bank.

06. Instituting the right risk framework and comprehensive risk management process in the Bank enabled by prudent policies and practices within Bangladesh Bank guidelines in force and international best practices.

07. Introducing innovative and customer friendly products and financial services for enhanced market penetration and brand imaging.

08. Firmly establishing a compliance culture to minimize exceptions and eliminate deviations in regards to regulations of Bangladesh Bank, laws of the land, and industry best practices to safeguard Bank's interests.

09. Anchoring on a sustainability goal for all strategic business and goodwill objectives aligning people, planet and profit in the most congruent manner.

Once again, I conclude here with the firm belief that, with the usual liberal applause of the common shareholders for all prudent objectives we have so far envisioned and with the unstinted support and guidance from the honorable Members of the Board of Directors of the Bank, and not to say with the unbending commitment and efforts of all layers of employees of the Bank, we for sure would march towards an all-attaining end to celebrate achievements again as Number ONE, as we did in recent past.



Muhammed Ali
Managing Director & CEO

Corporate Governance

This section contains:

- Directors' Report
- Report on Corporate Governance
- Compliance Report on BSEC's Notification on Corporate Governance
- Certificate on Compliance of Corporate Governance
- CEO's & CFO's Declaration to the Board of Directors
- Compliance of Bangladesh Bank's Guidelines on Corporate Governance
- Credit Rating
- Report of the Audit Committee
- Report of the Risk Management Committee
- Evaluation of Quarterly Financials by the Audit Committee & by the Board

Directors' Report



Directors' Report

The Board of Directors of United Commercial Bank Limited takes pleasure in welcoming you all to the 33rd Annual General Meeting (AGM) and presenting Annual Report for the year ended December 31, 2015 which includes company profile, reports on business strategy and review, risk management, corporate governance, separate and consolidated audited financial statements, investor relations and a sustainability supplement. This Annual Report has been prepared in compliance with Section 184 of the Company Act 1994, Bank Company Act 1991 (Amendment till 2013) and the Guidelines issued by Bangladesh Securities and Exchange Commission, Bangladesh Bank and other applicable rules and regulations of regulatory authorities.

The Directors' Report is a snapshot of annual report including world economy, Bangladesh economy, banking industry, company's profile, product and services, institutional performances, corporate governance, future outlook, etc. Through a decent presentation Board of Directors has tried to bring out company's forward moving performances in a very stiff competitive industry. With proper disclosure and explanations towards policies and numeric terminology Board of Directors considers ensuring thematic anchoring, upholding transparency, effective compliances, and best governance practices. The

Directors believe that the Report will give captivating insights of the bank's performance during the year under review to the all concerned stakeholders.

World Economy

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies while still accounting for over 70 percent of global growth declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Three key transitions continue to influence the global outlook: (1) the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, (2) lower prices for energy and other commodities, and (3) a gradual tightening in monetary policy in the United States in the context of a resilient U.S. recovery.

Global growth, currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The pickup in global activity is projected to be more gradual than in the October 2015 World Economic Outlook (WEO), especially in emerging market and developing economies.

World GDP Growth

(year-on-year, in percent)

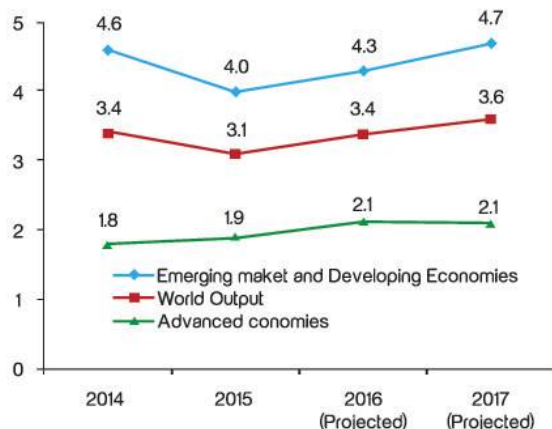
	Actual		Projections	
	Year 2014	Year 2015	Year 2016	Year 2017
World Output	3.4	3.1	3.4	3.6
Advanced Economies	1.8	1.9	2.1	2.1
United States	2.4	2.5	2.6	2.6
Euro Area	0.9	1.5	1.7	1.7
Japan	0.0	0.6	1.0	0.3
United Kingdom	2.9	2.2	2.2	2.2
Canada	2.5	1.2	1.7	2.1
Other Advanced Economies	2.8	2.1	2.4	2.8
Emerging market and Developing Economies	4.6	4.0	4.3	4.7
Russia	0.6	-3.7	-1.0	1.0
China	7.3	6.9	6.3	6.0
India	7.3	7.3	7.5	7.5
ASEAN-5	4.6	4.7	4.8	5.1
Emerging and Developing Europe	2.8	3.4	3.1	3.4
Latin America and the Caribbean	1.3	-0.3	-0.3	1.6

Source: IMF, World Economic Outlook Update, January 2016

Directors' Report

Advanced Economies

Growth in advanced economies is projected to rise by 0.2 percentage point in 2016 to 2.1 percent, and hold steady in 2017. Overall activity remains resilient in the United States, supported by still-easy financial conditions and strengthening housing and labor markets, but with dollar strength weighing on manufacturing activity and lower oil prices curtailing investment in mining structures and equipment. In the euro area, stronger private consumption supported by lower oil prices and easy financial conditions



is outweighing a weakening in net exports. Growth in Japan is also expected to firm in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Emerging Market and Developing Economies

Growth in emerging market and developing economies is projected to increase from 4 percent in 2015—the lowest since the 2008–09 financial crisis—to 4.3 and 4.7 percent in 2016 and 2017, respectively.

- Growth in China is expected to slow to 6.3 percent in 2016 and 6.0 percent in 2017, primarily reflecting weaker investment growth as the economy continues to rebalance. India and the rest of emerging Asia are generally projected to continue growing at a robust pace, although with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness.
- Aggregate GDP in Latin America and the Caribbean is now projected to contract in 2016 as well, albeit at a smaller rate than in 2015, despite positive growth in most countries in the region. This reflects the recession in Brazil and other countries in economic distress.

- Higher growth is projected for the Middle East, but lower oil prices, and in some cases geopolitical tensions and domestic strife, continue to weigh on the outlook.
- Emerging Europe is projected to continue growing at a broadly steady pace, albeit with some slowing in 2016. Russia, which continues to adjust to low oil prices and Western sanctions, is expected to remain in recession in 2016. Other economies of the Commonwealth of

"Worryingly, the stalled recovery in some high-income economies and even some middle-income countries may be a symptom of deeper structural malaise," said Kaushik Basu, World Bank Chief Economist and Senior Vice President. "But there are some silver linings behind the clouds. The lower oil price creates a window of opportunity for oil-importing countries, such as China and India. What is critical is for nations to use this window to usher in fiscal and structural reforms, which can boost long-run growth and inclusive development."

Kaushik Basu

Senior Vice President and Chief Economist at the World Bank

Independent States are caught in the slipstream of Russia's recession and geopolitical tensions, and in some cases affected by domestic structural weaknesses and low oil prices: they are projected to expand only modestly in 2016 but gather speed in 2017.

- Most countries in sub-Saharan Africa will see a gradual pickup in growth, but with lower commodity prices, to rates that are lower than those seen over the past decade. This mainly reflects the continued adjustment to lower commodity prices and higher borrowing costs, which are weighing heavily on some of the region's largest economies (Angola, Nigeria, and South Africa) as well as a number of smaller commodity exporters

Risks to the global outlook remain tilted to the downside and relate to ongoing adjustments in the global economy: a generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States. If these key challenges are not successfully managed, global growth could be derailed.

Directors' Report

Risk to the forecast

- > A sharper-than-expected slowdown along China's needed transition to more balanced growth, with more international spillovers through trade, commodity prices, and confidence, with attendant effects on global financial markets and currency valuations.
- > Adverse corporate balance sheet effects and funding challenges related to potential further dollar appreciation and tighter global financing conditions as the United States exits from extraordinarily accommodative monetary policy.
- > A sudden rise in global risk aversion, regardless of the trigger, leading to sharp further depreciations and possible financial strains in vulnerable emerging market economies. Indeed, in an environment of higher risk aversion and market volatility, even idiosyncratic shocks in a relatively large emerging market or developing economy could generate broader contagion effects.
- > An escalation of ongoing geopolitical tensions in a number of regions affecting confidence and disrupting global trade, financials and tourism flows.

Bangladesh Economy

Despite political agitation early in 2015 that adversely affected transport services, exports, and private investment, growth in Bangladesh held up well because of brisk domestic demand, boosted by higher worker remittances, private sector wages, and public investment. As of now, it also does not appear to flare up to destabilize the gamut of economic decision grossly in the coming year. On a broader outlook, GDP at constant price recorded at 6.51% (projected) in FY 2015 which was reasonably higher than 6.06% of growth in FY 2014. The growth momentum was mainly stimulated by stable political environment after the agitation in the first quarter of the year and the growth was concentrated in the industry and service sectors.

Bangladesh sees a different tone of optimism in the sound ambience of macro stability. Investments are likely to gear up in 2016 as the fiscal and monetary authorities are coordinating in the areas of inflation, interest rates, exchange rates and revenue collection and ADP implementation. The government is committed to augmenting the availability of infrastructure and energy sector. Bangladesh's projected growth for 2016 will be almost double of the World's and higher than China's even. A recent World Bank study shows that one percentage point increase in India's growth contributes to an increase in Bangladesh's growth by 0.4 percentage points. Hence, the highest growth at 7.5 percent of India in the region will be beneficial for Bangladesh's investment and enhance growth through the channels of trade and services.

Macroeconomic Trends

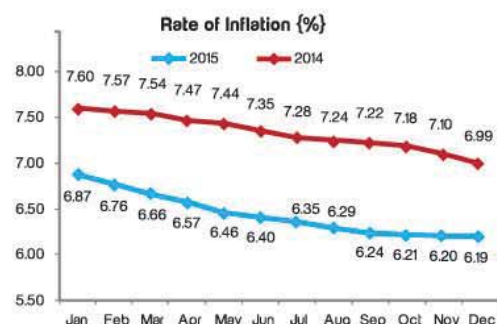
GDP growth – Annual real GDP growth rate has reached

to 6.51 percent in FY2015 from 6.06 percent of FY2014, averaging more than 6.3 percent over last five years. The growth momentum was largely concentrated in the industry and service sectors, while agricultural activities registered a decelerated growth compared to the previous fiscal year. However during the last quarter of FY15, industry sector indicates strong economic activities, while agriculture and service sector activities depicted mixed picture. This growth rate for FY2016 can be expected to be around 6.8 percent to 7.00 percent, subject to continuation of stable business and political environment.

Year	GDP growth rate (in percent)
2009–10	5.57
2010–11	6.46
2011–12	6.52
2012–13	6.01
2013–14	6.06
2014–15	6.51
2015–2016 (P)	6.80

Inflation

CPI inflation in Bangladesh has been showing a slowly declining trend for last couple of years. Inflation which was 7.28 percent in July 2014, gradually fell to 6.19 percent in December 2015, suggesting further decline owing to decreasing fuel and commodity prices. However the main driver of this decline in average inflation is mainly attributable to the falling food inflation while non food inflation shows an upward tendency. Food inflation of as high as 8.55 percent in July 2014 slid down to 6.05 percent in December 2015 while non-food inflation of as low as 5.41 percent kept on rising to reach 6.41 percent over the same period. Here runs the public perception that the fuel price reduction mainly affected general inflation. But, the government did not adjust that reduction to domestic market yet. Although expectations owing to the global fuel price might have played a positive role in dampening inflationary concerns, most particularly the food component that occupies almost sixty percent of the consumption basket played the major role in pulling the general inflation figure downward.



Directors' Report

Imports- Import payments (C&F) increased by 11.3 percent to USD 45.19 billion in FY15 from USD 40.62 billion in FY14. Imports also rose to USD 12.13 billion in Q4FY15 compared to USD 10.73 billion in Q4FY14. Overall Imports is in increasing trend during H1 of FY-15-16; it has been recorded tremendous growth of more than 40 percent during November 15 which is USD 3.7 billion as against USD 2.64 billion for same month of corresponding year. Strengthening growth trends in import of capital machinery and production inputs in the latter half of 2014 have created the platform for stronger growth in output activities over the coming months.

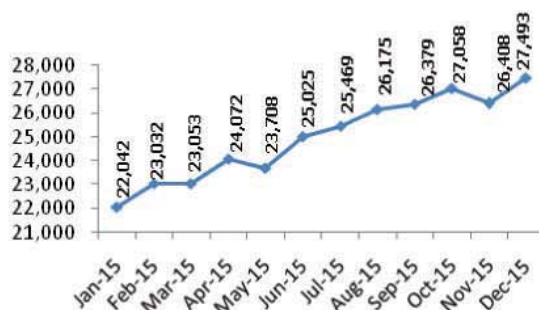
Import of food grains almost doubled from USD 242 million in Q4FY14 to USD 438.5 million in Q4FY15. Import of rice rose to USD 92.4 million during Q4FY15, compared to USD 31.5 million in Q4FY 14. While import of capital machinery recorded a growth of 108.5 percent in Q4FY15 over same period of previous year, which indicates to tremendous vibration in the economic activities stimulated by stable political environment. Overall, import of food grains 64.5 percent, consumer & intermediate foods 12.9 percent and capital goods and others 9.80 percent increased during FY 2015. During FY 2015, opening of import LCs increased by 3.0 percent to more than USD 43 billion of which LCs for intermediate goods 20.08 percent, consumer goods 12.4 percent, capital machinery 12.3 percent, industrial raw materials around 4 percent has been increased over the previous fiscal year.

Export- Total export earnings (f.o.b.) during FY15 recorded more than 4 percent growth and reached to USD 31.19 billion compared to USD 29.77 billion in FY14. During the last quarter of FY15, exports rose by 4.4 percent to USD 8.16 billion from USD 7.82 billion in Q4FY14. However, export earnings during first half (H1) of FY15-16 increased to USD 16 billion (projected) from USD 14.91 billion of same period of previous year.

Exports of RMG grew by 6.6 percent to USD 6.87 billion during Q4 of FY 15. Export of woven garments and knitwear products to European countries increased by 6.4 percent and 0.41 percent respectively in Q4FY15 compared to the corresponding quarter of FY14. Among other major export items, earnings from jute goods increased by 5.4 percent, while export of leather decreased by 24.8 percent in Q4FY15 over the Q4 of previous year.

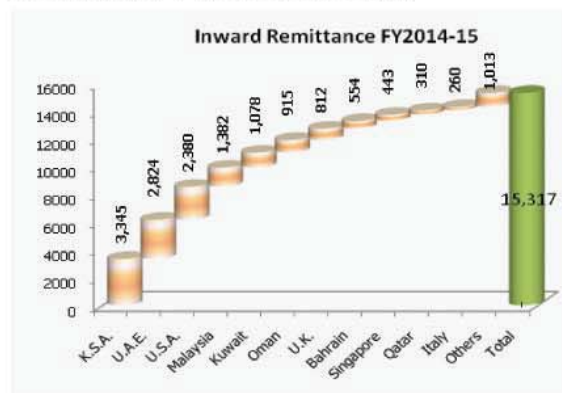
Foreign Exchange Reserve- Bangladesh Bank's foreign exchange reserves have grown fast to a level generally deemed as adequate, but not yet to a level that could be viewed as excessive seen against those of other developing economy comparators.

Foreign exchange reserves held by the Bangladesh Bank stands at US\$ 27,493.3 million at the end of December'15 while it was US\$ 22,309.8 million at the end of December'14. Thus foreign exchange reserves increased by US\$ 5,184 million (23.23%) at the end of December'15 compared to the reserves hold at the end of December 2014.



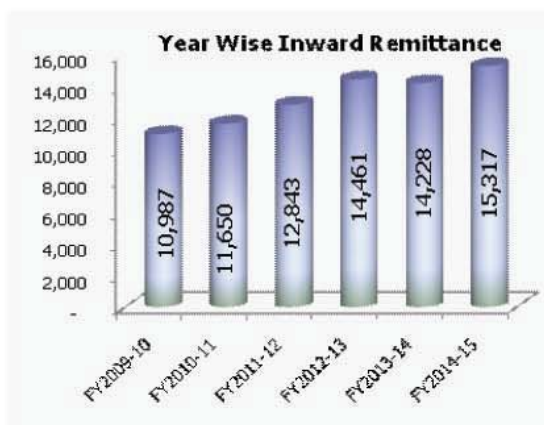
At the moment foreign exchange reserve can meet more than 7 (seven) months' import bills. Bangladesh Bank forecasts a slowdown in the growth rate of foreign exchange reserves in the near future partly because of slow growth in remittances from the Middle East countries which suffers enormous revenue losses for the fuel price decline.

Remittances- During the year FY 2015 inflow of workers' remittances increased by 7.6 percent to USD 15.32 billion compared to 14.23 billion in FY14 due to increased inflow of remittances more than USD 1.0 billion during the last year, earned from the Gulf region (increased by USD 697.40 million) and inflow from Malaysia (increased by USD 316.83 million). Whereas workers' remittances decreased by USD 77.5 million in Q-1FY16 to USD 3.93 billion



compared to same period of previous year. Overseas employment for Bangladeshi workers increased by more than 30 percent during Q-1FY16 as a total of 132,238 Bangladeshi migrated compared with 100,491 in the corresponding period of FY15.

Directors' Report



Per Capita Income— Increase in real income of the population has raised per capita income in Bangladesh from USD1190 in FY 2014 to USD 1316 in FY 2015 (recently revisited from earlier forecast of USD 1314) maintaining continuous development. The growth shown that the overall economy and income has improved significantly amid a prolonged period of political instability in 2014 as well as during Q1 in 2015.

Overall outlook

Bangladesh is now at a crossroads of development. The growth momentum that the country has achieved over the last decade must be continued and should be further energized to help the economy to the middle income bracket by 2021. Recently, the IMF has termed Bangladesh's economy as "Stable" and has labeled the financial sector as "Strong". The GDP growth forecast for FY 2016 is revised somewhat higher still with the expectation that exports will grow with continued economic recovery in the US and the Euro area, strong expansion in remittances will boost consumption demand, private and public investment will pick up as the business climate improves under a stabilizing political situation, and spending will increase under the annual development program. From another point of view, the overall outlook for the Bangladesh economy is favorable over the medium term in light of a growing working age population and likely continued global demand for Bangladeshi products. Faster growth of beyond 7 percent and sustained investments in infrastructure especially in the energy sector will require turning the country to a mid-income one.

"The dynamic ready-made garments sector has been a key contributor to Bangladesh's strong economic performance and to women's empowerment. But this industry is now at a critical crossroads, as recent high-fatality factory fires and a building collapse have exposed the hazards workers face and also severely tarnished the industry's image. Bangladesh must act now to articulate and enforce improved standards for building safety and worker health and security, so that the garments industry can continue to grow and other industries can follow its example."

Johannes Zutt
Country Director, World Bank Bangladesh

Again, the outlook is subject to several macro vulnerabilities: further growth slowdown due to internal strife causing to lack of political consensus between two large political party, the wage push factors (new pay scale) may exert inflationary pressure, risk of declining in remittance growth, fiscal expansion due to increased expenditures in response to various mega projects and political pressures and crisis of the image of Bangladesh's major manufacturing success story – the garments industry."

Banking Industry Outlook

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

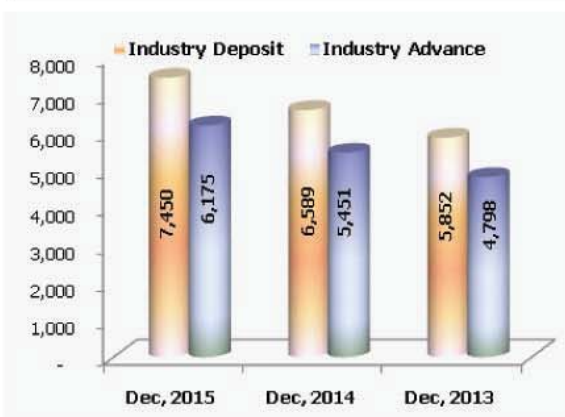
Call Money Rate



During the year 2015, banking industry was in liquidity position and as such inter-bank call money rate was significantly in decreasing trend. The call money rate has fallen from 8.57 percent in January 2015 to 3.69 percent in December of the same year.

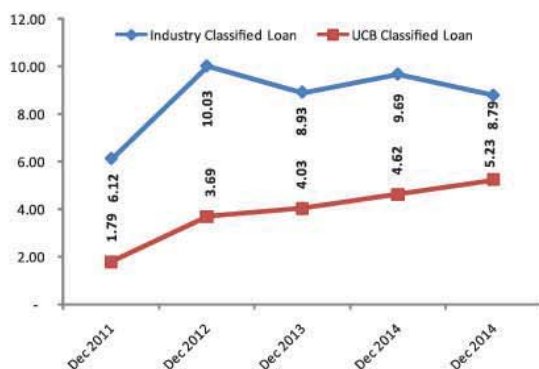
Banking industry has achieved a significant growth in deposit mobilization and also in rational approach for loan disbursement. Total deposits (excluding interbank items) of the scheduled banks increased to Tk. 7,450 billion in 2015 as against Tk. 6,589 billion in Dec 2014 representing a growth of more than 13 percent. On the other hand, total bank's advance increased to Tk. 6,175 billion in 2015 from Tk. 5,451 billion in December 2014 registering more than 13 percent growth.

Directors' Report



According to Bangladesh quarterly review, in Q1FY16, overall capital adequacy ratio (CAR) increased to 10.5 percent from 10.3 percent in Q4FY15— a minimum of 10 percent is the regulatory requirement. Total risk weighted asset of the sector as a whole grew by 4.0 percent in Q1FY16 over Q4FY15 while total eligible capital of the sector decreased by 6.6 percent during this period. However, the ratios for SCBs, PCBs and FCBs increased to 6.2 percent, 12.0 percent and 24.3 percent respectively in Q1FY16 from 4.9 percent, 11.8 percent and 24.1 percent respectively in Q4FY15. However, the ratio for SBs deteriorated from (–) 18.1 percent to (–) 28.0 percent during the period.

The ratio of gross NPL to total outstanding loans of the banking sector decreased from 9.69 percent to 8.79 percent at the end of December 2015. Gross NPL ratio for SCBs, SBs, PCBs and FCBs are 21.8 percent, 24.7 percent, 6.1 percent and 8.8 percent respectively at the end of September 2015. Information indicates that, NPL ratio for the state owned commercial banks (SCBs) and SBs are substantially higher than the PCBs and FCBs.



Banking industry is entering into a new era of lower interest rates regime. State owned bank have recently decided to slash lending rates by 1.5 to 2.0 percentage point in a bid to

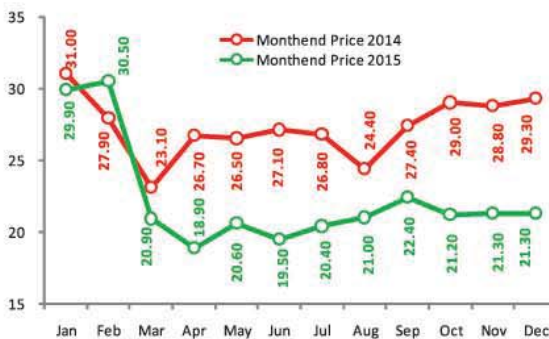
compete with private banks. According to Bangladesh Bank data, the overall lending rate fell from 12.84 percent in July 2014 to 11.27 percent in November 2015. The average deposit rate fell from 7.71 percent to 6.46 percent over the same period. Consequently the average spread came down below 5 percent (4.8 percent in November 2015).

Capital Market Outlook

Stock markets in Bangladesh have stabilized by now after the 2010 bubble creation and the subsequent collapse. Bangladesh Bank proactively lent hand in stabilizing the capital market, at the same time taking steps for reining in the banking sector's capital market exposures within global best practice norms linked to their capital bases. The capital market in Bangladesh was largely stable during the first half of the FY16 as reflected in the DSE broad index (DSEX), market capitalization, and the price-earnings ratio. The DSEX index stood at 4,630 at the end of December 2015 which was 4,865 at the end of 2014.



The market capital to GDP ratio declined to 15.12 percent at the end 2015 from 17.85 percent in June 2015. The price earnings ratio of the DSE also declined to 15.21 in 2015. However, the stock market has shown an uptrend since the end of 2015. The central bank has been devising ways to make the stock market operate at its full potential.



Risk and Concerns for the Banking Industry

Although the year 2016 is expected to be better for banking industry in Bangladesh but some uncertainty still remaining as follows:

Directors' Report

- Banking industry has enough liquidity for investment. Entrepreneurs' initiative for taking risk will be the major important factor for utilization of banks' fund in 2016.
- Maintaining on-going stability in political and economic activities is a challenge. Lack of consensus between two major political parties may any time lead to political agitation, which may ultimately affect the growth of private sector including banking business.
- Growth of investment and business activities may not explore as per targets due to lack of initiatives for good governance in government and regulatory bodies' activities. Banking industry may not have sufficient good investment opportunities in private and public sectors.
- As per Bank Company (Amendment) Acts 2013 capital market exposure has been restricted to 25 percent of capital (Paid up Capital, Statutory Reserve, Share Premium and Retained Earning) by June 22, 2016. If the time is not further extended, some over-exposed banks as well as overall capital market scenario may be impacted if those banks go for adjustment of over exposure.
- Implementation of various mega projects are in the process. But government revenue collection is not at the targeted level. Thus, to meet up the expenditures, Government may borrow fund from banking sector in 2016 and onward which may to some extent impact liquidity scenario of the banking industry.
- Growth in wage earners remittance is not up to the mark and there is further risk of declining in remittance growth.
- The wage push factors (new government pay scale) may exert inflationary pressure in overall economy which may increase the operating expense of the banks.

Brief History of UCB

Determination for reclamation and rapid development of economy, Government of the Peoples Republic of Bangladesh decided to establish Banks in private sector to direct the idle money into productive investment and to shoulder the responsibility, along with the nationalized commercial Banks, in contributing to the country's resource mobilization efforts. In line with this government policy some visionary entrepreneurs with excellent reputation in trade and industry decided to promote a private bank under the name and style of United Commercial Bank Limited in the year 1983. With the permission to commence business under the companies act, 1913 with effect from June 26, 1983 their dreams came true. These people took the lead to form a group who were similarly pro-active and enthusiastic in the venture. The authorized capital of the bank was TK. 100.00 million with an initial paid-up capital of TK. 35.50 million including TK. 4.00 million representing government's contribution towards equity being 5% of the total paid-up capital of TK. 80.00 million. The balance capital of TK. 35.50 million has been raised from public through IPO. Its vision is to be the best in all terms: sustainable inclusive business growth by ensuring efficiency, regulatory compliance, good asset

quality, combination of experience and professional talents, consistent profitability and of course good governance. During the year 2015 the Bank set record indeed in terms of advance, deposit and expansion of business through its continuous diversification. Now, UCB is best Banks in Bangladesh among the private Commercial Banks in terms of operative performance. United Commercial Bank Ltd. was listed with Dhaka Stock Exchange Ltd (DSE) in the year 1986 and with Chittagong Stock Exchange Ltd (CSE) in the year 1995. The bank obtained license to open offshore banking unit on 9 June 2010. As on 31 December 2015, the Bank feels proud of having 3837 number of employees with 158 branches and 151 ATM throughout the Country

Principal Activities

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

● Interest earning activities:

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

● Local and foreign trade activities:

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

● Remittance activities:

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

● Guarantee activities:

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

● Investment activities:

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

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

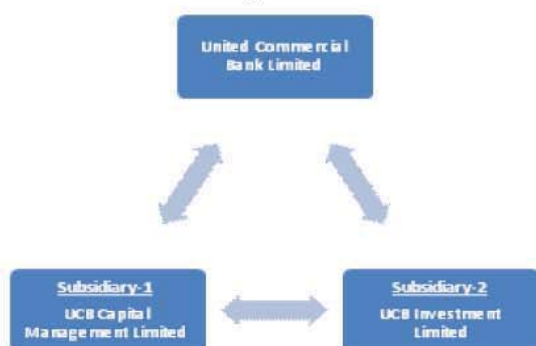
Mobile Financial Services: UCash

With the view to bring the unbanked people to the banking facilities UCB started full-fledged operation of Mobile Banking Services under the brand name "UCash" in the year 2013. Presently, the Bank has substantial market share in Mobile Banking Services of Bangladesh. Country wide the Bank has agents for providing the Mobile Banking Services.

Directors' Report

Corporate Structure

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



Stakeholder's Engagement

The management of UCB believes in the appropriate stakeholders engagement in every aspects of the banking activities. UCB identifies its stakeholders conducting thorough analysis in respect of –

- Responsibility
- Influence and decision making
- Proximity of interaction
- Representation

Impact Analysis considering governance, economic, environmental and social influences guide us towards finding emerging risk and opportunities and meet the required expectations.



Subsidiary & Associates

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

UCB Capital Management Limited

UCB Capital Management Limited (UCBCML) has emerged as one of the esteemed stock broker in Bangladesh capital market. It is a subsidiary of United Commercial Bank Limited, a renowned market leading commercial bank of the country was incorporated in Bangladesh as a private limited company with limited liability on November 20, 2007 under the Companies Act 1994. UCBCML has opened its service door in June, 2013 with a highly experienced and proficient management team to provide a global standard service to the clients of home and abroad in relation to securities originating in Bangladesh. UCBCML is a Stock Broker and Stock Dealer company cataloged as TREC Holder with both the stock exchanges in Bangladesh: Dhaka Stock Exchange Limited (TREC no 181) and Chittagong Stock Exchange Limited (TREC no 015). It is also a Depository Participant of Central Depository of Bangladesh Limited and provides allied services under the Rules & Regulations of Bangladesh Securities and Exchange Commission. The registered office of the company is located at 74, Motijheel C/A, (Ground Floor), Dhaka-1000. UCB Capital Management Limited has started full fledged operation in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. It has already earned outshine reputation for eminent ethics and trusted service. UCBCML is devoted to do relentless duties for the development of capital market of Bangladesh.

The key operation of UCB Capital Management is to provide brokerage service to its clients both under Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE). Currently UCB Capital Management operates 10 (Ten) DSE workstations and 2 (Two) CSE workstations. It is going to start a new branch office at A. K. Mansion, 1st floor, 17 J. C Guha Road, Nandankanan, Chittagong, immediately that would be another hub of business. UCBCML disbursed BDT 456.36 million margin loan up to the year 2015 that has shrunk 18.6% from the year 2014 to mitigate the risk of explosive market.

The Company launched the procedure of making applications through DP to mitigate the demand of clients. In the year 2015 it has successfully accomplished the procedure for 12 IPOs applications to satisfy the clients. It has introduced software for smooth IPO application procedure.

In 2015, the total number of clients increased by 28.6% compared to last year. The net profit after tax of the company is BDT 40.32 million despite instability in the capital market, the total turnover of UCB Capital Management Limited has enhanced from BDT 11,223.48 to BDT 11,239.97 million.

Directors' Report

UCB Investment Limited

UCB Investment Limited, another subsidiary of the Bank was incorporated on 03 August 2011 under the companies Act 1994 with a view to operate merchant banking activities. The vision of the company is to provide best services in the arena of issue management, portfolio management & credit syndication. To commence its operation, the company already applied for the license to Bangladesh Securities & Exchange Commission which is under consideration of BSEC. The initial paid up capital of the company was Tk. 10.00 crore & later on, the capital increased to Tk. 25.00 crore as per requirement of BSEC.

Off Shore Banking

Since inception in 2010, Our Off-shore Banking Unit (OBU) have registered remarkable growth in successive years in terms of both business and profit, by providing FC Term Loan from OBU to the On-shore entrepreneurs thus contributing in the industrialization of the country. OBU offers trade transactions in the form of Bill Discounting under UPAS LC and Financing Term Loan in FC to On-Shore Companies; subject to the approval of the Board of Investment (BOI). OBU also makes placement with AD Branches of UCB as well as with other FIs.

In 2015, Profit of OBU was BDT 46.32 Crore registering a significant growth of 33.69%. We have handled following business through OBU in 2015.

Preparation of Financial Statements

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

The financial statements of 2015 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The external auditor, Hoda Vasi Chowdhury & Co., Chartered Accountants appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2015.

Maintaining Proper Books of Account

UCB maintained proper books of account for its financial transactions occurred during 2015. The books of account have also been reviewed by the external auditor, Hoda Vasi Chowdhury & Co., Chartered Accountants with an opinion that proper books of accounts as required by the law have been properly maintained.

Appropriate Accounting Policies

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

Follow up of BAS & BFRS in Preparation of Financial Statements

International Accounting Standards (BAS) and International Financial Reporting Standards (BFRS) as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there from has been adequately disclosed in notes to the financial statements. In addition to BAS and BFRS, First Schedule (section-38) of the Bank Companies (amendment) Act 2013, related Bangladesh Bank circulars, the Companies Act 1994, the listing regulations of the Stock Exchanges, the Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh were also followed for preparation of financial statements.

Internal Control & Compliance

The Board has delegated to review of the effectiveness of the system of internal controls to the Audit Committee. Such a system is designed to manage the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss and of the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate rules and regulations and best practices and the identification and management of business risk.

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

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

Directors' Report

Statement of Directors' Responsibility to establish appropriate system of internal control

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

Statement of Directors' on adequacy of the system of internal control

Directors confirm that the Board, through its committees, has reviewed the effectiveness of the bank's systems of internal control for the year ended 31 December, 2015. The Board through the audit committee has supervised the policies and various parts of businesses to ensure an effective internal control system. Broad business strategy, significant policies for internal control system and risk management have been taken properly and internal audit and control has been accomplished as per requirement of the Bank Company (amended) Act 2013, Bangladesh Bank guidelines, Corporate Governance guidelines of Bangladesh Securities and Exchange Commission etc.

Going Concern

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

Top Management

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

Name	Designation	Joining with UCB
1. Muhammed Ali	Managing Director	01 November 2012
2. M. Shahidul Islam	Additional Managing Director	15 September 2008
3. Mirza Mahmud Rafiqur Rahman	Additional Managing Director	20 June 1993
4. A.E. Abdul Muhaimen	Additional Managing Director	9 July 2013
5. Md. Tariqul Azam	Deputy Managing Director	03 April 2006
6. Mohammad Shawkat Jamil	Deputy Managing Director	20 June 1983
7. Md. Sohrab Mustafa	Deputy Managing Director	1 June 2010
8. Golam Awlia	Deputy Managing Director	6 October 1983
9. Md. Abdul Jabber Chowdhury	Deputy Managing Director	6 July 2015
10. Arif Quadri	Deputy Managing Director	13 October 2015

Directors' Report

Analysis of key operating and financial data for last 5 (five) years

UCB recorded a remarkable growth in last five years in term of business volume and profitability. At the end of 2011 total assets of the Bank was BDT 168,891.78

million whereas at the end of 2015 it stood at BDT 293,847.22 million recording a growth of almost 74 percent. During last five year deposits grew by 58.34 percent and loans & advances of the Bank grew by 70.91 percent.

(figures in million Taka)

Particulars	Change (%)	Change (Taka)	2015	2014	2013	2012	2011
Paid up capital	20	1,673.22	10,039.34	8,366.12	8,366.12	8,366.12	7,274.88
Shareholders' equity	13.77	3,097.28	25,588.82	22,491.54	20,504.97	18,171.02	15,966.41
Deposits and other accounts	4.64	9,794.42	220,866.48	211,072.06	184,896.85	170,530.54	139,484.75
Loans and advances	13.36	23,267.53	197,413.64	174,146.10	148,664.86	136,071.65	115,506.33
Off-balance sheet exposure	4.26	6,159.31	150,713.79	144,554.47	67,094.06	52,153.26	40,255.37
Total assets	10.43	27,746.49	293,847.22	266,100.74	226,333.13	207,448.38	168,891.78
Total liabilities	10.12	24,649.21	268,258.41	243,609.20	205,828.17	189,277.37	152,925.36

In line with the increased volume of the business, the profitability of the Bank has also increased significantly. In 2011, operating profit of the bank was BDT 5,972.91 million whereas it was BDT 8,402.34 million at the end of 2015 recording a growth of more than 40 percent whereas Bank's

net profit after tax increased by 35 percent during last five years of time. During last 5 years, interest income increased by 46 percent and interest expense increased by 44.18 percent.

(figures in million Taka)

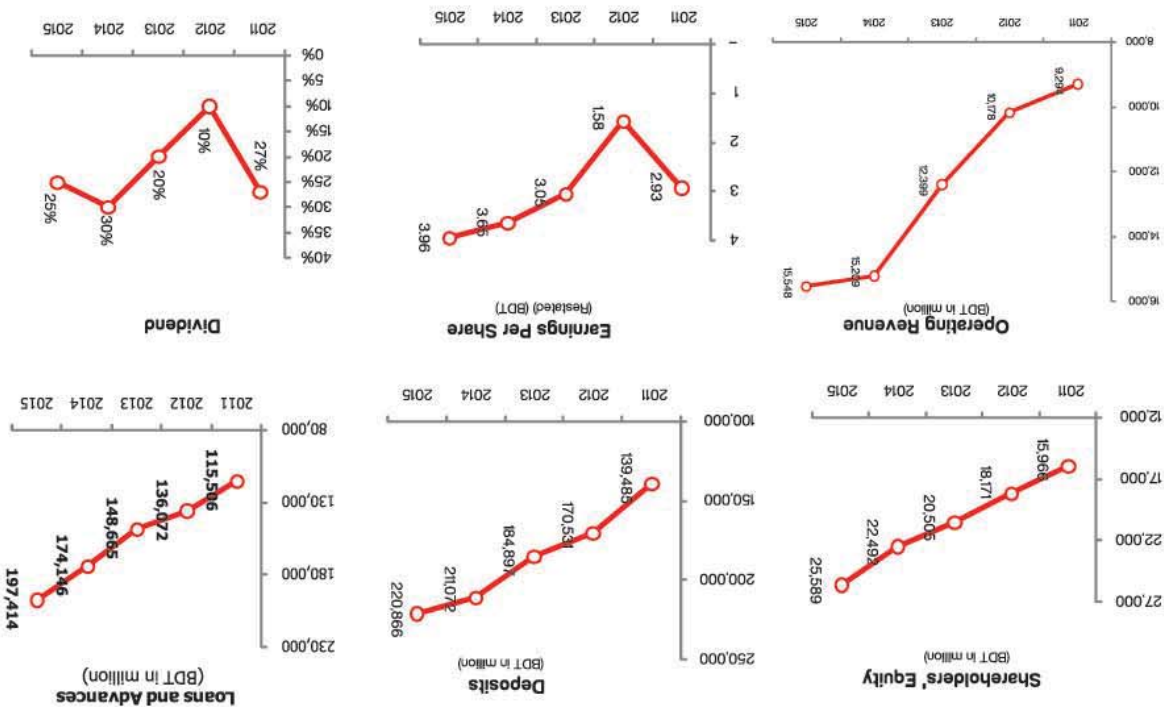
Particulars	Change (%)	Change (Taka)	2015	2014	2013	2012	2011
Operating revenue	2.23	338.61	15,548.00	15,209.39	12,398.58	10,177.66	9,294.37
Interest income	0.33	73.73	22,434.57	22,360.83	22,999.36	21,318.92	15,351.63
Net interest income	(2.61)	(207.20)	7,723.38	7,930.59	7,079.50	6,613.71	5,148.42
Non-interest income	7.50	545.82	7,824.62	7,278.80	5,319.08	3,563.94	4,145.95
Non-interest expenses	10.10	655.73	7,145.66	6,489.93	5,272.21	4,415.44	3,321.46
Operating profit	(3.64)	(317.12)	8,402.34	8,719.46	7,126.37	5,762.22	5,972.91
Profit before tax	6.10	416.67	7,252.34	6,835.67	5,887.32	3,739.06	5,172.91
Net profit	8.41	308.61	3,977.34	3,668.73	3,065.41	1,586.13	2,945.80

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

Key Performance Ratio

Particulars	2015	2014	2013	2012	2011
Operating profit margin (%)	54.04	57.33	57.48	56.62	64.26
Net profit margin (%)	25.58	24.12	24.72	15.58	31.69
Earnings per share	3.96	4.39	3.66	1.90	4.20
Earnings per share (restated)	3.96	3.65	3.05	1.58	2.93
Dividend (%)	5 B, 20 C	20 B, 10 C	20 C	10 C	15 B, 12 C

Directors' Report



Significant Deviations from Operating Results Of 2014

Bank's operating performance has slightly slid down during the year 2015 mainly due to reduction of spread by 1.27 basis point (difference between yield on advance and cost of deposit) in comparison to previous year. During the 2015, yield on advance and cost of deposit was 11.75 percent & 6.61 percent respectively, which represents spread 5.14 percent. On the other hand, during the year 2014, it was 13.87 percent & 7.46 percent respectively, which represents spread 6.41%. Except the above deviation, the indicators are uptrend during the year 2015 in almost all key areas of business. Significant deviations in key operating lines are described as follows:

Operating revenue: Bank's operating revenue (net interest income plus non-interest income) increased by Tk. 338.61 million, from Tk. 15.21 billion in 2014 to Tk. 15.55 billion in 2015.

Operation profit: Operating profit has decreased by 3.64 percent. It was Tk. 8.40 billion in 2015 and Tk. 8.72 billion in 2014.

Net profit after tax: During the year 2015, net profit after tax has increased by Tk. 308.61 million. During the year 2015 net profit after tax was Tk. 3.98 billion, it was Tk. 3.67 billion during the year 2014.

Extraordinary gains or loss

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

Fees & commission income has also increased by Tk. 391.62 million, represents more than 14 percent growth over previous year. During the year 2015 & 2014, fees & commission income was Tk. 3.11 billion and 2.72 billion respectively. The main contributor to the fees & commission income was off balance sheet business. At the end of the year 2015, off balance sheet exposure was Tk. 151 billion, which was Tk. 145 billion at the end of previous year. At the end of the year, the growth in off balance sheet exposure was more than Tk. 6 billion, represents 4.26 percent growth over previous year.

Fees & Commission income has increased by 14.40 percent

Investment income has increased by 9.30 percent
During the year 2015, bank's investment income increased by 360 million represents more than 9 percent growth over the year 2014. Total investment income during the year 2015 was Tk. 4.22 billion, which was Tk. 3.87 billion during the year 2014.

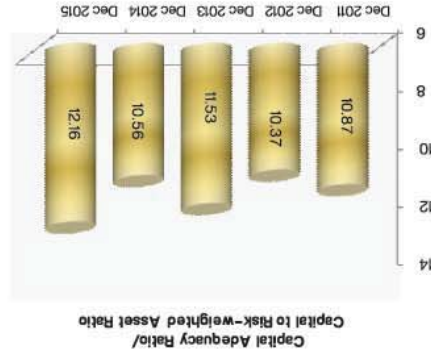
Although the spread has decreased by 1.27 basis point, the other two major business lines have increased significantly:

Risk Based Capital Framework

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

Minimum Capital Requirement

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



Particulars	2015	2014
Tier I Capital (Core Capital)	22,406.21	19,265.48
Tier II Capital (Supplementary Capital)	10,820.24	6,425.70
Total Eligible Capital	33,226.45	25,691.18
Risk Weighted Assets	273,327.11	243,250.40
Capital Adequacy Ratio/CRAR (%)	12.16	10.56
Capital Surplus/(Deficit)	5,893.74	1,366.14

UCB has strong Common Equity (Tier-I Capital) base of BDT 22,406.21 million which was 8.22 percent of risk weighted assets as on December 31, 2015. Bank's Tier-2 Capital was BDT 10,929.99 million at the end of 2015, which was 4.01 percent of risk weighted assets against 2.64 percent in 2014. Against the minimum requirement of 10 percent, UCB is consistently maintaining above the requirement in last five years.

Supervisory Review Process

Under supervisory review process, the Bank identifies and

Market Discipline

Under market discipline, the Bank discloses its risk exposures in different areas of activities on yearly basis. Generally, the bank discloses risks and related facts & figures so that stakeholders can easily understand risk status of the Bank. The aim of market discipline is to establish more transparent and disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and identify the risks associate to the assets and capital adequacy to meet probable loss. For the said purpose, Bank has developed a set of disclosures containing the key pieces of information on the assets, risk exposures, risk assessment processes, and hence the capital adequacy to meet the risks.

UCB provides all the required qualitative and quantitative disclosures as per Bangladesh Bank format in its annual report and official web site. Banks also submit a copy of these disclosures to Bangladesh Bank. Qualitative disclosures provide a general summary of a bank's risk management objectives, policies, reporting system and definitions whereas quantitative disclosures deal with figures of related risks.

Focusing on the Future Requirement:

Bangladesh Bank has issued the "Guidelines on Risk Based Capital Adequacy", a Revised Regulatory Capital Framework for banks in line with Basel III, on December 2014. Aiming to maintain capital above the required level as per this new guideline, UCB has issued second subordinated bond of BDT 5,000.00 million in July 2015.

- Residual risk
- Concentration risk
- Interest Risk in the Banking Book
- Liquidity Risk
- Reputation risk
- Legal Risk
- Strategic risk
- Settlement risk
- Appraisal of core risk management practice
- Environmental and climate change risk &
- Other material risks

terms of additional capital requirement.

measures the additional capital requirement against other different risks, which are not considered in Pillar I (MCR). The bank has already prepared the documents required for internal capital adequacy assessment process (ICAAP) and submitted the same to Bangladesh Bank. These ICAAP documents cover all the existing and potential risks inherent in the banking business. Presently, the bank identifies and measures the following risks in

Directors' Report

Though raising fund from external sources is a short term and more costly solution, the bank is emphasizing more on risk assets management and capital generation from internal sources like increasing reserve by generating profit. For risk assets management, the bank is emphasizing on completion of credit rating of all unrated corporate and medium customers by external credit rating agencies and also emphasizing on restructuring of asset portfolio to low risk based assets.

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

Credit Rating

With a view to safeguard the interest of the prospective investors, depositors and creditors and to improve the functioning of the capital market of the country, Bangladesh Bank vide BRPD Circular No.06 dated July 05, 2006 has made it mandatory for the Bank's to have themselves credit rated. Accordingly Credit Rating of United Commercial Bank Limited was done by Emerging Credit Rating Limited (ECRL) based on audited Financial Statements as on December 31, 2014. The rating report is summarized as under:

Particulars	Long Term	Short Term
Entity Rating	AA	ECRL-2
Date of Rating		May 07, 2015
Based on Financial Statement		December 31, 2014
Validity Date		May 06, 2016

ECRL has assigned AA (pronounced as Double A) the long term credit rating and ECRL-2 short term credit rating to the United Commercial Bank Limited based on audited financials of FY2010-2013 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating.

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

An institution rated ECRL-2 has a strong capacity to meet its financial commitments in a timely manner; however, it is

somewhat susceptible to adverse developments in the economy and in business and other external conditions.

Events occurring after the reporting date

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since the end of the year 2015 upto the date of approval of financial statements by the Board of Directors of the Bank that has significantly affected or may significantly affect the operations of the Bank, the results of its operations or its state of affairs. However, the only event is, "on 23 February, the Board of Directors of the Bank recommended 5 percent stock dividend and 20 percent cash dividend" which is subject to approval of the shareholders in the next Annual General Meeting to be held on 31st March 2016.

Corporate Social Responsibility

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

Corporate Governance

The Bank focuses on ethics, innovation and transparency. The establishment of well founded corporate governance within the company will continue to be important in order to ensure a continuous profitable return to shareholders and a solid reputation amongst clients and partners. We strive to maintain full compliance with the laws, rules and regulations that govern our business.

The main objective of UCB's corporate governance is to develop a strong, sustainable and competitive company in the best interest of its shareholders, employees, business associates and society at large. Successful value added business is profoundly dependent upon transparency, internal and external confidence and trust. UCB believes that this is achieved by developing a conspicuous reputation based on our financial performance, our business practices and our communication with the market with due care on transparency and ethical standards.

Directors' Report

Compliance of the conditions of SEC's notification

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

Compliance of Bangladesh Bank's guidelines on Corporate Governance

Bangladesh Bank through BRPD circular no. 16 dated 24 July 2003 issued a guidelines on corporate governance for compliance of all banks. A statement on the compliance of Bangladesh Bank's guidelines on corporate governance has been attached with the Annual Report.

Declaration on compliance of corporate governance

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

Business Ethics and Compliance

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

United Commercial Bank has a reputation for delivering innovation, performance and solutions. The key element to our long-term success is something less tangible and less easily illustrated with figures. UCB maintains certain policies to guide its employees with respect to standards of conduct expected in areas where improper activities could damage the Company's reputation and otherwise result in serious adverse consequences to the Company and to employees involved. The objective of the policy is to make UCB as a good Company to work for; to maintain our reputation for exceptional client service and ethical business dealings; to compete ethically and to ensure that the business is managed to a high standard consistently.

Fundamentally, our conduct is guided by our values, our code of ethics and a commitment to openness and transparency. Corporate governance is ultimately overseen by our board of directors, which is composed largely of directors who are independent of management.

As a leader in financial services, we serve people, companies and institutional investors. We help them achieve their goals by

bringing them value, convenience, expertise and innovation, while adhering to our key operating principles. Our principles drive to manage risk prudently. Risk is inherent in all of our material business activities. Our strong risk management practices allow us to help our customers and clients achieve their goals and strengthen our institution.

We manage risk with a focus on our company as a whole and by businesses, products, services and transactions. This holistic approach gives us the insight into risk types needed to make informed strategic and business decisions.

Contribution to the National exchequer and the economy

United Commercial Bank Limited always upholds its responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we do our business. During the year 2015, the bank has provided (provision for tax expense) an amount of Tk. 3,275 million as tax expense (2014: 3,167 million). We also pay VAT @15% on our fees & commission income. Moreover, we are abiding by the prevailing laws to deduct source tax and source VAT from all payments as per prescribed rate. Besides direct contribution to national economy in the form of payment of taxes UCB contributes to the economy in the following manner:

Based on the financials as on 31 December 2015 the size of total credit exposure of UCB with 34,897 no. of clients is Tk. 197,414 million (2014: 30,880 no. of clients, Tk. 174,146 million). Providing such facility does not only mean to the financial support but also creates huge opportunity of employment in the society.

Direct economic impact by creating employment and a well-trained workforce. UCB and its subsidiary employed as many as 3,837 employees as on 31 December 2015 (2014: 3,679). Significant amount of bank's earnings are expended for salary and employee benefits. During the year 2015, UCB paid total Tk. 3,959 million for salary and employee benefits. UCB has also has provident fund and gratuity fund as a tool to reward long term service with the bank.

We firmly believe that sustainable economic growth and a healthy environment are inter-linked. We take supportive role in terms of providing financial services by restricting and discouraging projects detrimental to the environment and health.

UCB deployed its all out effort to make the slogan 'Green Banking' a success. Various initiatives have already been taken both in policy and practically at large.

We dream to crafting a way of social business rather than commercial business objective only. During the year 2015 the Bank expended Tk. 76 million for donation and sponsorship (2014: Tk. 40 million).

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

Directors' Report

Meeting of the Board of Directors and attendance

During the year 2015 total 17 no. of Board of Director's meeting, 12 no. of Executive Committee meeting, 9 no. of Audit Committee meeting and 4 no. of Risk Management Committee meeting were held. The status of the member along with the attendance is mentioned below:

Attendance of Board of Directors in Board Meeting 2015

Sl No	Composition of the Board	Status	Total Meeting Held	Attended
1	M. A. Hashem	Chairman	17	16
2	Ahmed Arif Billah	Vice- Chairman	17	12
3	Anisuzzaman Chowdhury	Chairman-Executive Committee	17	14
4	Lt. Gen ATM Zahirul Alam, rcds, psc (Retd)	Chairman-Audit Committee (Independent Director)	17	17
5	M. A. Sabur	Chairman-Risk Management Committee	17	15
6	Sharif Zahir	Director	17	16
7	Showkat Aziz Russell	Director	17	13
8	Md. Jahangir Alam Khan	Director	17	16
9	Hajee Yunus Ahmed	Director	17	10
10	Hajee M.A. Kalam	Director	17	15
11	Abdul Gaffar Chowdhury	Director	17	17
12	Shabbir Ahmed	Director	17	17
13	Md. Tanvir Khan	Director	17	12
14	Asifuzzaman Chowdhury	Director	17	13
15	Sultana Rezia Begum	Director	17	17
16	Rukhmila Zaman	Director	17	14
17	Nurul Islam Chowdhury	Director	17	13
18	Dr. Salim Mahmud	Independent Director	17	14
19	Syed Mohammed Nuruddin	Independent Director	17	11
20	Muhammed Ali	Managing Director	17	17

Attendance in Executive Committee (EC) Meeting during the year 2015

Sl No	Name of the Directors	Status	Total Meeting Held	Attended	Remarks
1	Anisuzzaman Chowdhury	Chairman	12	12	
2	M. A. Sabur	Member	12	11	
3	Md. Jahangir Alam Khan	Member	12	12	
4	Hajee Yunus Ahmed	Member	12	9	
5	Hajee M.A. Kalam	Member	12	11	
6	Showkat Aziz Russell	Member	12	6	
7	Sharif Zahir	Member	12	9	Appointed as on 16.04.2015

Attendance in Audit Committee Meeting during the year 2015

Sl No	Name of the Directors	Status	Total Meeting Held	Attended	Remarks
1	Lt. Gen ATM Zahirul Alam rcds, psc (Retd)	Chairman	9	9	
2	Md. Tanvir Khan	Member	9	9	
3	Shabbir Ahmed	Member	9	7	Appointed as on 16.04.2015
4	Nurul Islam Chowdhury	Member	9	7	
5	Dr. Salim Mahmud	Member	9	9	

Attendance in Risk Management Committee Meeting during the year 2015

Sl No	Name of the Directors	Status	Total Meeting Held	Attended
1	M. A. Sabur	Chairman	4	4
2	Md. Jahangir Alam Khan	Member	4	4
3	Hajee Yunus Ahmed	Member	4	4
4	Showkat Aziz Russell	Member	4	2
5	Asifuzzaman Chowdhury	Member	4	3

Directors' Report

Pattern of Shareholding

Fully paid up shares issued to	No of Shares	Amount in Taka	% of Shares
Sponsors/Directors	370955347	3,709,553,470	36.95
Institution (Financial & Others)	142073687	1,420,736,870	14.15
General Public	482762224	4,827,622,240	48.09
Govt. of Peoples Republic of Bangladesh	8142699	81,426,990	0.81
Total	1003933957	10,039,339,570	100.00

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

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

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

Sl. No.	Name of Directors	Shares Held as on 31 Dec 2015
i)	Directors:	
	M. A. Hashem	24220148
	Ahmed Arif Billah	20717635
	Anisuzzaman Chowdhury	28096692
	Lt. Gen ATM Zahirul Alam, rcds, psc (Retd)	-
	M. A. Sabur	20608019
	Sharif Zahir	2016203
	Showkat Aziz Russell	20164155
	Md. Jahangir Alam Khan	20080010
	Hajee Yunus Ahmed	25231170
	Hajee M.A. Kalam	23080777
	Abdul Gaffar Chowdhury	20544928
	Shabbir Ahmed	20118968
	Md. Tanvir Khan	20080737
	Asifuzzaman Chowdhury	28319274
	Sultana Rezia Begum	20138065
	Rukhmila Zaman	22121257
	Nurul Islam Chowdhury	20082738
	Dr. Salim Mahmud	-
	Syed Mohammed Nuruddin	-
ii)	Muhammed Ali, Managing Director	-
iii)	A T M Tahmiduzzaman, FCS (Company Secretary) and Spouse	-
iv)	Mohammad Habibur Rahman Chowdhury, FCA (Senior Executive Vice President and Chief Financial Officer) and Spouse	-
v)	Md. Ziaullah Khan (Executive Vice President and Head of Internal Audit) and Spouse	-

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

Sl. No.	Name of Executives	Shares Held on - 31 Dec 2015
1	M. Shahidul Islam (Additional Managing Director) and Spouse	-
2	Mirza Mahmud Rafiqur Rahman (Additional Managing Director) and Spouse	-
3	A. E. Abdul Muhaimen (Additional Managing Director) and Spouse	-
4	Md. Tariqul Azam (Deputy Managing Director) and Spouse	-
5	Mohammed Shawkat Jamil (Deputy Managing Director) and Spouse	-

Directors' Report

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

Shareholders holding 10% or more voting interest in the company	Nil
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Related party transaction

UCB as a Bank provides loan to the borrowers but did not lend directly to its director at the end of 2015. However, there were some related party contacts and transactions wherein the Directors had interest. The Bank got Bangladesh Bank's approval to make related party contact. Details are as follows:

(a) Significant related party Contracts/transactions where Bank is a party and wherein Directors have interest: NIL

(b) Shares issued to Directors & Executives without consideration or exercisable at discount: NIL

Related Party Transactions:

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

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

However Bangladesh Bank revised it to Tk. 8,000 by BRPD Circular 11, dated 8 Oct 2015. In the year 2015, total honorarium was BDT 2.67 million which was BDT 2.29 million in 2014.

Remuneration of Directors

At the end of 2015, UCB had 20 (twenty) members in its Board of Directors including the Managing Director and 3 (three) independent director. As per Bangladesh Bank's BRPD circular no. 3 dated 18 January 2010, the members of Board of Directors (excluding Managing Director) received maximum BDT 5,000 (five thousand) as honorarium for attending in a meeting.

Appropriation of Profit

Taking into account the profit available for distribution after complying with regulatory requirement, the Board in its 389th -meeting held on 23 February 2016 recommended 5 percent stock dividend and 20 percent cash dividend for the year ended on December 31, 2015 which is subject to approval of shareholders in the next Annual General Meeting.

Proposed appropriations are as follows:

Particulars (in million BDT)	2015	2014
Net profit after tax for the year	3,977.34	3,668.73
Retained earnings at the beginning	21.29	229.53
Transfer from General Reserve	-	-
Profit available for appropriation	3,998.63	3,898.26

Proposed appropriations:

Transferred to statutory reserve	1450.47	1367.14
Proposed stock dividend	501.97	1,673.22
Proposed cash dividend	2007.87	836.61
Retained earnings	38.32	21.29

Rotation of Directors

Directors of the Bank Mr. Anisuzzaman Chowdhury, Mr. Sharif Zahir, Hajee M A Kalam, Mr. Abdul Gaffar Chowdhury, Mr. Md. Tanvir Khan and Mr. Asifuzzaman Chowdhury will retire in the 33rd Annual General Meeting according to the Article 108 & 109 of Article of Association of the Bank and according to article 110 they are eligible for reappointment. Resume of them are given below:

Directors' Report

Name of the Directors & Address	Anisuzzaman Chowdhury Bashiruzzaman Chamber 9, Bundle Road, Patharghata, Chittagong
Status in the Board	Chairman, Executive Committee
Date of Birth	13.05.1972
Date of First Appointment	25.01.2012
Date of last Appointment	06.06.2013
Entities where they have interest	1. Ronny Chemical Industries Ltd.

Name of the Directors & Address	Sherif Zahir House # 20, Road # 99 Gulshan #2, Dhaka
Status in the Board	Director
Date of Birth	20.09.1977
Date of First Appointment	02.05.1993
Date of last Appointment	06.06.2013
Entities where they have interest	1. Ananta Apparels Ltd. 2. Ananta Denim Technology Ltd. 3. Ananta Casual Wear Ltd. 4. Ananta Properties Ltd. 5. Ananta Energy Resources 6. Ananta Huaxiang Ltd. 7. Universal Menswear Ltd 8. DNV Clothing Ltd. 8. Ananta Development Ltd 9. Ananta Real Estate Ltd 10. Zero Gravity Ventures Ltd 11. Vanguard Asset Management. 12. Confidence Industries Ltd.

Name of the Directors & Address	Hajee M A Kalam 2, Rabiya Rahman Lane Chittagong
Status in the Board	Director
Date of Birth	02.01.1946
Date of First Appointment	29.06.1983
Date of last Appointment	06.06.2013
Entities where they have interest	1. M/s. M. A. Kalam Ltd. 2. M/s. United Overseas (BD) Ltd. 3. Arab Plantation Ltd.

Directors' Report

Name of the Directors & Address	Abdul Gaffar Chowdhury 300/A, Rebati Mohan Lane Dampara Chittagong
Status in the Board	Director
Date of Birth	15.03.1939
Date of First Appointment	29.06.1983
Date of last Appointment	18.11.2014
Entities where they have interest	1. Hotel Holiday Cox's Bazar Ltd. 2. Sea Gull Aquaculture Ltd. 3. Janata Insurance Company Ltd.

Name of the Directors & Address	Md. Tanvir Khan J.K. Group, 42/4, Progati Sarani , Green Orlando (3rd & 4th Floor) Baridhara, Block-J, Dhaka-1229
Status in the Board	Director
Date of Birth	14.09.1983
Date of First Appointment	22.07.2000
Date of last Appointment	06.06.2013
Entities where they have interest	1. J. K. Fabrics Ltd. 2. J. K. Knit Composite Ltd.

Name of the Directors & Address	Asifuzzaman Chowdhury Bashiruzzaman Chamber 9 Bundle Road, Patharghata Chittagong
Status in the Board	Director
Date of Birth	07.07.1978
Date of First Appointment	11.11.2012
Date of last Appointment	06.06.2013
Entities where they have interest	1. Synthetic Regin Products (Pvt.) Ltd. 2. Ronny Chemical Industries Ltd.

Auditor's Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor Hoda Vasi Chowdhury & Co., Chartered Accountants based on their audit of financial statements for the year ended 31 December 2015. The auditor didn't mention about any material misstatement or significant disagreement regarding review of the Bank's financial statements. The Board also reviews the auditors' suggestion which auditor provides through a separate management report and gives the strategic guidelines to the management for improvement.

Appointment of Auditors

As per Dhaka Stock Exchange (Listing) Regulations, 2015, Notification dated 30 June 2015, an auditor of a listed

company cannot be appointed for more than three consecutive years. Hoda Vasi Chowdhury & Co., Chartered Accountants was the auditor of the Bank since the year 2013. As 2015 was the third year of audit, a new auditor is to be reappointed for the year 2016.

Section 210 of the Companies Act, 1994 gives authority to the shareholders to fix the appointment of the auditor and its remuneration. Hence, the Board recommends to appoint Syful Shamsul Alam & Co., Chartered Accountants as the auditor of the Bank for the year 2016 at a remuneration of Tk.7,00,000 (Excluding VAT). However, such appointment will be subject to approval of the shareholders in the next Annual General Meeting.

Directors' Report

Future outlook

The year 2015 was momentous for us as United Commercial Bank has introduced its new logo. The new logo resembles our slogan "United We Achieve". Intention behind the new logo was to give a boost for the endeavor of making our slogan a vindicated one. The year 2015 was full of precariousness on a national & global scale. The banking sector has gone through some tough circumstances throughout the year nationally & globally. Nevertheless we have managed to put a decent balance sheet in front of our stake holders for the year 2015. We are happy that we have managed to do so but we want to move forward from here. The year 2016 will be more challenging for us as the world economy indexes aren't looking to be improving for the year 2016. Incessant plunging of oil price with impulsive political state around the globe is creating massive pressure on the world economy. Stock exchanges around the globe are plummeting. As banking sectors are one of the most impressible business sector, we have to be watchful about the facts. Bangladesh Bank (BB) has projected steady GDP (Gross Domestic Product) growth for 2016, driven mainly by substantial rise in export earnings, vibrant domestic demands, enhanced digital technology & strong foreign exchange reserves supported by steady inflow of remittance. Thus if we are United & perform adequately, there is no doubt we can surely achieve our goal which is – "To be the Bank of first choice" through maximizing value for our clients, shareholders & employees & contributing to the national economy with social commitments. We have professionals with profound managerial talents and perhaps most importantly, we have a hard earned reputation as one of the top service providers in our industry. We are convinced of our ability to continue to thrive in all areas of our business backed by more than three decade of experience and driven by the ambition to continue reaching new heights in performance.

Acknowledgement

The Board of Directors takes this opportunity to express their deep and sincere gratitude to the shareholders and customers of the Bank for their confidence and patronage, as well as to Bangladesh Bank, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong

Stock Exchange, Government of Bangladesh and other Regulatory Authorities for their co-operation, support and guidance.

I would also like to recognize the significant operational and financial challenges we have experienced during this financial year and the impacts these have had on our customers and shareholders. We have worked hard to implement measures to address these issues and have launched a number of initiatives to improve and reposition the Company for the future. While there is still some way to go, our team is committed to delivering our strategic vision to become a significant force in the Banking Industry. Our Bank has stabilized and we look forward to our journey ahead.

Directors would like to express a profound sense of appreciation for the commitment shown by the employees in supporting the Bank in its continued robust performance on all fronts. Directors would also like to thank the employees for their continued support as the Bank evolves as the pioneer mover.

Above all, strong liquidity base, prudent fund & credit management, continuous guidance and inspiration to the management by the Board of directors fostered the pace of the Bank's development.

With sincere gratitude to the shareholders, I wish that they will move with continued support and trust reposed on us and UCB aspires to do better in future. We are pleased to place the Annual Report including the audited financial statements for the year ended December 31, 2015 for your kind approval.

On behalf of the Board of Directors—

Sd/—

M. A. Hashem
Chairman

The background of the entire page is a close-up, high-resolution image of a honeycomb. The hexagonal cells are a warm, golden-yellow color. In the lower-left and bottom-center areas, several bees are visible, their bodies showing distinct black and yellow stripes. A thin, white, curved line is positioned in the upper-left corner, resembling a stylized speech bubble or a decorative flourish.

Report on Corporate Governance

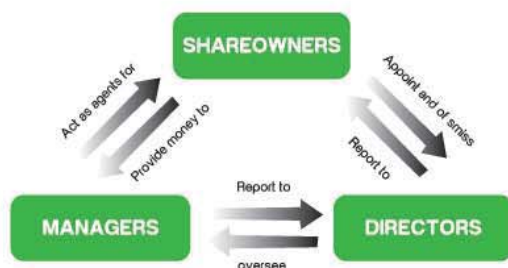
Report on Corporate Governance

Breaking down the "Agency Problem" :

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

Corporate Governance Defined

FIGURE : The Principal Actors : Shareowners, Directors, Managers



Corporate Governance Framework: The Way of Life, rather a mere legal compulsion:

Fairness, Transparency, Accountability and Responsibility are the minimum standard of acceptable corporate behavior today. The bank, through its Board and Committees, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders. In fact, corporate governance leads to the good governance and good governance is an integral part of the sustainable economic development of a country. At UCBL due

Corporate Governance Framework



importance is given to major parameters of corporate governance such as board system and its independence, function of board sub-committees, internal control over financial reporting, transparency, disclosure and compliance etc.; all our banking activities are guided by these key principles of good governance.

Board of Directors

As at 31 December 2015, the Board consists of 20 (twenty) directors including ex-officio Managing Director. Managing Director is playing the role of ex-officio director as per Articles of Association of the Bank. The Board members include persons of high caliber, with academic and professional qualification in the field of business and profession. This gives strength for effective discharge of duties and responsibilities by the Board. The existing BoD of the Bank includes three Independent Directors as prescribed in the BSEC Corporate Governance Guidelines (No. 1.2), and Section 15 of Bank Company Act 1991 (amended up to 2013).

Director's Appointment/ election and Independence

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

Rotation of Directors:

Honorable Director of the Bank Mr. Anisuzzaman Chowdhury, Mr. Sharif Zahir, Haje M A Kalam, Mr. Abdul Gaffar Chowdhury, Mr. Md. Tanvir Khan and Mr. Asifuzzaman Chowdhury will retire in the 33rd Annual General Meeting according to the Article 108 & 109 of Article of Association of the Bank and according to article 110 they are eligible for reappointment.

Board of Director's Meeting

The Board of Directors holds meeting on a regular basis. At each meeting, management provides information, references, and detailed working papers for each agenda to all the directors for consideration well ahead of the meeting. The chairman of the Board of Directors allocates sufficient time for the directors to consider each agenda in a prudent way and allows them to freely discuss, inquire, and express opinions on the agenda. Directors who cannot attend the meeting(s) were granted leave of absence by the Board. During the year 2015 total 17 no. of meetings were held. The status of the member along with the attendance is separately discussed in the Director's Report:

Report on Corporate Governance

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

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

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

Director's shareholding status:

In compliance with SEC Notifications dated 22 November 2011 and dated 07 December 2011, all the eligible directors (other than independent directors) of UCBL have been holding required percentage of shares individually (minimum 2%) as well as jointly (minimum 30%).

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

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

Non-Executive Director:

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

Independent Directors

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

out their assigned responsibilities.



Sub-Committees of the Board:

Board's Executive Committee

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

During the year 2015 total 12 no. of Executive Committee meetings were held. The status of the member along with the attendance is separately discussed in the Director's Report.

Audit Committee of the Board

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

- Oversee the financial reporting process.
- Monitor Internal Control Risk management process.
- Oversee hiring and performance of external auditors. Meeting with the external auditors to discuss about the audit plan
- Review along with the management, the annual financial statements before submission to the board for approval.
- Review along with the management, the quarterly and half yearly financial statements before submission to the

Report on Corporate Governance

- Review the adequacy of internal audit function.
- Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.

Detailed role and responsibilities of the Committee is available in "Report of the Audit Committee". The Audit committee of the Bank conducts various special reviews through the Board Audit Cell, a much empowered cell working under the committee. During the year 2015 total 9 no. of Audit Committee meetings were held. The status of the member along with the attendance is discussed separately in the Director's Report:

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

Risk Management Committee of the Board

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

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

Detailed roles and responsibilities of the committee is available in the "Report of the Risk Management Committee". During the year 2015 total 4 no. of Risk Management Committee meetings were held. The status of the member along with the attendance is discussed separately in the Director's Report:

Remuneration Committee

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

Regulatory compliance/disclosure

The primary regulator of the bank is Bangladesh Bank and other major regulator includes, Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), RJSC, CDBL, National Board of Revenue (NBR) etc. At UCB, our prime focus is on being compliant not only by mere legal terms but also by its inner substance with respect to applicable laws and regulations. Bank has been following related guidelines on submission of financial statements and other statutory reports ensuring timeliness, completeness, transparency, accountability and accuracy. Any significant development in the business is forth-with disclosed through the adherence

of proper rules/guidelines/directive in the form of price sensitive declarations. Board of Directors ensures adequate disclosures for the shareholders through Annual report or other specific disclosures if required.

Delegation of power

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

Role of the Chairman

The Chairman of the Bank is elected by the Board. He is responsible for organizing business of the Board, ensuring its effectiveness and setting its agenda to the best interest of the stakeholders. The Chairman is not involved in the day to day business of the Bank. The Chairman ensures that the Board members undertake appropriate induction, covering terms of appointment, duties and responsibilities.

Role of the Managing Director

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

Chairman and Managing Director's Roles are separate:

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

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

Management and its committee

Management team of UCBL is headed by the Managing Director, Mr. Muhammed Ali. A list of the executives of the bank as on the date of the reporting is attached with the annual report separately. Several management committees have been formed to handle the banking operation and identify and manage the risk associated with the business. The following are the Key Management Committees: CDMC, MANCOM, ALCO, Credit committee, Anti Money Laundering Committee, Risk Management Unit, Investment Committee, Basel Implementation Committee etc.

Report on Corporate Governance

Directors Remuneration

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

Managing Director Remuneration

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

Report on Going Concern

The report is attached with this Annual Report separately.

Audit by the Central Bank

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

External Audits

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

Services not provided by External Auditors

Complying with provision 4 of BSEC guidelines we declare that Hoda Vasi Chowdhury & Co., Chartered Accountants, involved in statutory audit and was not engaged in any of following services during 2015:

- . Appraisal or valuation services or fairness opinions.
- . Financial information system design and implementation.
- . Bookkeeping or other services related to accounting records or financial statements.

- . Broker-dealer service.
- . Actuarial services.
- . Internal audit services.
- . Audit/ certification services on compliance of corporate governance guidelines issued by BSEC.

Review of Internal Control & Compliance System

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

Risk Management

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

Decision making process for approving related-party transactions

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

Rules and procedures governing extraordinary transactions

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

Report on Corporate Governance

Process for holding annual general meetings

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

A Code of Ethics for company employees

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

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

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

Communication to Shareholders and Other Stakeholders:

Policy on Communication with Shareholders and Other stakeholders.

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

Mechanism to provide opinion, recommendation by the shareholder

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

Shareholders can also use their query rights or can provide any recommendations or direction to the Board of directors at the annual general meeting and the Board answers all questions of shareholders.

Policy on Ensuring Participation of Shareholders at AGM

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

Governance of Group Structure:

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

Statement of Compliance

Bangladesh Securities and Exchange Commission notification on corporate governance

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

Bangladesh Bank's guidelines on corporate governance

Bangladesh Bank also issued guidelines on February 4, 2010 as BRPD Circular no.06 (replacing BRPD circular no.16 dated July 24, 2003) on corporate governance. Compliance of the guideline is also attached separately with the annual report.

Compliance Report on BSEC Notification on Corporate Governance

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

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

Compliance Report on BSEC Notification on Corporate Governance

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

Compliance Report on BSEC Notification on Corporate Governance

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

Compliance Report on BSEC Notification on Corporate Governance

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

Certificate on Compliance of Corporate Governance



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

Hometown Apartments (8th & 9th Floor)
87, New Eskaton Road, Dhaka-1000
Phone : 9351457, 9351564, 58311559
Fax : 880-2-9345792
E-mail : kmh_co@yahoo.com
Website : www.kmhasan.com




McMillan Woods
Professionalism at the forefront

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

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

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

To the best of our information and according to the explanations given to us, we certify that the bank has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification and applicable to the bank for the year ended 31 December, 2015


K. M. Hasan FCA
Managing Partner

Dhaka
Date: 01-03-2016

An Independent Member Firm of McMillan Woods

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



Board of Directors
United Commercial Bank Ltd.

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

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

1. We have reviewed financial statements for the year 2015 and that to the best of our knowledge and belief :
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
2. There are, to the best of knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

A handwritten signature in blue ink, appearing to be "MH", written over a circular stamp.

Mohammad Habibur Rahman Chowdhury FCA
Senior Executive Vice President & CFO

A handwritten signature in blue ink, appearing to be "MA", written over a circular stamp.

Muhammed Ali
Managing Director

Date: 23 February 2016

United Commercial Bank Limited

Corporate Office: Plot-CWS(A)-1, Road No-34
Gulshan Avenue, Dhaka-1212

www.ucb.com.bd

Compliance of Bangladesh Bank's Guidelines on Corporate Governance

(BRPD circular no 16 dated 24.07.2003)

Particulars	Compliance Status
01. Responsibilities and authorities of the Board of Directors	
(a) Work-planning and strategic management	Complied
(i) The Board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reorganization for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/ monitor at quarterly rest the development of implementation of work plans.	
(ii) The Board shall have its analytical review incorporated in the Annual Report as regard the success/failure in achieving the business and other targets as set out in its annual work-plan and shall appraise the shareholders of its opinions/recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO and other Senior Executives and have it evaluated at times.	Complied
(b) Lending and risk management:	
(i) The policies, strategies, procedures etc in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedulement and write-off thereof shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The Board shall specially distribute the power of sanction of loan/investment and such distribution should desirably be made among CEO and his subordinate executives as much as possible. No director, however, shall interfere, directly or indirectly, in the process of loan approval.	Complied
(ii) The Board shall frame policies for risk management and get them complied with and shall monitor at quarterly rests the compliance thereof.	Complied
(c) Internal control management:	
The Board shall be vigilant on the internal control system of the Bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. It shall review at quarterly rests the reports submitted by its audit committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
(d) Human resources management and development:	
(i) Policies relating to recruitment, promotion, transfer, disciplinary action and punitive measures, human resources development, etc and service rules shall be framed and approved by the Board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to the immediate two tiers below the CEO shall, however, rest upon the Board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e .policies for recruitment and promotion	Complied
(ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programs incorporated in its annual work plan.	Complied
(e) Financial management:	
(i) The annual budget and the statutory financial statements shall finally be prepared with the approval of the Board. It shall at quarterly rests review/monitor the positions in respect of Bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
(ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.	Complied

Compliance of Bangladesh Bank's Guidelines on Corporate Governance

Particulars	Compliance Status
(f) Formation of supporting committees: For decision on urgent matters an executive committee, whatever name called, may be formed with the directors. There shall be no committee or sub-committee of the board other than the executive committee and the audit committee. No alternate director shall be included in these committees.	Complied
(g) Appointment of CEO: The board shall appoint a competent CEO for the bank with the approval of the Bangladesh Bank	Complied
02 Responsibilities of the chairman of the board of directors: (a) As the chairman of the board of directors (or chairman of any committee formed by the board or any director) does not personally possess the jurisdiction to apply policymaking or executive authority, he shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	Complied
(c) The chairman may be offered an office-room, a personal secretary/assistant, a telephone at the office and a vehicle in the business-interest of the bank subject to the approval of the board.	Complied
03 . Responsibilities of the adviser: The adviser, whatever name called, shall advise the board of directors or the CEO on such issues only for which he is engaged in terms of the conditions of his appointment. He shall neither have access to the process of decision-making nor shall have the scope of effecting executive authority in any matters of the bank including financial, administrative or operational affairs.	No adviser is appointed.
04 . Responsibilities and authorities of the CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and effect the authorities as follows:	
(a) In terms of the financial, business and administrative authorities vested upon him by the board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
(b) The CEO shall ensure compliance of the Bank Companies Act, 1991 and/or other relevant laws and regulations in discharge of routine functions of the bank.	Complied
(c) The CEO shall report to Bangladesh Bank of issues violative of the Bank Companies Act, 1991 or of other laws/regulations and, if required, may apprise the board post facto.	Complied
(d) The recruitment and promotion of all staff of the bank except those in the two tiers below him shall rest on the CEO. He shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and sanctioned strength of employees as approved by the board. The board or the chairman of any committee of the board or any director shall not get involved or interfere into such affairs. The authority relating to transfer of and disciplinary measures against the staff, except those at one tier below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the board, he shall nominate officers for training etc.	Complied

Credit Rating



United Commercial Bank Limited has been rated as AA (Pronounced as Double A) long term credit rating and ECRL-2 short term credit rating by Emerging Credit Rating Limited (ECRL) based on audited financials of 2014 and other available information up to the date of rating declaration. The outlook on the rating is Stable.

Long Term Rating	Short Term Rating	Outlook	Date of Validity
AA	ECRL-2	Stable	May 06, 2016

ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. The assigned rating reflects the strengths of the company which is backed by a strong team of management, growth in the non-interest income, deposits and investments, adequate capital coverage with high Tier-1 capital, improved asset quality and well controlled liquidity position.

Report of the Audit Committee

Audit Committee of the Board

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

Composition of the Committee

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

Name	Status in the Committee	Status in the Board
Lt. Gen. ATM Zahirul Alam, rcds, psc (Retd.)	Chairman	Independent Director
Tanvir Khan	Member	Director
Shabbir Ahmed	Member	Director
Nurul Islam Chowdhury	Member	Director
Dr. Salim Mahmud	Member	Independent Director

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

Members Information

Lt. Gen ATM Zahirul Alam, rcds, psc (Retd)

Date of Birth	: 06.10.1952
Educational Qualification	: Master's Degree in Arts from King's College London, United Kingdom and is a graduate of prestigious Royal College of Defense Studies (RCDS), United Kingdom. He also attended a short course at Harvard University, USA.
Years of Experience	: 37+ years
Field of Expertise	: Served Bangladesh Military for long 35 years with great honor and dignity. Now involved in teaching in National Defense College and shipping business.

Md. Tanvir Khan

Date of Birth	: 14.09.1983
Education Qualification	: Both BBA & MBA from University of Toronto, Canada
Years of Experience	: 14+ years.
Field of Expertise	: Tanvir Khan is also the director of J.K. Fabrics Ltd, J.K. Knit Composite Ltd. This budding industrialist is exploring new ideas to improve the business environment for the contemporaries.

Shabbir Ahmed

Date of Birth	: 25.12.1969
Education Qualification	: Bachelor of Arts.
Years of Experience	: 15+ years.
Field of Expertise	: Shabbir Ahmed is also the Director of Farid Level & Accessories, Sharafat & Brothers, Keshfi Knitting Ltd, East End Automobiles Ltd. He also maintains strong relation with various educational & social organizations.

Reports of the Audit Committee

Nurul Islam Chowdhury

Date of Birth : 20.07.1962
 Education Qualification : B Com
 Years of Experience : 20+ years
 Field of Expertise : Chowdhury is also the chairman of Islam Steel Mills Ltd, Eastern Engineers (CTG.) Ltd, Shoppers World Express Ltd and Director of Anowara Jute Mills Ltd & Shoppers World Ltd. He also maintains a strong rapport with many social & educational organizations in the country.

Dr. Salim Mahmud

Date of Birth : 14.09.1971
 Educational Qualification : LLB (Hons), LLM & PhD in Energy Law & Policy from university of Dundee.
 Years of Experience : 18+ years
 Field of Expertise : He is one of the faculty members of Department of Law, Dhaka University and prior to that he was also faculty member in the University of Chittagong. Presently, he is a Member (commissioner) of Bangladesh Energy Regulatory Commission, Government of the People's Republic of Bangladesh.

Roles and Responsibilities of the Audit Committee:

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

(i) Internal Control:

- To evaluate whether management has communicated the importance of internal control and risk management to ensure that all employees understand their roles and responsibilities;
- To review whether internal control strategies recommended by internal and external auditors have been implemented by the management;
- To monitor and review the existing risk management procedures in order to ensure an effective internal check and control system;
- To review the Corrective measures taken by the management regarding to report related to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and report it to the board regularly;

(ii) Financial Reporting:

- To review the annual financial statements and determine whether those reflect the complete and concrete information according to existing rules & regulations and accounting standards set by Bangladesh Bank;
- To meet with management and the external auditors to

review the financial statements before finalize;

- To review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;
- To oversee the financial reporting process;
- To oversee compliance with the statutory financial reporting obligations of the bank and pertinent processes and policies;
- To assist in financial planning and budgeting as per financial audit;

(iii) Internal Audit & Inspection Activities:

- To review & monitor whether internal audit working independently from the management;
- To review & guide" internal audit process and procedure";
- To examine "efficiency and effectiveness of internal audit function";
- To review & monitor whether the findings and recommendations made by the internal auditors are duly considered by the management or not;
- To recommend findings made by surprise inspection to the committee;

Reports of the Audit Committee

- To recommend audit findings to be placed to the Board of Directors;

- To review the adequacy of internal Audit Function;

(iv) External Audit

- To review the performance of the external auditors and their audit reports;
- To examine whether the findings and recommendations made by the external auditors are duly considered by the management or not;
- To recommend the board regarding the appointment of the external auditors.

(v) Compliance with existing laws and Regulations:

- To review & guide whether the laws and regulations framed by the regulatory authorities (central bank and other bodies) and internal regulations approved by the

board are being complied with or not.

(vi) Fraud and Forgery:

- To review omission, fraud and forgeries report and advise management on corrective and preventive action as applicable;
- To advise management on potential threats of fraud and forgery;

Meetings of the Audit Committee:

Bangladesh Bank suggested banks to hold at least 4 meetings in a year. The Audit Committee of UCB held 9 meetings in the year 2015 and had detailed discussions and review session with the Head of Internal Audit, Head of Internal Control & Compliance, External Auditors etc. regarding their findings, observations and remedial suggestions on issues of bank affairs that need improvement. Meeting dates are as follow:

SL	Meetings	Date of Meeting
1	62nd Audit Committee Meeting	28.01.2015
2	63rd Audit Committee Meeting	22.02.2015
3	64th Audit Committee Meeting	22.04.2015
4	65th Audit Committee Meeting	14.05.2015
5	66th Audit Committee Meeting	06.07.2015
6	67th Audit Committee Meeting	28.07.2015
7	68th Audit Committee Meeting	22.09.2015
8	69th Audit Committee Meeting	27.10.2015
9	70th Audit Committee Meeting	23.12.2015

Members Presence in the Meetings of Audit Committee:

Name	No of Meeting Held	Present	Status	Remarks
Lt. Gen ATM Zahirul Alam rcds, psc (Retd)	09	09	Independent Director	–
Md. Tanvir Khan	09	09	Director	
Shabbir Ahmed	09	07*	Director	*Appointed on 16.04.2015
Nurul Islam Chowdhury	09	07*	Director	*Appointed on 16.04.2015
Dr. Salim Mahmud	09	09	Independent Director	–

Acknowledgement:

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

On behalf of the Audit Committee

Lt. Gen ATM Zahirul Alam rcds, psc (Retd)

Chairman

Audit Committee

(Independent Director)

Report of the Risk Management Committee

Risk Management Committee of the Board

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

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

Composition of the Committee

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

Sl. No	Name	Status in the Committee
1	M. A. Sabur	Chairman
2	Md. Jahangir Alam Khan	Member
3	Hajee Yunus Ahmed	Member
4	Showkat Aziz Russell	Member
5	Asifuzzaman Chowdhury	Member

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

Members Information:

M. A. Sabur

Date of Birth : 02.01.1948
 Educational Qualification : MBA from Institute of Business Administration, University of Dhaka.
 Years of Experience : 37+
 Field of Expertise : He is one of the sponsors of the Bank and also the Chairman of Masco Group and Maxim Group, a leading export house in textile sector of the country. This illustrious personality is guiding the Bank in exploring new opportunities of business procurement in this competitive market.

Md. Jahangir Alam Khan

Date of Birth : 29.04.1952
 Educational Qualification : M Com, Dhaka University
 Years of Experience : 34+
 Field of Expertise : He is one of the Directors of the Bank and also Chairman & Managing Director of J.K. Group of Industries, a leading business house in Textile sector.

Report of the Risk Management Committee

Hajee Yunus Ahmed

Date of Birth	: 02.07.1945
Years of Experience	: 39+
Field of Expertise	: He is one of the Sponsor Directors of the Bank and the Chairman & Managing Director of Yunusco Group, Managing Director of Shore to Shore BD Limited & Adapt ID Bangladesh Limited.

Showkat Aziz Russell

Date of Birth	: 16.11.1972
Educational Qualification	: BBA (UK), MBA
Years of Experience	: 17+
Field of Expertise	: He is leading the Bank for more than a decade as a key policy maker of Board of UCB and also the Director of Partex Holdings Ltd, Amber Colton Mills Ltd, Partex Rotor Mills Ltd, Partex Energy Ltd, Partex Spinning Mills Ltd, Amber Board Mills Ltd and many other prominent entities. This visionary personality is making his contribution towards economy by introducing modern technology, innovative ideas, upgraded management system & generating employment in various sectors.

Asifuzzaman Chowdhury

Date of Birth	: 07.07.1978
Educational Qualification	: BBA from Atlantic University, Florida, USA
Years of Experience	: 14+
Field of Expertise	: He is a very young Director of the Bank and also the Director of Synthetic Rezin Products (Pvt.) Ltd. and Ronny Chemicals Ltd.

Roles and Responsibilities of the Risk Management Committee:

(i) Risk Identification & Control Policy:

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

(ii) Construction of organizational structure:

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

(iii) Analysis and approval of Risk Management Policy:

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

(iv) Storage of data & reporting system:

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

Report of the Risk Management Committee

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

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

(vi) Other responsibilities:

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

Meetings of the Risk Management Committee:

As per BRPD Circular No.11 dated 27 October 2013 and Bank Company (Amended) Act, 2013, The Risk Management Committee of UCB held 4 meetings in the year 2015. Meeting dates are as follows:

SL	Meetings	Date of Meeting
1	5th Risk Management Committee Meeting	23.03.2015
2	6th Risk Management Committee Meeting	30.06.2015
3	7th Risk Management Committee Meeting	27.07.2015
4	8th Risk Management Committee Meeting	26.10.2015

Members Presence in the Meetings of RMC:

Name	Status in the Board	No. of Meeting Held	Present	Remarks
M. A. Sabur	Director	04	04	—
Md. Jahangir Alam Khan	Director	04	04	—
Hajee Yunus Ahmed	Director	04	04	—
Showkat Aziz Russell	Director	04	02	—
Asifuzzaman Chowdhury	Director	04	03	—

Acknowledgement:

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

M. A. Sabur

Chairman

Risk Management Committee

Evaluation of quarterly financial statements by the audit committee and by the Board

Every listed company is required to prepare and publish periodical financial statements for the first quarter (Q-1), first half-year (Q-2) and third quarter (Q-3) as per requirement of Bangladesh Securities and Exchange Commission (BSEC). UCB prepares quarterly financial statements as per requirement of Bangladesh Securities

and Exchange Commission (BSEC) and in accordance with Bangladesh Accounting Standard (BAS)-34: "Interim Financial Reporting".

Key highlights of interim results of the bank is stated below:

	1 Jan 15 to 31 Dec 15 4th qtr	1 Jan 14 to 31 Dec 14 4th qtr	1 Jan 15 to 30 Sep 15 3rd qtr	1 Jan 14 to 30 Sep 14 3rd qtr	1 Jan 15 to 30 Jun 15 2nd qtr	1 Jan 14 to 30 Jun 14 2nd qtr	1 Jan 14 to 30 Jun 14 2nd qtr-14	1 Jan 15 to 31 Mar 15 1st qtr
Balance Sheet								
Inv in govt. & Other securities	44,345.73	44,288.60	45,120.26	40,293.04	44,294.32	32,825.38	42,073.78	31,367.68
Loans & Advances	197,413.64	174,146.10	192,938.75	169,017.14	189,910.73	163,918.37	176,704.86	150,989.41
Deposit & Other accounts	220,866.48	211,072.06	212,944.64	191,016.59	214,750.39	188,701.07	204,622.11	176,944.67
Paid up capital	10,039.34	8,366.12	10,039.34	8,366.12	10,039.34	8,366.12	10,039.34	8,366.12
Total shareholders equity	25,588.82	22,491.54	24,273.13	21,010.45	23,696.94	20,581.58	22,421.03	21,490.35
Total assets	293,847.23	266,100.74	286,453.51	252,189.48	279,656.13	240,232.85	269,828.03	223,582.33
Off balance items	150,713.79	144,554.47	156,470.75	116,415.86	159,659.71	115,839.49	154,187.13	78,386.80
Profit & loss account								
Net interest income	7,723.38	7,930.59	5,695.77	5,718.88	3,999.15	3,710.91	1,856.96	1,765.32
Non interest income	7,824.62	7,278.80	5,557.33	5,302.99	3,792.61	3,689.68	1,865.35	1,501.80
Operating expenses	7,145.66	6,489.93	5,397.99	4,921.18	3,744.03	3,172.62	1,986.58	1,641.50
Operating profit	8,402.34	8,719.46	5,855.11	6,100.69	4,047.73	4,227.97	1,735.74	1,625.62
Net profit after Taxation	3,977.34	3,668.73	2,517.10	2,345.86	2,050.03	1,927.34	803.57	956.23
Earnings per share (EPS)	3.96	3.65	2.51	2.34	2.04	1.92	0.80	0.95
Other information								
Net asset value (NAV)								
per share	25.49	26.88	24.18	25.11	23.60	24.6	22.33	25.69
NOCFPS	-4.36	-1.81	-11.00	-13.9	-7.41	-4.94	-4.90	-4.68

Before publishing the interim result it is reviewed by the Audit Committee of the Board and then referred it to the Board of Directors for its approval. After being approval of the Board of Directors interim financial statements are submitted to the Bangladesh Securities and Exchange Commission (BSEC),

Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and then published in two daily newspapers (Bangla and English). The report is also available in the Bank's official website at www.ucb.com.bd

Business Review

This section contains:

- Business Review
- Segmental Analysis
- Report on Human Resources Management
- UCB's Products & Services
- Report on Asset Liability Management

Business Review

UCB has passed a successful year of 2015 performing a remarkable achievement in term of business growth, new business initiatives and implementation. The 2015 was an historic year for UCB as the Bank has successfully implemented world renowned core banking solution i.e. Oracle Flexcube Universal Banking Solution in its 158 branches and head office. Considering the economic scenario of 2015, the bank moved for balanced expansion of its businesses and also concentrated on strategic business decision, reform and restructuring the processes and policies.

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

Branch Network

Presently the Bank is functioning with its country wide network of 158 branches covering all divisions of the country. Division wise urban and rural branches are given below:

Division Name	Urban	Rural	Total
Dhaka	44	30	74
Chittagong	30	20	50
Rajshahi	9	1	10
Rangpur	2	-	2
Sylhet	7	7	14
Khulna	6	1	7
Barishal	1	-	1
Total	99	59	158

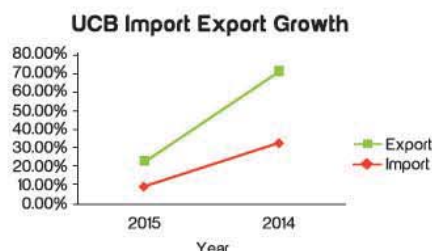
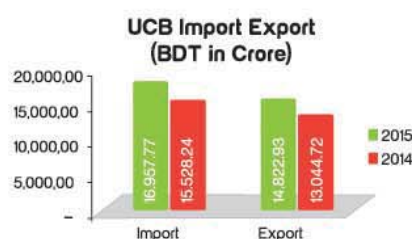
The bank has set up a Zonal Office at Chittagong to facilitate services to the customers of the branches located under the Chittagong division. A part of continuous expansion, **UCB opened 10 (ten) new branches in the year 2015**. The numbers of authorized dealer branches are 28. Moreover, the Bank currently has 537 correspondents covering 62 important countries in all the continents of the world which is continuously expanding to meet the growing cross-border banking needs of the customers. Moreover, the Bank has arrangement with a number of Exchange Houses at U.K. Singapore, U.A.E., Oman, Qatar, Bahrain and Kuwait to facilitate remittances from expatriate Bangladeshis.

Import & Export Business

Economy of Bangladesh is growing at an average rate of 6% over the past two decades despite natural disasters, political unrest and infrastructural deficiencies. Presently, infrastructure is in urgent need for upgrading. To be more specific, expansion of transport and communication network along-with power generation capacity are most essential to support long-term and sustainable growth of trade and commerce of the country.

In 2015, UCB achieved a significant growth both in import & export business. Total import business handled was BDT 16,957.77 Crore which is 5.50% of the country's total Import volume and export business transacted during the year was BDT 14,822.93 crore which is 6.50% of the country's total Export volume. The growth rate for import & export were 9.21% and 13.63% respectively compared to the corresponding period of 2014.

The main items of imports were Industrial Raw Materials, Capital Machinery, Commodities viz. Wheat, Lentils, Cotton, Yarn, Fabrics etc. During 2015 IFC approved credit line in favor of UCB for USD 75.00 million comprising of USD 50.00 million for Global Trade Finance Program (GTFP facility), USD 15 million for Short Term Financing (STF), USD 10 million for Remediation Finance Program for Ready-made Garments Clients. United States Agency For International Development (USAID) granted a credit line on behalf of the Government of the United States of America for issuance of partial guarantee against Loans (up-to 50% of the Loan value), disbursed by UCB for Safety of Bangladeshi workers employed in RMG factories.



On the export side the top three markets for Bangladeshi exports are the USA, Germany and the UK. UCB's export was largely dominated by clothing, apparel and textile items followed by Jute Goods, Leather & Leather Goods, Potato, Fresh Vegetables, Processed Peanuts, Pet Bottle Flex, Handicrafts etc. The growth in import and export business of UCB was one of the key contributing factors towards the overall profitability of the bank during 2015.

Business Review

Corporate Financing

After successfully achieving most of the targets of Millennium Development Goals (MDGs) with commendable improvement in every Human Development Index (HDI), Bangladesh is now poised for pursuing seventeen Sustainable Development Goals (SDGs) by the year 2030. Bangladesh has posted 6% real GDP growth over the past two decades. The World Bank's latest estimate of Per Capita Gross National Income (GNI) continues to show improved economic performance in many low income countries including Bangladesh which is becoming lower middle income country, joining those with annual Per Capital GNI of US\$ 1046 – 4,125. As 44th largest economy as per Nominal GDP size (34th as per GDP-PPP), the contribution of industrial and service sectors as a percentage of GDP is increasing substantially every year. Consequently, these industrializations have brought remarkable changes in the socio-economic conditions of Bangladesh.

To meet the demand of rising economy, lots of new corporate entrepreneurs have come forward with the expansion of existing ones. Banks and Financial Institutions are playing pivotal role in the industrial growth by channeling required fund from surplus budget unit to the deficit budget unit i.e. to the industrial sectors. UCB, as a socially responsible financial institution, has been serving every need of the corporate customers with its broad spectrum of loan products since its inception. The credit products of UCB are assortment of traditional and tailor-made products which fall under three broad categories such as General Corporate Products, RMG Products and Structured Finance Products. Some of the broad categories of asset products include Industrial and Project Financing, Working Capital Financing, Export-Import Financing, Syndicated Finance, Hire Purchase, Lease Financing, Transport Loan, Developer Finance, Work order Finance, Off-shore Financing, etc.



*Investment Power Projects by UCBL



Le Meridien 5 Star Hotel UCB is one of the Syndicate Member for financing the project.

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



*Construction work of Padma Multi Purpose Bridge is in Progress: UCB issues bank guarantee in Favor of China Bridge Engineering Company Limited and Sinohydro Corporation Limited.



* Construction of Mureddpur Flyover is in progress

The overall performance of corporate loan portfolio of UCB has reached a commendable position over the past several years. At the end of FY2015, total corporate loans and advances stood at Tk. 11,764.25 crore which constitutes 59.59% of total loans and advances of Tk. 19,741.00 crore. Out of total corporate loan of Tk. 11,764.25 crore, General Corporate loan stood at Tk. 8,144.83 crore, RMG loan stood at Tk. 2,539.67 crore and Syndication loan stood at Tk. 1,079.75 crore. During the past two years, financing in Padma Multipurpose Bridge Project and availing credit line with IFC, are two major achievements and also an emblem of UCB's financial and reputational elevation.

Business Review

Amid various challenges such as political uncertainty, economic slowdown, deceleration of lending rates, the loans and advances extended to the corporate customers have performed well and still playing foremost role in income generation for the Bank as evidenced from the contribution of income from corporate loan that earned lion's share of total income for the Bank. The corporate credits are also maintaining good quality as the Non Performing Loan (NPL) ratio, as a percentage of total loans and advances, remained at a satisfactory level over the past several years due to concerted monitoring, tracking and supervising of corporate customers. With good quality assets, large corporate clientele, dedicated corporate team, efficient top management and prudent guidelines from BOD, UCB is well prepared to take the upcoming challenges.

SME Financing

SME sector has been the key engine for job creation, entrepreneurship and economic growth in Bangladesh. Although, the sector had been in the focus of banking industry since long, the ongoing conscious effort of developing and nurturing SME sector started when different multilateral development agencies especially IFC started promoting it after the global financial crisis in early 2000s.

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



UCB has already introduced various types of loan product to meet up the requirement of SME sector under prudent guidelines of its regulator(s). The bank has been

fulfilling the thirst of SME customers through its country wide network of 02 nos. dedicated SME/Krishi branches and 156 nos. urban & rural branches with efficient & committed team of Relationship Managers working in both Branch and Corporate Office. UCB is providing diversified loan products to the customer covering different categories such as Working Capital Financing, Import Financing, Lease Financing, Hire Purchase, Work Order Financing etc. SME portfolio of the Bank is distributed among all major sectors like Manufacturing, Textiles, Garments Accessories, Construction, Furniture, Healthcare, Transport & Communication, Housing, Agri-Business (Fisheries, Poultry, Food processing etc.), Leather Products, Educational Institutions etc. UCB has launched 05 nos. specialized products for Small Entrepreneurs such as UCB DHRUBO, UCB ONKUR, UCB DURJOY, UCB DIPTI and UCB JYOTI. SME Division also attended different SME fairs all over the country with new products & ideas to increase its clientele base. UCB has separate dedicated desk for women entrepreneurs' financing with an integrated approach to enable women entrepreneurs in Bangladesh for ensuring greater involvement in economic development.

UCB has got one of the largest SME portfolios in the banking industry of the country. At the end of FY 2015, total loans & advances of SME stood at Tk.8,059.83 Crore against total credit portfolio of Tk.19,741.36 Crore by holding 40.82% of share. Tk. 115.56 Crore was financed among women entrepreneurs and Tk. 278.72 Crore in Agriculture sector.

Despite various challenges and uncertainties in the beginning of 2015, economic meltdown, competition in banking industries, UCB maintained the trend in SME financing with a view to becoming the dominant market player towards sustainable growth & development of the economy. This tremendous achievement was possible due to prudent guidance of Board of Directors as well as significant leadership of Senior Management of the bank and relentless efforts of Relationship Managers by ensuring proper monitoring, tracking & supervision to keep the NPL ratio at an acceptable level.

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

Business Review

Retail Banking

UCB Retail banking plays an important role to fulfill the lifestyle need of its customers. UCB retail offers a wide range of products to our customers, so that they can live their dreams through deposit to ensure safety in future or a loan to fulfill their future needs now. This division strives to bring quality best practices by being different in fields like consumer lending, liability management and Corporate Payroll Management, Priority Banking Services for Imperial Customers etc. We believe every approach the Retail Banking team of UCB will take today will ensure satisfaction of our customer tomorrow.

Retail Business in 2015:

Retail Banking has become a vital pillar in the bank's structure and a strong lever in Bank's P&L. It has made a strong inroad into balance sheet of the bank. The total deposit of retail banking experienced a growth of 17% from the previous year.

With all possible loan products like Personal loan, Home loan and Auto loan, Home Mortgage & Others, retail banking portfolio stand at 1,501 crore at the end of 2015, which was a significant growth considering our key focus on deposit.

During 2015 main focus of retail banking was on Deposit through wide range of deposit products and skilled Relationship team, this division bridged more than 265,00 new relationships last year where all are booked under low and no cost accounts and cross selling with other deposit products of the Bank.

Imperial Business in 2015:

UCB Imperial Banking is the Premium banking service of UCB that facilitates a range of complete banking solutions that is best suited to your needs & expectations with a dedicated Relationship Manager.

One of the key initiatives of Retail Business in 2015 was Re-launching its Priority banking Service through Four (04) exclusive imperial lounges in Gulshan, Dhanmondi, Uttara & Bashundhara including a dedicated Lounge located in Hazrat Shah Jalal International Airport Departure Area.

In 2015, Imperial has contributed significantly to the portfolio enhancement of the bank with a yearend deposit portfolio growth of 397%.

With an experienced, dedicated and dynamic relationship team, we have bridged around 600 new & high value relationships during 2015 under Imperial Savings deposit and by cross selling other products of the Bank.

Our vision for 2016 is to transform UCB Imperial Banking as Priority Banking of choice and take firm position in the market with diversified products and services.

Card Business in 2015:

UCB Cards Business is one of the main stream businesses of the bank. Credit Card has become an integral part of Consumer lifestyle and also a profitable product for the Bank. UCB cards started its journey in 2006 and within a very short period became a strong player in the market. UCB is the principal member of VISA and MasterCard.

Till to-date the bank has issued 61,228 Credit Cards and has extended its service in Divisional and District cities. Currently it has a portfolio of BDT 125 Crore. In 2015 cards strategy evolved around improvement in consolidating growth, New Product Proposition, continuous process improvement, creating secure environment to use Cards, Formulation of major policies, and increased promotional activities such as cash back campaign.

In 2015 Operating Profit was 22.80 Cr. Gross revenue was 52 Cr. Domestic POS Transaction volume grew by 20% and International POS Transaction volume grew by 12%.

UCB Cardholders receive special privileges in over 50 prominent Dining, Shopping, Lifestyle and wellbeing establishments. Installment facility with 0% Interest is available in major Retailer outlets.

In 2015 we have introduced 2FA solutions for online transactions. UCB has been among few Banks who has introduced this 2FA enhancement.

Today the Bank's Card Service is available from all branches across the country. Our Premium Cardholders enjoy special privilege at Dhaka International Airport. Our vision for 2016 is to transform UCB Cards as Cards of choice and take firm position inside customer's wallet. UCB is also poised to launch Chip Card in 2016.

ADC Business in 2015:

The concept of ADC is to ensure maximum output by using minimum manpower. The key to success of ADC depends on a well-established electronics channels, strong reconciliation, right management and a centralized banking system.

At present UCB own 151 ATMs with more than 130,000 Debit cards, 4,500 Banking User & CDM is upcoming facility for our customer.

Business Review

There is a huge demand of evening banking or 24/7 banking for paying/depositing different bills and cash. Almost 35% of the regular branch crowd visits our branches for paying utility bills, credit card payments, installments payments and cash deposits.

To mitigate there demand & grab unbanked customer ADC will deploy more ATMs, CDMs and encourage customer for SMS/ibanking services and also committed to our valued clients for maximum uptime and smooth service in 2016.

Readymade Garments Financing

In aspect of generating employment opportunities, alleviating poverty, empowering woman work force & reducing trade deficit in global business, RMG sector of the country has been on its right track in last outgoing year 2015. Since long, the sector has been playing as a key multiplier to the development of socio economic condition of Bangladesh. The sector is approaching ahead with aspiration to take a seat on pinnacle in global apparel business. Due to robust growth over last three decades, readymade garments has become major foreign earning source which accounted for 80% of the country's total export by fetching billions of dollars in every year. More than four million people, engaged in above 4000 garments are fabricating country's economy with their day night untiring efforts.

Despite manifold pressure of elevating compliance standard due to tragedy of Rana Plaza, Tazreen Garments & retaining preferential access in international market, apparel business in Bangladesh remains unscratched in last couple of years. In last fiscal year 2014-2015, the country's total RMG export stood around \$25.49 billion raised from \$24.49 billion in 2014. Being one of the pioneer banks in Bangladesh, UCBL has been assisting RMG industry & its backward linkage since long. UCB relaxes her entrepreneur by facilitating adequate export finance i.e issuance of back to back LC for procurement of raw materials, allowing pre-shipment & post-shipment finance, importing capital machineries, providing long term loan for installation of new factory & expansion of existing factory and most importantly financing RMG factories for improvement of their compliance standard, Foreign Currency Loan, IFC Loan, LTFF, GTF etc.



As a partner of economic development, UCB is collaborating & patronizing RMG sector to mobilize wheel of national economy. Due to our prudent credit administration, rationale assessment of credit requirement & prompt

customer service, RMG export business has been mushroomed to more than US\$1.61 billion in 2015 from \$1.33 billion recording a growth of 25% over the year 2014.



In 31st December'2015, UCB's exposure in RMG sector raised to Tk.6140.12 crore (both funded and non-funded) from Tk.5268.03 Crore over the corresponding period of 2014. At present total 296 no. Direct & deemed export customers are executing export business through UCBL, which was 220 no. in 2014.



To infuse dynamism into RMG business, UCB launched Garments Monitoring cell in 2009 and to give further momentum which eventually transformed into specialized Ready Made Garments Division in 2013. RMG division is in service with a set of experienced officials for nurturing RMG investment. In general, lending in RMG sector contains some unique challenges i.e. adherence to compliance as per buyer's requirement, strict conformity with rules & regulations to different regulatory authorities both in domestic & international arena. Therefore, to protect the bank from any untoward occurrence, Management of the Bank deployed a team named "RMG Field Officer" consists of 53 officers working at factory level to vigorously monitor and follow-up the value chain at different stages and keeping eye on compliance standard.

Considering immense potential of the business segment in terms of strengthening foreign currency reserve, spawning industrialization and generating more employment of the country, the Management of UCB has prioritized RMG for further investment for partnering country's national economy to be vibrant, vigorous & prospective

Business Review

Implementation of Oracle FLEXCUBE as Core Banking Software

UCB has successfully implemented globally reputed Core Banking Software, namely FLEXCUBE. With the implementation of cutting edge technology in all sectors the bank started transforming all its branches and operations under the umbrella of the new Banking Software opening the horizon to provide its clients new transaction channels, services and products.

All 158 branches and HO of the Bank is availing the service of Core banking system as a result below improvements are in place:

- Process simplification and Centralization.
- Increased Operational Efficiency.
- Enhanced Business Agility.
- Increased Responsiveness.
- Increased Information Visibility for Timely Decision Making.
- Enhanced Compliance and Regulatory Requirements.
- Improvement in Data Manipulation & Data Loss Risk.
- Improvement of Transaction Role Risk (Maker /Checker).
- Reduction in Fraud & Forgery Risk, etc.

Implementation of Real Time Gross Settlement (RTGS):

Bank has successfully implemented Real time gross settlement (RTGS) solution, as a result customers are enjoying real time fund transfer facility from UCB to any Bank in the country. The very first transaction of RTGS was performed with UCB during the inauguration of RTGS by Bangladesh Bank in 2015.

Implementation of EMV (Chip based Card) Issuing:

Bank has successfully implemented EMV solution in 2015, which will reduce card fraud resulting from counterfeit, lost and stolen cards. It also provides interoperability with the local and global payments infrastructure consumers with EMV chip payment cards can use their card on any EMV-compatible payment terminal. EMV technology supports enhanced cardholder verification methods and, unlike magnetic stripe cards, EMV payment cards can also be used to secure online payment transactions. Through this project UCB comply with EuroPay, MasterCard and Visa mandate as well as this also give UCB better position in terms of liability shift in case of dispute transaction resolution.

Data Center /Disaster Recovery site Infrastructure:

UCB has procured and implemented state of the art Hardware, Software and systems in its Data Centre and Disaster Recovery Site keeping in mind future scalability, efficiency, fault tolerance and high availability. The environmental security features of the Data Centre and Disaster Recovery Site have been provided with highest priority. The network system of the Bank has been reconfigured with latest technologies for highest availability, efficiency and security. In view of the implementation of Core Banking Software all the users of migrated branches have been provided with Personal Computers and e-mail address for each individual so that they can access the software to make necessary transactions and view reports to provide the customers the best service.

Mobile Financial Services: UCash

UCash is a complete mobile financial service by United Commercial Bank Limited (UCBL). UCash is the brand name of the mobile financial services offered by UCBL. Only after 2 year of inception, UCash revolutionized the industry heights in new limits by introducing services for Indian Visa Fee Collection, School Fee Collection, University Admission Fees Collection, Insurance Premium Collection & Disbursement various innovative like purchase cricket ticket, case fine payment of Dhaka Metropolitan police, salary disbursement, utility bill payment etc.



*Agreement signing with Indian VISA

UCBL strongly believes in the idea of "financial inclusion" and that banking facilities should be accessible to all. UCash has launched its services all over Bangladesh with the intention to provide banking facilities to the vast majority of unbanked population of the country. In Bangladesh, a very tiny portion of our population has the access to banking facilities. With a customer base of 1.6 million, UCash upholding the commitment of financial inclusion of a huge population who were unbanked. UCash intends to familiarize banking facilities to those who previously were not able to access banking services. Thus they are offering customers to use their mobile phones as a bank account, which can be used to deposit money, transfer money to other UCash accounts or withdraw money from other agent points, UCash will act as a catalyst for economic development of the unbanked population by providing prompt, fast and safe banking products and services.

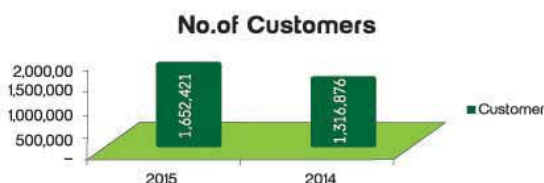
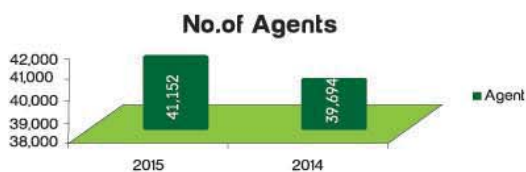


*Agreement Signing Ceremony with Meghna Life Insurance Company Limited

Business Review

UCash—the MFS brand of United Commercial Bank Ltd offers to use the customer to send & receive money with other services using the mobile devices. UCash is dedicated to provide the financial services through an extensive network of community base agents and existing technology, including mobile phone. The overall value proposition is simple: a safe, secure, fast & convenient way to send and receive money, make payments any time anywhere. The significant growth of agents expands the coverage of the service in 2015 which supplements the growth in customer base & transaction. The innovative services of UCash in MFS sector is keeping its signature mark everywhere by providing convenience, efficiency with affordable and reliable high quality.

On 2014 total agent were 39,694 and total customer were 1.31 million. On 2015 total agent were 41,152, total customer were 1.65 million and total distributor were 97. Day by day agents, customers and distributors are increasing in positive manner.



Ektee Bari Ektee Khamar (EBEK):

Ektee Bari Ektee Khamar (EBEK) is an initiative of the government of Bangladesh to alleviate poverty up to 10% within 2021. The mission of the project is to assist capital formation of the poor families, sharpening their skills, enabling them to take decision and enabling them to develop need based small family farms by using the online technology. Present government is working for the Digital Bangladesh. In view of that EBEK Authority is also providing the services by the help of the Bank to the poor by using mobile and online communication. It's one of the priority projects of present government and almost all the secretaries and additional secretaries have been monitoring this project under direct supervision of Prime Minister as their routine job. UNO of every concerned Upazilla is directly supervising the EBEK activities of the respective Upazilla.



মাননীয় প্রধানমন্ত্রীকে একটি বাড়ি একটি খামার প্রকল্পের অনলাইন ব্যাংকিং কার্যক্রম সম্পর্কে অবহিত করছেন প্রকল্প পরিচালক ড. প্রশান্ত কুমার রায়

UCBL is one of the leading partners to implement the project. UCBL has started EBEK online activities in 2013. UCBL has established a good relationship with these government officials and the rural beneficiaries. UCBL is now providing Online Banking services to EBEK Project on 5 Districts having 57 upazillas and serving more than 2,08,580 beneficiaries. Online Banking services to EBEK Project have spread over 4,110 villages of 540 unions.



একটি বাড়ি একটি খামার প্রকল্পের আওতায় খসড়া করা বেলার ক্ষেত্রে উপজেলায় নিজের বাড়ির পাশে গ্রাম উন্নয়ন সমিতির সদস্য রিজা চাকমা

Through this project government is helping the poor for forming their own fund by providing them the grant (Government Grant to Member and Samitee). In the year 2014 we have received Tk. 35,15,37,256.00 from Project office for disbursement as grants to members and samitees. In the year 2015 we have disbursed Tk. 44,03,80,495.00 as government grant to samitee and member.

Business Review



ভূট্টা চাষ করে সাবলক্ষী খাগড়াছড়ি জেলার সদর উপজেলায় কামালছড়ি মগ পাড়া গ্রাম উন্নয়ন সমিতির উপকারভোগী শুশীলা দেবী তালুকদার।



খাগড়াছড়ি সদর উপজেলা নিবাহী অফিসার কর্তৃক সমিতির উপকারভোগী সদস্যদের মধ্যে স্বন বিতরণ।

To provide the EBK services to the poor people we have an enthusiastic and motivated team. We have engaged concerned Upazilla EBK authority as EBK agent. To monitor the EBK agents' activities we have engaged work force in root level who prepare reconciliation report on monthly basis and conduct audit to the EBK agent account as and when required.

Detailed Non-financial and Financial information are furnished below:

Particulars	2013	2014	2015
District	2	5	5
Upazilla	30	57	57
Union	380	540	540
Villages	1,244	3,720	4,110
No of Samitees	1,244	3,720	4,110
Total Beneficiary enrolled	76,000	17,9369	2,08,580
Number of Loan Disbursement	17,333	66,914	75,267
Total Member Contribution	11,48,97,969	36,50,42,802	37,38,77,133
Total Govt. Grant to Member	0	12,19,33,194	19,00,00,000
Total Govt. Grant to Samity	0	22,96,04,062	25,03,80,495
Total Repayment (In Taka)	3,26,12,810	23,08,47,979	62,86,60,455

Through the experience that we have gathered by providing the services to EBK project, we are now capable of providing services to many other government projects. It is now possible for us to provide services to government Social Safety Net Programs (Senior Citizen Allowances, Insolvent Autism Allowances, Payments for Widow or Divorced Women Allowances, Payments for Freedom Fighters Allowances, Wages of Road Maintenance Workers, Students Stipends and related allowance), Food Security Allowances, Teacher Salary both Government Primary and non-Government High School Teachers, etc.

Treasury Business and Operation

In the backdrop of ever changing regulations and market volatility; the Treasury Division have been at the heart of all major Banks and financial institutions, where starting from the Liquidity Risk to overall Balance sheet Risks are managed. One of the main functions of the Treasury Division is to control and manage the bank's liquidity and to make sure that all parts of the bank can readily access the cash they need for their business activities. By doing so, it makes sure that the bank remains financially secure,

stable and able to function effectively to help its clients. UCB Treasury has been functioning with specific priorities and strategies set at the beginning of the year. Accordingly, the division has acted upon those priorities to maximize overall profitability of the Bank. Treasury Division's priorities for 2016 are as follows:

- Finding new avenues of investment to maximize the portfolio size as well as return,
- Market is monitored continuously to take advantages from price gap or any other opportunities in the form of arbitrage,
- Accommodating customer's special needs for hedging,
- Special emphasis to build good rapport with all our customers in inter-bank and corporate,
- Creating a corporate sales desk &
- Creating Currency Trading Desk.

Highlights of Treasury Income

14.28%

2015	BDT 523.00 Cr
2014	BDT 457.66 Cr



Business Review

UCB has an active and innovative treasury team adept in providing all possible treasury solutions through various treasury products at competitive price and superior services. UCB's treasury has been performing consistently with respect to contribution to bank's profit. It performed remarkably well in 2015 through executing strategies and forecasting market accurately especially in a market saddled with huge surplus liquidity. It is our endeavor to provide superior service to our clients in pricing the products with the best possible solution in the market. UCB has four separate desks in Treasury Division which are as follows:

Money Market Desk of UCB is managing the Liquidity Risks of the bank in the form of statutory requirement of Bangladesh Bank as Cash Reserve Ratio (CRR). UCB Money Market Desk is one of the most active and efficient desk in the interbank market. This desk ensured a steady presence throughout the year by exercising call money, term money, repo and reverse repo etc. Total turnover of money market through various money market products increased by 27.35%, BDT 3143.23 billion in 2015 against BDT 2468.14 billion in 2014.

Money Market
52.01%

2015 BDT 50.70 Cr
2014 BDT 33.35 Cr

Foreign Exchange Desk is offering full range of FX Derivative products to our customers including Spot, Forward and SWAP in FCY-BDT and other major cross currencies. Throughout the year, UCBL treasury always kept its open position within its set limit of USD 48.43 million. UCB FX desk continuously makes forecast about future exchange rate movement and maintains its open position accordingly. The market experienced stability till the October 2015 after that greenback appreciated and stood at Tk 78.50 per USD from Tk 77.80 at the end of the year 2015.

Foreign Exchange
8.92%

2015 BDT 86.01 Cr
2014 BDT 78.96 Cr



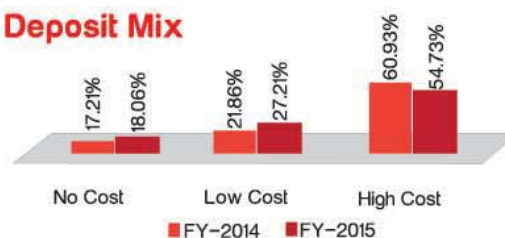
Fixed Income & Security Desk of UCB is responsible for investment in various Govt approved securities like Treasury Bill, Bond, Bangladesh Bank Bill and other instruments which are qualified for Statutory Liquidity Requirement (SLR). This desk not only ensures Banks SLR as per Bangladesh Bank requirement but also ensures the requirements of Basel III. However, active participation in trading of secondary government securities has also contributed to the growth of revenue generated from this desk.

Fixed income
Investment
11.86%

2015 BDT 386.29 Cr
2014 BDT 345.34 Cr

Asset Liability Management Desk of Treasury Division of UCB is fully responsible for managing the Asset & Liability of the Bank through Asset Liability Management Committee (ALCO). UCB has highly efficient ALM Desk which provides analysis, instructions for proper management of Balance sheet risk specially liquidity and interest rate risk. It executes the strategies of the ALCO for effective management and monitoring of various balance sheet gaps. Throughout the year, 2015 treasury maintained uninterrupted liaison with higher management about asset liability position, commitment of bank, market liquidity scenario through ALCO. It continuously offered strategies to reduce dependency on rate sensitive deposits. In the year of 2015 – Bank successfully achieved healthy deposit mix reducing high cost deposit and increasing low cost and no cost deposits without hampering growth of deposit.

Deposit Mix



Business Review

To address the challenge of excessive liquidity and subsequent downward re-pricing of assets in trading and banking book, treasury being proactive in market, time to time initiated deposit rate reductions. During the year, all liquidity indicators including CDR (Credit Deposit Ratio), MCO (Maximum Cumulative Outflow), MTF (Medium Term Funding), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were kept within the regulatory limits.

Internal Control & Compliance:

Internal control and compliance plays a very important role in the broader economy as it assures all stakeholders such as depositors, investors, creditors, regulators etc. that the Bank's books are actually reflective with real position. Management expects from Internal Audit to provide assurance that appropriate controls are designed and operating effectively to manage all possible risks. In fact, a built-in strong internal control system and compliance culture inside the bank leaves a little room left for other regulator(s) to work with. A strong internal control system, including effective internal audit function provides independent assurance to the board of directors and management on the quality and effectiveness of a bank's internal control, risk management and governance systems and processes, thereby helping the board and senior management protect their organization and its reputation. This work also involves periodic testing of transactions, best practice reviews, special investigations, appraisals of legal and regulatory requirements, and measures to help prevent and detect fraud.

There are 4(Four) different units under the "Internal Control & Compliance Division" (ICCD):

- (i) Audit & Inspection Unit
- (ii) IT System Audit Unit
- (iii) Compliance Unit
- (iv) Monitoring Unit

ICCD has conducted Risk Based Internal Audit (RBIA) of 148 (One Hundred & Forty Eight) branches & IT System Audit of 145 (One Hundred & Forty Five) branches during the year 2015. Beside that ICCD has also conducted risk based audit of almost all divisions of corporate office: surprise inspection of different branches & some special investigation etc. during 2015.

ICCD also took part & played vital role in the different phases of implementation of "Core Banking System (CBS)" of the bank. All auditors of ICCD have been trained up about CBS operations in collaboration with CBS Trainers and Learning & Development Centre (LDC) of the bank. ICCD also arranged good number of in-house training programs for the auditors for strengthening the knowledge base as well as coping with the changing situation. ICCD arranged workshops for branch incumbents, operations managers & desk in-charges regarding compliance issues in all divisions of the country.

ICCD has prepared following Policies for the bank during the

year 2015 and obtained approval from the Board of Directors:

- (i) Internal Audit Charter
- (ii) Compliance Policy
- (iii) IT System Audit Policy

ICCD has also prepared "Whistle Blowing Policy" of the bank and obtained approval from Board Audit Committee. The policy will be placed before Board of Directors for final approval. Beside that existing "Internal Audit & Inspection Process Manual" of ICCD is also under review and will be placed for approval very soon. ICCD has developed an audit checklist/questionnaire & Risk Grading Summary Sheet for conducting RBIA.

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

- (i) Guest Auditor Program
- (ii) Rotational Program
- (iii) Development of Various MIS
- (iv) Arrangement of various trainings/workshops.

ICCD under the supervision of competent authority of the bank & as per guidance of regulatory authority gave more emphasis on regulatory compliance considering recent changes & upcoming challenges in light of BASEL-III to minimize the risks. In this backdrop, ICCD prepares "Executive Summary" on major audit findings of every branch and place before the competent authority on regular basis. Beside that summary of major audit findings is also prepared & placed before the Board Audit Committee on regular basis. Irregularities of branches are also monitored and reported to competent authority continuously.

Foreign Remittance

To facilitate sending money in Bangladeshi Taka directly, United Commercial Bank Limited has taka Drawing Arrangement with many banks/exchange companies in different countries. Remittance services are available at all branches of UCB and foreign remittances may be sent to any branch by the remitters favoring their beneficiaries. Remittances are credited to the account of beneficiaries instantly or within shortest possible time.

By reducing lead-time, ensured quick delivery of foreign remittance recently, United Commercial Bank Ltd. has launched its Speedy Foreign Remittance Payment system Called "URemil" which enables beneficiaries to receive their money within shortest possible time. Anybody willing to remit foreign currency from any corner of the world can use wide network of the bank.

It is observed that key share of remittance of UCB has been coming from Bahrain with contribution of 26% over the year. Other major remittance source countries are OMAN, UAE, Kuwait, Qatar, K.S.A and U.K and Bahrain with contribution of 20%, 17%, 6%, 5%, 4% and 4% in 2015 respectively.

Business Review

Off Shore Banking

Since inception in 2010, Our Off-shore Banking Unit (OBU) have registered remarkable growth in successive years in terms of both business and profit, by providing FC Term Loan from OBU to the On-shore entrepreneurs thus contributing in the industrialization of the country. OBU offers trade transactions in the form of Bill Discounting under UPAS LC and Financing Term Loan in FC to On-Shore Companies; subject to the approval of the Board of Investment (BOI). OBU also makes placement with AD Branches of UCB as well as with other FIs.

In 2015, Profit of OBU was BDT 46.32 Crore registering a significant growth of 33.69%. We have handled following business through OBU in 2015:

SL Item	No. of Bills	Amount (USD Million)
a) Import Bill Discounting under UPAS	1648	249.93
b) FC Term Loan	55	11.49
c) Placement with ADs of UCB	307	14.49
d) Placement with other FI	11	43.00
TOTAL	2021	318.91

Short Review of Products and Services development initiatives

The Bank has expanded its arena in different and diverse segments of banking like Retail Banking, SME Banking, Corporate Banking, Off-shore Banking, and Remittance etc. Besides various traditional and scheme deposit and loan products, the Bank caters luxurious priority banking services (Imperial Banking) as well as 10Taka accounts for homeless-farmers-freedom fighters. The Bank also supports Export and Import Loans & Services to deserving candidates which in turn helps the overall economy of the country through increased earning of Foreign Exchange. UCB have taken initiatives for financial inclusion of all group of people in Bangladesh by introducing RMG Savings, Women Savings, School banking Products and Cash Management Services (Collection Booths, Salary Accounts of employee of Corporate bodies including RMG sectors (RMG Savings and RMG DPS), "SONIRVOR Current Account", "SABOLOMBI Easy Account", "PROTOYI Monthly Deposit" and "UDDOMI Fixed Deposit" liability products have been designed to encourage farmers, agro-based traders, small & medium entrepreneurs to enter into the wide range of modern banking facilities. UCB Youngsters' Savings and DPS products have been introduced with a plan for developing the savings habit of students as well as Guardian for their better education and future of the nation by turning

small savings into a large amount of money over a certain period of student life. Other consumer products like UCB Cards have been showing tremendous success and growth since its inception in 2006 and soon became the leader in local market with around 40000 card holders.

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

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

UCB Market Share-Deposit and Advance

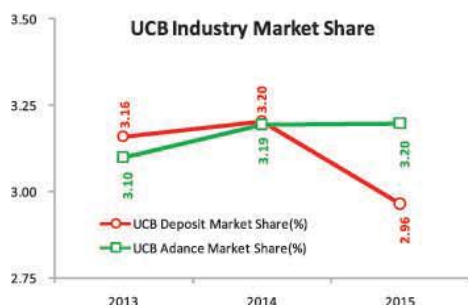
In last three years, UCB has achieved a remarkable growth in its assets and liabilities. In the year 2015, the bank has achieved 4.64 percent growth of deposits which was 14.16 percent in 2014 and comparatively industry growth rate was 13.08 percent and 12.59 percent in 2015 and 2014 respectively. UCB deposit growth rate was less than the industry growth rate as the bank borrowed fund in the form of subordinated bond of BDT 5000 million and other borrowing in the form of refinancing.

The growth of loans and advances was 13.36 percent in 2015 which was 17.14 percent in 2014 and comparatively industry growth rate was 13.27 percent and 13.61 percent in 2015 and 2014 respectively. In loans and advances, the bank's market share has increased slightly to 3.20 percent from 3.19 percent in 2014. The below table shows the UCB market share of deposit and loans & advances:

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Deposit	2013	2014	2015	BDT in million	
				Growth(% 2013 vs 2014	Growth(% 2014 vs 2015
Industry Deposit	5,851,980	6,588,516	7,450,231	12.59	13.08
UCB Deposit	184,897	211,072	220,866	14.16	4.64
UCB Deposit Market Share (%)	3.16	3.20	2.96		

Advance	2013	2014	2015	BDT in million	
				Growth(% 2013 vs 2014	Growth(% 2014 vs 2015
Industry Advance	4,798,421	5,451,495	6,174,735	13.61	13.27
UCB Advance	148,665	174,146	197,414	17.14	13.36
UCB Advance Market Share (%)	3.10	3.19	3.20		



UCB Capital Management Limited

UCB Capital Management Limited (UCBCML), a subsidiary of UCB has emerged as one of the esteemed stock broker in Bangladesh capital market; which was incorporated in Bangladesh as a private limited company with limited liability on November 20, 2007 under the Companies Act 1994. UCBCML has opened its service door in June, 2013 with a highly experienced and proficient management team to provide a global standard service to the clients of home and abroad in relation to securities originating in Bangladesh. The registered office of the company is located at 74, Motijheel C/A, (Ground Floor), Dhaka-1000.



Business Operation: UCBCML disbursed BDT 456.36 million margin loan up to the year 2015 that has shrunk 18.6% from the year 2014 to mitigate the risk of explosive market.

Business Revenue: In 2015 the total number of clients has increase 28.6% compared to last year. The net profit after tax of the company is BDT 40.32 million that is 2.14% less than that of the year 2014 which is comparatively better as the market capital of Dhaka Stock Exchange Limited has decreased 3.05% in the same period for the instability in the capital market. Whereas, the total turnover of UCB Capital Management Limited has enhanced from BDT 11,223.48 to BDT 11,239.97 million.

UCBL Investment Limited

UCB Investment Limited, a subsidiary of country's leading bank- United Commercial Bank Limited, was incorporated in Bangladesh as a private limited company with limited liability as on August 03, 2011 under companies act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities in Bangladesh i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities. The principal place of business and the registered office of the company is located at Sara Tower (9th Floor), 11/A Toyenbee Circular Road, Motijheel C/A, Dhaka-1000.

United Commercial Bank Limited 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. To commence its operation, the company already applied for the license to Bangladesh Securities & Exchange Commission which is under consideration of BSEC. The initial paid up capital of the company was Tk. 10 crore & Later on, the capital increased to Tk. 25 crore as per requirement of BSEC. As a subsidiary company, UCB Investment Limited started its journey in the financial year of 2011 but commencement of the operations is under the consideration of Bangladesh Securities and Exchange Commission's approval.

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An analysis from financial performance perspective

In the face of extreme market competition in the banking arena both local and abroad, UCB has recorded a considerable growth in its business performance over the last year. At the end of 2015, total asset of the bank stood at BDT 293,847.23 million registering a growth of 10.43 percent over previous year. The financial performance of the bank is illustrated in following section:

Key operating and financial results

UCB recorded a remarkable growth in last five years in term of business volume and profitability. At the end of 2011 total assets of the bank was BDT 168,891.78 million whereas in 2015 it stood BDT 293,847.23 million recording a growth of about 74 percent. In last five year deposit growth was about 58.34 percent and loans & advances growth was about 70.91 percent.

(BDT in million)

	2015	2014	2013	2012	2011
Paid up capital	10,039.34	8,366.12	8,366.12	8,366.12	7,274.88
Shareholders' equity	25,588.82	22,491.54	20,504.97	18,171.02	15,966.41
Deposits and other accounts	220,866.48	211,072.06	184,896.85	170,530.54	139,484.75
Loans and advances	197,413.64	174,146.10	148,664.86	136,071.65	115,506.33
Off-balance sheet exposure	150,713.79	144,554.47	67,094.06	52,153.26	40,255.37
Total assets	293,847.23	266,100.74	226,333.13	207,448.38	168,891.78
Total liabilities	268,258.41	243,609.20	205,828.17	189,277.37	152,925.36

With the increase of business volume, the profitability of the bank has also increased significantly. In 2015, operating profit of the bank stood at BDT 8,402.34 million whereas it was BDT 5,972.91 million in 2011 recording a growth of more than 40 percent. During last five years, interest income increased by about 46.14 percent and interest expense increased by about 44.18 percent.

(BDT in million)

	2015	2014	2013	2012	2011
Interest income	22,434.57	22,360.83	22,999.36	21,318.92	15,351.63
Interest expense	14,711.18	14,430.24	15,919.86	14,705.21	10,203.21
Net interest income	7,723.38	7,930.59	7,079.50	6,613.71	5,148.42
Non-interest income	7,824.62	7,278.80	5,319.08	3,563.95	4,145.95
Non-interest expenses	7,145.66	6,489.93	5,272.21	4,415.44	3,321.46
Operating profit	8,402.34	8,719.46	7,126.37	5,762.22	5,972.91
Profit before tax	7,252.34	6,835.67	5,887.32	3,739.06	5,172.91
Net profit	3,977.34	3,668.73	3,065.41	1,586.13	2,945.80

Balance sheet review

At the end of 2015, total assets of the Bank stood at BDT 293,847.23 million from BDT 266,100.74 million in 2014 registering a growth of about 10.43 percent. Total liabilities also increased to BDT 268,258.41 million in 2015 from BDT 243,609.20 million in previous year. All the major elements of balance sheet have shown a significant growth over previous year. Performances of major elements of balance sheet are shown as under:

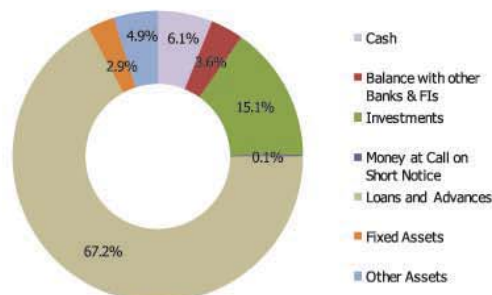
(BDT in million)

	2015	2014	Growth (%)
Total Assets	293,847.23	266,100.74	10.43
Total Liabilities	268,258.41	243,609.20	10.12
Shareholders' Equity	25,588.82	22,491.54	13.77
Paid-up Capital	10,039.34	8,366.12	20.00
Deposits	220,866.48	211,072.06	4.64
Loans and Advances	197,413.64	174,146.10	13.36
Investments	44,345.73	44,288.60	0.13
Fixed Assets	8,586.73	8,510.00	0.90

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Total Assets

Total asset of UCBL stood at BDT 293,847.23 million as on 31 December 2015 as against BDT 266,100.74 million of previous year registering a growth of about 10.43 percent over the year 2014. Among total assets, loans and advances is BDT 197,413.64 million in 2014 recording a growth of about 13.36 percent over previous year. Performance of assets in 2015 of UCB is shown in following table.



Assets	BDT in million		
	2015	2014	Growth (%)
Cash	17,960.68	18,387.16	(2.32)
Balance with other Banks & FIs	10,705.57	6,024.88	77.69
Money at Call on Short Notice	390.00	2,190.00	(82.19)
Investments	44,345.73	44,288.60	0.13
Loans and Advances	197,413.64	174,146.10	13.36
Fixed Assets	8,586.73	8,510.00	0.90
Other Assets	14,444.87	12,553.99	15.06

Cash and bank balance

Cash and bank balance includes cash in hand, balance with Bangladesh bank and its agent bank and balance with other banks & financial institutions. Cash and bank balance was BDT 28,666.25 million at the end of 2015 against BDT 24,412.04 million of 2014. Details are as follows:

Cash and Balance with other Banks & FIs	BDT in million		
	2015	2014	Growth (%)
Cash (Including foreign currencies)	17,960.68	18,387.16	(2.32)
Cash in hand	2,582.11	2,802.17	(7.85)
Balance with Bangladesh Bank & its agent bank(s)	15,378.57	15,584.99	(1.32)
Balance with other banks & FIs	10,705.57	6,024.88	77.69
In Bangladesh	9,593.68	4,168.17	130.17
Outside Bangladesh	1,111.89	1,856.71	(40.12)

Money at Call and Short Notice

This is one of the major areas of operation of the Treasury Division of the bank. Banks lending under the head Money at Call on Short Notice was BDT 390 million on 31 December 2015 as against BDT 2,190 million in 2014 registering a decline of 82.19 percent over same date of last year. The negative growth was attributable to relatively decline in interest rate prevailed at the money market over the period of 2015. Like most other banks and financial institutions, we have strong liquidity position throughout the year as well as on the date of reporting. We strategically invest in the money market with the objective of managing liquidity risk as well as earning reasonably higher risk free return on the investment. On the other hand, as investment in banks and financial institutions carry low risk weight, it helps to maintain capital adequacy of the bank.

Investment

UCB's investment has almost remained the same as previous year. It increased by only about 0.13 percent during the year 2015 and stood at BDT 44,345.73 million which was BDT 44,288.60 million in 2014. Investment in government securities decreased by 0.14 percent enough to maintain surplus Statutory Liquidity Ratio (SLR) of BDT 14,723.44 million at the end of 2015. UCB's direct investment in capital market increased slightly by BDT 112.64 million at the end of 2015 against a decrease by 6.55 percent in 2014.

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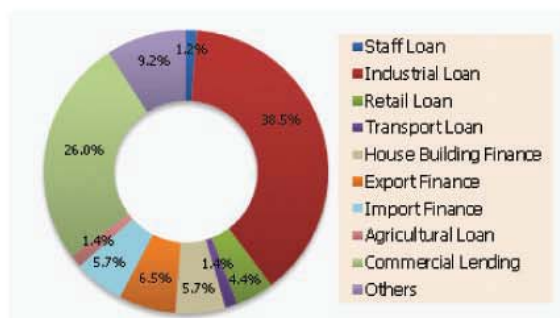
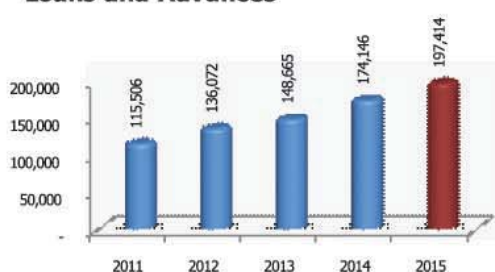
BDT in million

	2015	2014	Growth (%)
Government	37,095.60	40,145.58	(7.60)
Held to Maturity (HTM)	22,413.00	20,842.94	7.53
Held for Trading (HFT)	2,175.28	3,390.40	(35.84)
Treasury Bills	12,501.23	11,055.07	13.08
Reverse repo with other Bank	–	4,851.13	(100.00)
Prize Bond	6.09	6.05	0.65
Others Investment	7,250.13	4,143.02	75.00
Shares in listed companies	3,342.40	3,143.63	6.32
Bangladesh Bank Bills	2,994.47	–	–
Shares in un-listed companies	913.26	974.39	(6.27)
Debentures	–	5.00	(100.00)
ACI 20% Convertible Zero Coupon Bond	–	20.00	(100.00)

Loans and advances

UCB's loans and advances increased by BDT 23,267.54 million during the year 2015 and stood at BDT 197,413.64 million which was BDT 174,146.10 million in 2014 showing a substantial growth of 13.36 percent over the previous year. Concentration of loans and advances was well managed and details of concentration are given at notes to the financial statements. The ratio of non-performing loan was 5.23 percent which is much lower than the industry average. The Bank continued its participation in different credit program for financing in industrial projects, import, export, house-building, retail, agricultural etc.

Loans and Advances



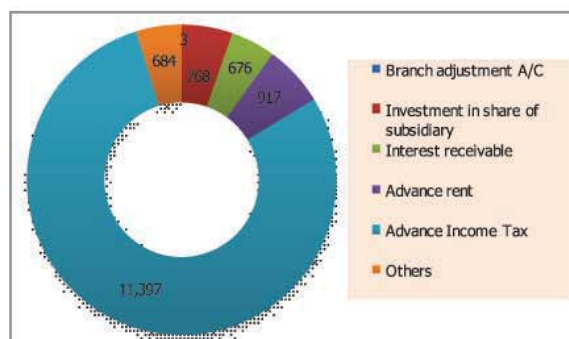
Fixed Assets

Fixed assets include land, building, furniture & fixture, office equipment and vehicles etc. UCB's fixed assets increased by BDT 76.73 million during the year 2015 and stood at BDT 8,586.73 million which is only 25.76 percent of total capital of the bank, well within the maximum limit of 30 percent of total capital. The rationale behind the increase is the expansion of the business over the last year through opening new branches and establishing new ATMs.

Other Assets

Other assets of the bank increased by BDT 1,890.88 million during the year 2015 and stood at BDT 14,444.87 million which was BDT 12,553.99 million in 2014. The main components of other assets are advance income tax increased by 39.93 percent, advance rent decreased by 16.05 percent, interest receivable decreased by 57.75 percent, branch adjustment

account decreased by 99.46 percent, receivable from subsidiary company increased by 42.33 percent, and suspense account increased by 122.78 percent. Mainly, due to increase of payment of advance income tax by BDT 3,252.12 million in 2015, total other assets increased by 15.06 percent.



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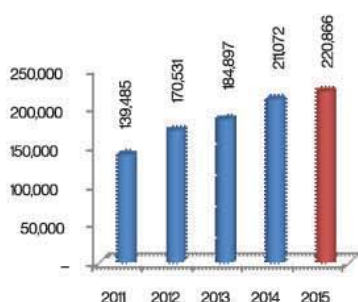
Borrowings from other Banks, Financial Institutions and Agents

UCB has borrowing from Banks & Financial Institutions as well as from Bangladesh Bank amounting BDT 18,743.66 million at the end of 2015 against borrowing of BDT 10,510.48 million in 2014 recording a rise by 78.33 percent. The borrowing is mainly in terms of EDF borrowing from Bangladesh Bank of BDT 7,886.95, IPFF Fund from Bangladesh Bank of BDT 1,577.91 and issuance of Subordinated Bond of BDT 7,000.00 to different Banks, Financial Institutions, Insurance Companies and Mutual Funds.

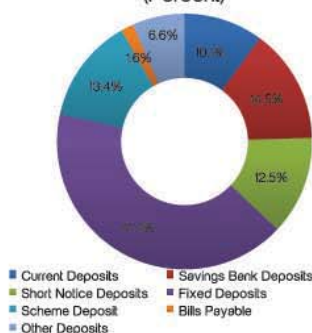
Deposits

During the year 2015 total deposits of the bank increased by BDT 9,794.42 million and stood at BDT 220,866.48 million which was BDT 211,072.06 million in 2014 representing growth of 4.64 percent. There are as many as 34 (thirty four) deposit products in our bank. The clientele group of the bank includes individuals, corporation, NGO, NBF, government bodies etc.

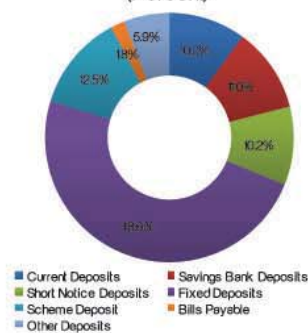
Deposits Trend



Deposit Mix 2015
(Percent)



Deposit Mix 2014
(Percent)



Deposits Mix of UCBL

Deposits and other accounts	2015	2014	Growth (%)	BDT in million	
				Mix (%)	
				2015	2014
Current Deposits	22,315.15	21,128.55	5.62	10.10	10.01
Savings Bank Deposits	31,946.12	23,184.51	37.79	14.46	10.98
Short Notice Deposits	27,628.64	21,527.09	28.34	12.51	10.20
Fixed deposits	91,392.44	102,512.06	(10.85)	41.38	48.57
Scheme Deposits	29,492.14	26,411.66	11.66	13.35	12.51
Bills Payable	3,426.10	3,767.01	(9.05)	1.55	1.78
Other Deposits	14,665.88	12,541.18	16.94	6.64	5.94
Total	220,866.48	211,072.06	4.64	100.00	100.00

Shareholders Equity

Total shareholders' equity includes paid up capital, share premium, statutory reserve and retained earnings and other reserves. By the end of the year 2015, total shareholder's equity increased by 13.77 percent and stood at BDT 25,588.82 million as against BDT 22,491.54 million of 2014. The growth was only 9.69 percent in the previous year, which indicates stable growth of the bank in the coming days.

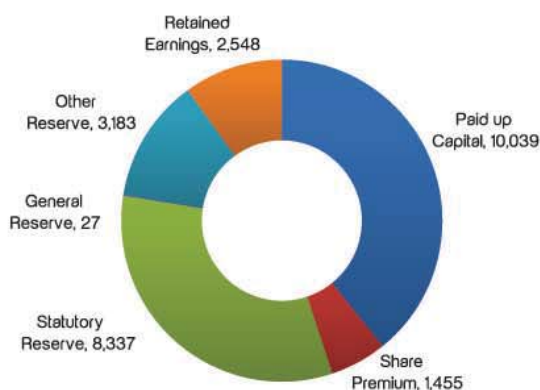
Business Review

Shareholders' Equity	2015	2014	Growth (%)
Paid up Capital	10,039.34	8,366.12	20.00
Share Premium	1,454.98	1,454.98	0.00
Statutory Reserve	8,337.16	6,886.69	21.06
General Reserve	26.58	26.58	0.00
Other Reserve	3,182.61	3,226.06	(1.35)
Retained Earnings	2,548.16	3,531.12	0.67
Total	25,588.82	22,491.54	13.77

Analysis of operating results of UCBL

In 2015, operating income was BDT 15,548.00 million against BDT 15,209.39 million in 2014 recording a growth of 2.23 percent whereas operating expense was BDT 7,145.66 million in 2015 against BDT 6,489.93 million in 2014 recording a growth of 10.10 percent. Profit before provision and taxes decreased by 3.64 percent due to decrease of net interest income by 2.61 percent. Profit after tax increased to BDT 3,668.73 million in 2015 with a rise by 6.10 percent from previous year. Due to decrease of provision expense by 38.95 percent of the bank

through effective risk management of asset portfolio along with increase of revenue generation by 7.50 percent from non funded activities, the net profit after tax has increased by 8.41 percent in 2015 from the previous year.



	2015	2014	Change (%)
Interest Income	22,434.57	22,360.83	0.33
Interest Expense	14,711.18	14,430.24	1.95
Net Interest Income	7,723.38	7,930.59	(2.61)
Non-Interest Income	7,824.62	7,278.80	7.50
Operating Income	15,548.00	15,209.39	2.23
Operating Expenses	7,145.66	6,489.93	10.10
Profit before Provision	8,402.34	8,719.46	(3.64)
Profit before Taxes	7,252.34	6,835.67	6.10
Net Profit after Taxes	3,977.34	3,668.73	8.41

Interest Income

UCBL earned total BDT 22,434.57 million as interest income during the year 2015 registering increase by BDT 73.74 million, 0.33 percent from previous year. This trend in interest income resulted from relatively stable rate of loans and advances of the bank. The major interest earning came from follows:

	2015	2014	Growth(%)
Interest on loans and advances	21,992.04	21,885.20	0.49
Interest on Balances with other Banks & FIs	442.35	452.56	(2.26)
Interest on Balance with Foreign Bank	0.18	22.54	(99.21)
Penal Interest	-	0.53	(100.00)
Total Interest Income	22,434.57	22,360.83	0.33

Interest Expense

UCBL paid BDT 14,711.18 million as interest expense during the year 2015 recording an increase of BDT 280.94 million (9.36 percent) from previous year. Due to liquidity surplus prevailed in the money market, the bank was able to continue procure deposit at lower cost. Our average cost of deposits in 2015 was 6.61 percent which was 7.46 percent in 2014. Among interest expense, the Bank mostly paid interest on deposit which was BDT 13,934.77 million in 2015 against BDT 13,920.31 million in 2014. Interest paid on borrowings was BDT 776.41 million in 2015 which was BDT 509.94 million in 2014. Interest paid on borrowings increased due to substantial increase of borrowings from other banks and financial institutions including issuance of UCB Second Subordinated Bond of BDT 5,000.00 million in 2015.

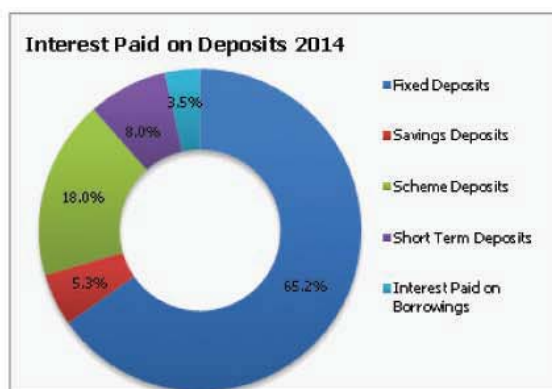
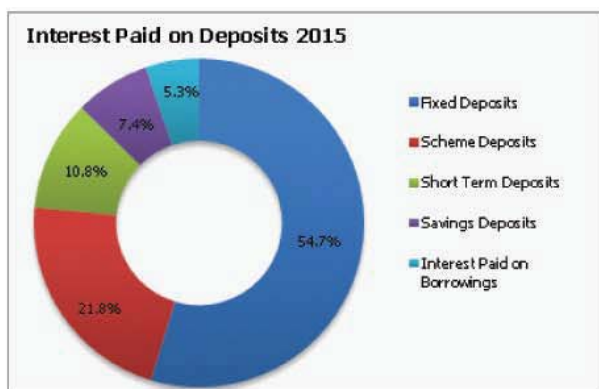
Business Review

Product wise Interest Expense Analysis

In 2015, the Bank paid highest amount of interest on fixed deposits which was BDT 8,503.20 million against BDT 9,414.56 million in 2014. Interest expense on fixed deposits was declined substantially by 14.46 percent in 2015 over 2014 whereas growth of fixed deposits amount was (10.85) percent. In same way, growth of interest expense on SND and scheme deposits were 38.27 percent and 23.47 percent whereas growth of SND and scheme deposits amount were 28.34 percent and 11.66 percent respectively. On the other hand, growth of interest expense on saving deposits and growth of amount same deposits near close in 2014 were 42.91 percent and 37.79 percent respectively. Due to liquidity surplus prevailed in the money market during 2015, the Bank emphasized on acquiring no & low cost deposits in exchange of high cost deposits. In this respect, the growth of interest expenses in deposits like savings and short term have increased relative to that of fixed deposits. Moreover, the Bank has borrowed in foreign currency from other banks and financial institutions for its OBU operations, which resulted in the increase of interest expense for borrowings.

BDT in million			
Interests Paid on deposits and borrowings	2015	2014	Growth (%)
Fixed Deposits	8,053.20	9,414.56	(14.46)
Scheme Deposits	3,202.25	2,593.56	23.47
Short Term Deposits	1,592.69	1,151.83	38.27
Savings Deposits	1,086.63	760.36	42.91
Interest Paid on Borrowings	776.41	509.94	52.26
Total	14,711.18	14,430.24	1.95

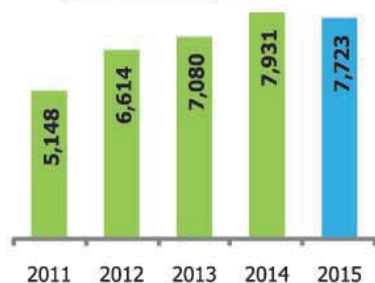
Interest Expenses on Deposits and Borrowings



Net Interest Income

Net interest income (NII) during the year stood at BDT 7,723.38 million recording a slight negative growth of BDT 207.21 million which is equivalent to (2.6) percent growth over previous year.

Net Interest Income
(BDT in million)



Income from investment

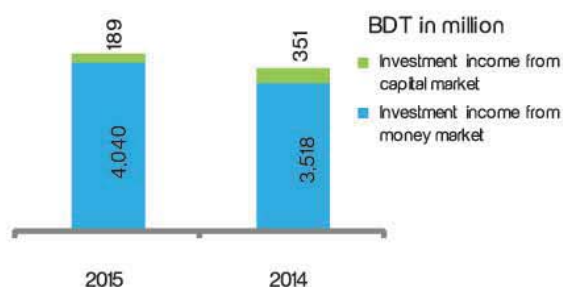
Investment income during 2015 was recorded BDT 4,228.59 million which was BDT 3,868.66 million in previous year and the income increased by BDT 359.93 million mainly attributed to interest and discount income from Treasury Bills & Bonds. Interest income from investment has increased by 14.86 percent in 2015, which is mainly earned from government treasury bills and bonds. Non-interest income from investment decreased to BDT 188.60 million in 2015 from BDT 351.47 million in previous year mainly due to loss on sale of share and decline of dividend earnings.

Business Review

	BDT in million		
Income from investments	2015	2014	Growth (%)
Government Treasury bills and bond	2,645.39	2,391.74	10.61
Discount on Bill/Bond Purchase	945.21	1,115.64	(15.28)
Interest on Bangladesh Bank bill, bond, debenture & reverse repo	208.46	72.92	185.88
Gain(loss) on revaluation on govt. securities	240.94	(63.11)	481.79
Interest income from investments	4,039.99	3,517.19	14.86
Prize money on prize bond	0.01	0.48	(98.33)
Dividend on shares	114.38	166.71	(31.39)
Gain on sale of share	74.21	184.28	(59.73)
Non-interest income from investments	188.60	351.47	(46.34)
Total	4,228.59	3,868.66	9.30

Investment income consists of investment in money market and capital market. Income from money market operation in 2015 was BDT 4,040.00 million registering an increase of BDT 522.33 million equivalent to a growth of 14.85 percent. Income from capital market operation was BDT 188.59 million in 2015 registering a decrease of BDT 162.40 million, which represents 46.27 percent growth over the year 2014. The following graph shows the income from investment:

The increase in Money market income is attributed to the increase of interest income and discount income of Government bills and bonds by BDT 83.22 million in 2015 whereas in 2014 it



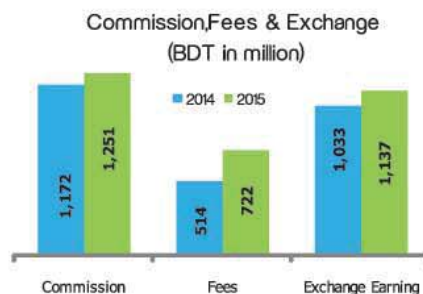
was BDT 1,007.68 million. The gain remains stable as previous year due to insignificant change of the portfolio size of government securities by (7.60) percent in 2015. Moreover, income from capital market decreased to BDT 188.59 million in 2015 from BDT 350.99 million in previous year. Gain on sale of share decreased to BDT 74.21 million in 2015 from BDT 184.28 million in 2014 and dividend on shares decreased to BDT 114.38 million in 2015 from BDT 166.71 million in 2014.

Commission, Fees, Exchange & Brokerage

Commission, fees, exchange & brokerage income during 2015 was recorded BDT 3,110.43 million which was BDT 2,718.82 million in previous year and the income increased by BDT 391.62 million which equivalent to a growth of 14.40 percent, while commission income increased by BDT 79.53 million (equivalent to 6.79 percent), fees income increased by BDT 207.92 million (equivalent to 40.45 percent) and exchange earnings increased by BDT 104.17 million (equivalent to 10.08 percent) over previous year.

Other operating income

Other operating income during 2015 was BDT 485.60 million which was BDT 691.33 million in previous year and the income decreased by BDT 205.73 million i.e. 29.76 percent over the year 2014. The main components of other operating income were recoveries from previously written off loan BDT 286.18 million increased by 2.66 percent, swift charge recoveries BDT 49.25 million decreased by 51.42 percent and other miscellaneous earning BDT 135.06 million decreased by 54.82 percent.



	BDT in million		
Other Operating Income	2015	2014	Growth (%)
Recoveries from previously written off loan	286.18	278.76	2.66
Swift charges	49.25	101.38	(51.42)
Gain on sale of assets	9.36	7.21	29.72
Locker	5.75	5.02	14.69
Miscellaneous earning	135.06	298.95	(54.82)
Total	485.60	691.33	(29.76)

Business Review

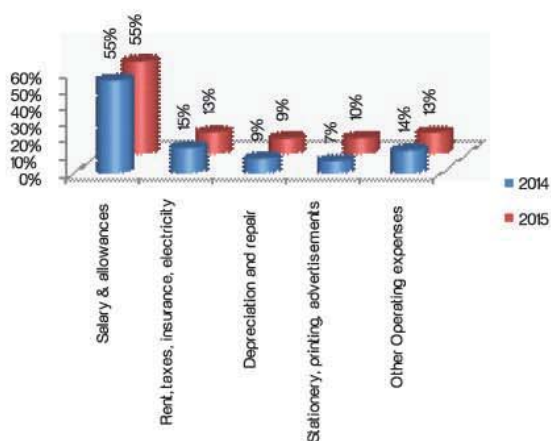
Operating expense

Total operating expense during 2015 was recorded at BDT 7,145.66 million which was BDT 6,489.43 million in previous year accounting an increase of BDT 655.73 million which is equivalent to 10.10 percent over last year. The main components of the operating expenses are mentioned below:

(BDT in million)

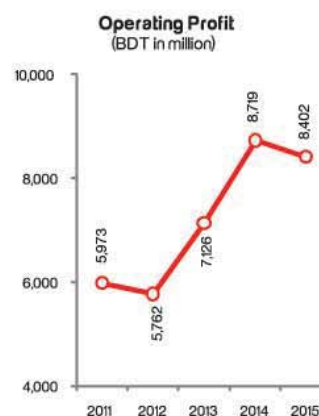
Operating Expenses	2015	2014	Growth (%)
Salary and allowances	3,947.66	3,589.09	9.99
Rent, taxes, insurance, electricity etc.	934.54	980.79	(4.72)
Depreciation and repair of banks assets	666.64	565.67	17.85
Stationery, printing, advertisements etc.	684.87	472.80	44.86
Petrol, oil & lubricant	106.52	114.76	(7.18)
Postage, stamps, telecommunications etc.	112.89	114.52	(1.42)
Medical expenses	116.42	103.87	12.08
Car expenses	97.37	81.64	19.26
Traveling	71.38	69.97	2.02
Fees commission & charges	75.56	100.65	(24.93)
Entertainment	106.52	45.92	131.94
Other expenses	225.30	250.24	(9.97)
Total	7,145.66	6,489.93	10.10

In operating expenses, salary and allowances for the employees covered more than 55 percent of total expenses which record a growth of 9.99 percent. The reasons for this moderate increase of salary and allowances were the increment added over the last year and increase of number of employees by 158. Expenses for rent, taxes, insurance, electricity etc. decreased by 4.72 percent and depreciation & repair of bank's assets increased 17.85 percent mainly due to expansion of branch network to 158 from 148 and ATM booth to 151 from 115.



Operating Profit

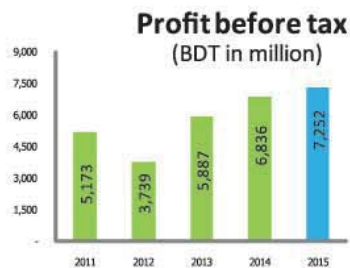
The total operating profit of the bank for the year 2015 stood at BDT 8,402.34 million in comparison to BDT 8,719.46 million of 2014. A moderate growth of non interest income contributed the highest to reach at the operating profit of 2015. Non-interest income was BDT 7,824.62 million which was 7.50 percent higher than previous year and operating expense was BDT 7,145.66 million which was 10.10 percent higher than previous year. Despite this growth, due to slight negative growth in net interest income by 2.61 percent, bank's operating profit in 2015 has declined by 3.64 percent over previous year.



Business Review

Profit before tax

Profit before tax of the bank stood at BDT 7,252.34 million in 2015 compared to BDT 6,835.67 million of previous year. The bank maintained sufficient amount of provision against loans & advances, investments and off-balance sheet exposures in 2015, which was BDT 1,150.00 million against BDT 1,883.79 million in previous year. The bank maintained more than 100 percent provision against requirement in 2015. Despite this fact, profit before tax increased to BDT 7,252.34 million showing a moderate positive growth of 6.10 percent.

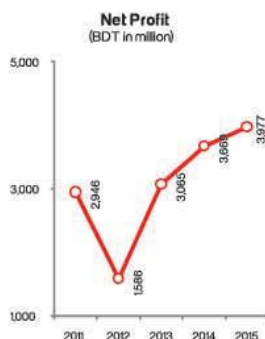


(BDT in million)

	2015	2014	Growth (%)
Profit before provision / operating profit	8,402.34	8,719.46	(3.64)
Provision for loans & advances	940.15	1,472.30	(36.14)
Other provision	209.85	411.49	(49.00)
Total provision	1,150.00	1,883.79	(38.95)
Profit before tax	7,252.34	6,835.67	6.10

Net profit

In 2015, bank's net profit after tax increased by BDT 308.61 million which equivalents to 8.41 percent over the year 2014. As at 31 December 2015, net profit after tax stood at BDT 3,977.34 million. Net profit increased moderately in 2015 mainly due to significant decline in the provision requirement for loan losses and other assets by BDT 733.79, which is 38.95 percent lower than that of the year 2014. The bank maintained substantial amount of provision for payment of tax on its income for the year 2014, which was BDT 3,275.00 million against BDT 3,166.95 million in previous year.



Earnings per share (Restated):

In the year under review, Earnings per share (EPS) stood at BDT 3.96 which was BDT 3.65 (restated) in previous year. Bank's EPS increased during the year 2015 due to substantial increase of net profit.



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

Segmental Business Analysis

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

United Commercial Bank and its Subsidiaries

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

UCB Capital Management Limited

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

UCB Investment Limited

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

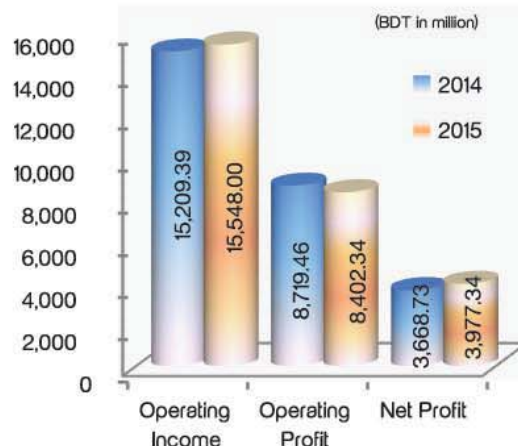
Assets of UCBL and its Subsidiaries (BDT in million)

Year	United Commercial Bank Limited	UCB Capital Management Limited	UCB Investment Limited
2014	266,100.74	1,145.93	254.97
2015	293,847.23	1,094.62	276.03

Total assets of United Commercial Bank Limited was BDT 293,847.23 million at the end of 2015 which was BDT 266,100.74 million in 2014. Total assets of main subsidiary of the Bank, UCB Capital Management Limited was BDT 1,094.62 million at the end of 2015 which was BDT 1,145.93 million in 2014. The main assets of UCB Investment Limited was balance with bank which was mainly sourced by equity capital. Total assets of UCB Investment Limited was BDT

276.03 million in 2015 against BDT 254.97 million in 2014.

United Commercial Bank Limited

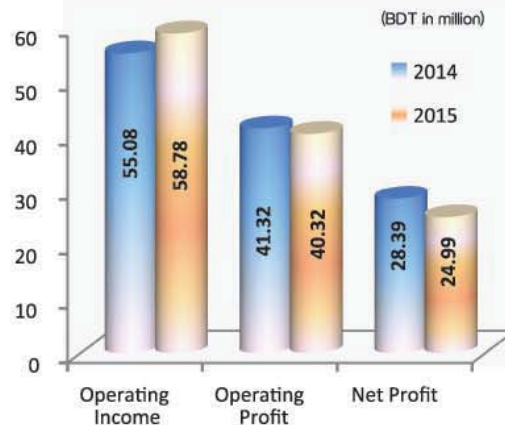


Assets of UCBL and its Subsidiaries (BDT in million)

Year	United Commercial Bank Limited	UCB Capital Management Limited	UCB Investment Limited
2014	15,209.39	55.08	5.00
2015	15,548.00	58.78	21.08

Most of the operating income earned by United Commercial Bank Limited which was BDT 15,548.00 million in 2015 against BDT 15,209.39 million in 2014. UCB Capital Management Limited, main subsidiary of the Bank earned BDT 58.78 million in 2015 against BDT 55.08 million in 2014 registering a growth of 6.72 percent. UCB Investment Limited mainly earned from interest income from balance with bank. Operating Income of UCB Investment Limited was BDT 21.08 million in 2015 against BDT 5.00 million in 2014.

UCB Capital Management Limited

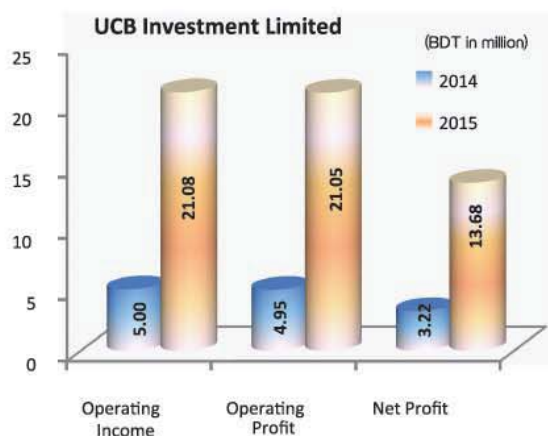


Segmental Business Analysis

Operating Profit & Net Profit of UCBL and its Subsidiaries

(BDT in million)

Year	United Commercial Bank Limited	UCB Capital Management Limited	UCB Investment Limited
Operating Profit			
2014	8,719.46	41.32	4.95
2015	8,402.34	40.32	21.05
Net Profit			
2014	3,668.73	28.39	3.22
2015	3,977.34	24.99	13.68



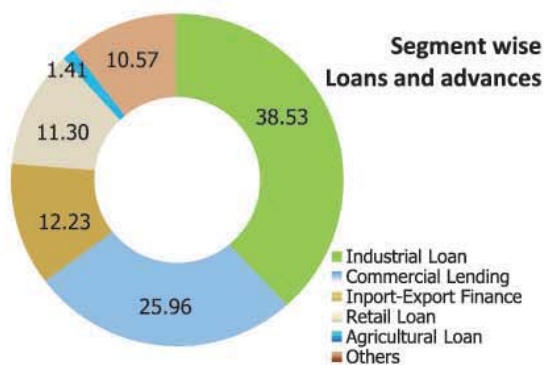
In 2015, the Bank earned operating profit of BDT 8,402.34 million against BDT 8,719.46 million in 2014. UCB Capital Management Limited also earned BDT 40.32 as operating profit and BDT 24.99 million as net profit in 2015. UCB Investment Limited also earned BDT 21.05 million as operating profit and BDT 13.68 million as net profit in 2015.

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

Among total assets of BDT 293,847.23 million of United Commercial Bank Limited, loans and advances was BDT 197,413.64 million which was 67.18 percent of total assets. Below table shows the distribution of loans and advances different segments.

(BDT in million)

	Dec 31, 2015	Dec 31, 2014	Growth (%)
Industrial Loan	76,068.92	66,920.41	13.67
Commercial Lending	51,245.01	44,895.35	14.14
Import-Export Finance	24,151.00	22,543.19	7.13
Retail Loan	22,302.16	19,237.62	15.93
Agricultural Loan	2,787.20	1,848.40	50.79
Others	20,859.34	18,701.13	11.54
Total	197,413.64	174,146.10	13.36



Among loans and advances, 38.53 percent were

distributed in industrial area followed by 25.96 percent in commercial area. Others area of distribution of loans and advances were import-export, retail agriculture and others where were 12.33 percent, 11.30 percent, 1.41 percent and 10.57 percent respectively. Among the above mentioned sector, the bank recorded highest growth in agricultural sector.

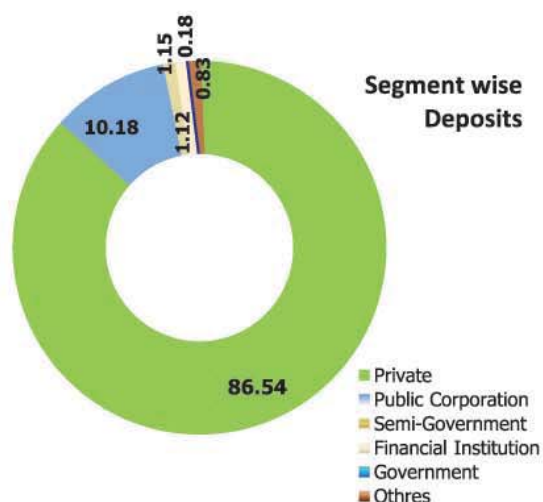
Segment wise Distribution of Deposit of United Commercial Bank Limited

In total liabilities of BDT 268,258.41 million, 82.33 percent liabilities were in the form of deposits which were BDT 220,866.48 million. Below table shows segment wise distribution of deposit of the bank as on December 31, 2015.

Segmental Business Analysis

(BDT in million)

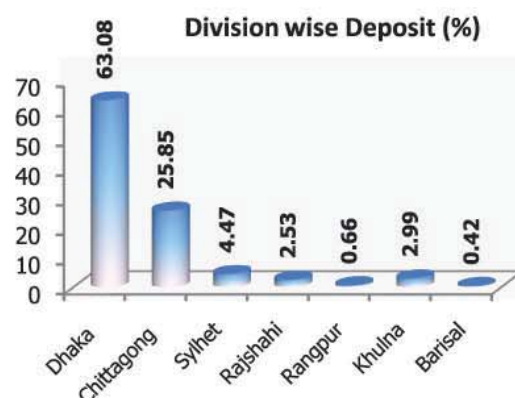
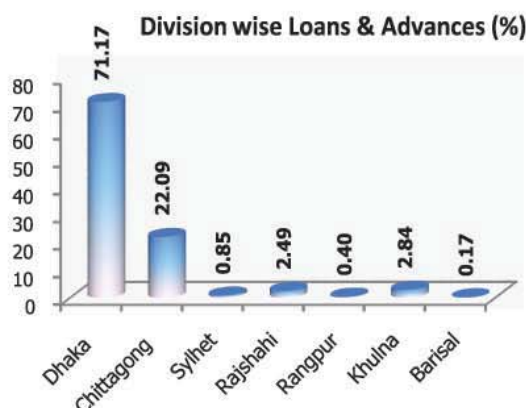
	Dec 31, 2015	Dec 31, 2014	Growth (%)
Private	191,145.43	187,866.46	1.75
Public Corporation	22,483.77	15,701.81	43.19
Semi-Government	2,550.71	2,750.76	- 7.27
Financial Institution	2,470.55	3,583.61	- 31.06
Government	391.26	436.79	- 10.42
Others	1,824.76	732.62	149.07
Total	220,866.48	211,072.06	4.64



At the end of 2015, total deposits of the bank stood BDT 220,866.48 million against BDT 211,072.06 million at the end of 2014 registering a growth of 4.64 percent. The bank is mostly concentrated to private deposit which was BDT 191,145.43 million at the end of 2015 against BDT 187,866.46 million at the end of 2014. Others area of concentration of deposits were public corporation, semi-government, financial institution, government and others which were respectively 10.18 percent, 1.15 percent, 1.12 percent, 0.18 percent and 0.83 percent of total deposits.

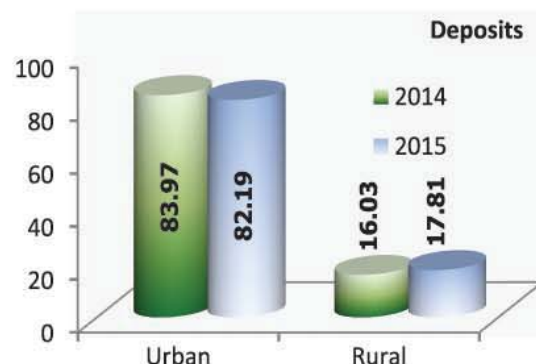
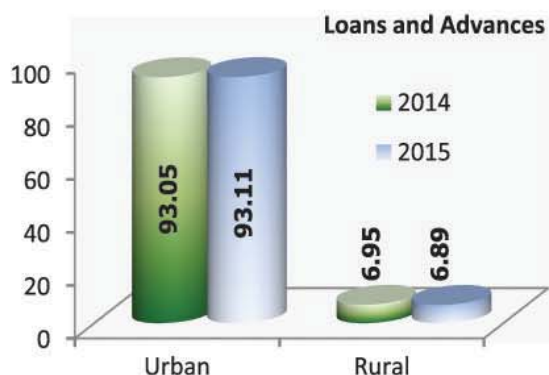
Geographical Distribution of Loans & Advances and Deposit of United Commercial Bank Limited

In the context of socio-economic scenario of most of the economic activities of the country is concentrated urban area especially in Dhaka and Chittagong region. At the end of 2015, 93.11 percent of advance was in urban area where as 6.89 percent was in rural area.



Among 93.11 percent of urban area, 65.52 percent and 21.14 percent was in Dhaka and Chittagong division respectively. The below graphs and tables shows the geographical distribution of banks major assets and liabilities i.e. loans & advances and deposits.

Segmental Business Analysis



(BDT in million)

	No. of Branch	Loans and Advances (December 31, 2015)		Deposits (December 31, 2015)	
Urban Branches		Amount	% of Total	Amount	% of Total
Dhaka Division	44	129,349.96	65.52	120,755.93	54.67
Chittagong Division	30	41,725.06	21.14	41,628.60	18.85
Sylhet Division	7	1,378.81	0.70	5,689.77	2.58
Rajshahi Division	9	4,850.92	2.46	5,532.20	2.50
Rangpur Division	2	789.23	0.40	1,466.41	0.66
Khulna Division	6	5,379.32	2.72	5,542.97	2.51
Barisal Division	1	343.11	0.17	922.13	0.42
Subtotal	99	183,816.40	93.11	181,538.02	82.19
Rural Branches					
Dhaka Division	30	11,144.37	5.65	18,572.20	8.41
Chittagong Division	20	1,876.51	0.95	15,455.20	7.00
Sylhet Division	7	300.58	0.15	4,186.31	1.90
Rajshahi Division	1	57.94	0.03	50.76	0.02
Khulna Division	1	217.85	0.11	1,063.99	0.48
Subtotal	59	13,597.24	6.89	39,328.46	17.81
Total	158	197,413.64	100	220,866.48	100

The bank has diversified its operation and major activities in different area of business including capital market. Geographically, bank has vast network across the country which cover all divisions and major business hub of the country. Moreover, bank has 537 correspondents all over the continents which cover 62 countries. The bank mainly focused on industrial and commercial lending. In recent years, the bank has also concentrated on import-export and retail business.



HRM

Report on Human Resources Management



UCB always believes in creating pool of human resource. Our strategy is to attract the right caliber of talents and establish structured selection process focusing competencies. UCB believes that effective Human Resource practices lead to higher profits and better performance by companies. Due to this the company achieves a chance to enter in to new horizon of business, contributes to the socio economy of the country and start new ventures thus industrial and economic development increases and economy improves.

HR objective is to help the Bank to achieve its objective from time to time by creating a positive attitude among employees, reducing wastage and making maximum use of resources etc. UCB HR plays advocacy role and acts as a bridge between the employees and employer. Our reputation is our ability to fulfill promise of our shareholders, customers and employees.

UCB has an excellent pool of competent personnel in all areas that reflected the overall growth and performance during couple of years. To ascertain, foster and enthuse this competent personnel through a systematic organizational plan, UCB promotion policy has been revised. This promotion policy has been designed accordingly combining the elements of performance and academic qualification reflecting ability, merit and the potential of officers as basic criteria for promotion.

UCB has organized several programs to recognize children of our employees for their academic feats in various public examinations. In 2015, the Bank made several changes to its organization to further maximize the efficiency and professional interaction of its staff. Priority banking operation has started its journey with a dynamic and experienced team.

Succession planning is a strategic approach to ensure that necessary talent and skills will be available when needed and that essential knowledge and abilities will be maintained when employee's critical positions leave. HR is planning to develop a strategic approach to talent management that suits our business and gets the best from our employees. The value of a tailored, organization with wide talent management strategy is that, it provides a focus for investment in human capital and places the subject high on the corporate agenda.

UCB HR knows that leadership is the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization and the senior leadership is keen on keeping talent management among their key priorities HR and LDC is working on it to create future leaders as UCBL always believes that the long term profitability (i.e. sustainable business performance) can be ensured if future leaders are created.

UCB HR always focused on the Employee Engagement issues. This has become increasingly mainstreamed into management thought over the last decade. It is generally seen as an internal state of being – physical, mental and emotional.

UCB Learning and Development strategy is an organizational strategy that articulates the workforce capabilities, skills or competencies required, and how these can be developed, to ensure a sustainable, successful organization. UCB Learning and Development Learning and Development strategy reflects and reinforces the approach within the broader HRM strategy and also link with other strategies.

Report on Human Resources Management

A key element of the Learning and Development strategy is to target the long-term/ sustainable development of those identified as exceptionally high-performing or high-potential individuals, who are critical to long-term business success. Within the framework of limited resources, we also focus on our learning opportunities cater the needs of high-potential individuals. UCB Learning and Development strategy is to understand the industry, looking at the business aims and background and the rationale that drives organizational strategy.

2015 was the year for the training as well as mentoring our employee. Our effort for mentoring employees makes them confident to build long term relationship with UCB. As a reflection of confidence among employee, turnover rate reduced to 4.82% from 9.01%.

In every year LDC conducts training courses on General Banking, International Trade Finance, Credit Operations and Credit Risk Management, Foreign Remittance Rules & Procedures and Loan Documentation, Audit-Common irregularities in bank operations, Classification of Loan Provisioning and CAMEL rating, Credit Operation Mechanism and Risk grading, Anti-Money Laundering, Cash Operation, Cross Functional Training Programs etc. This Cross Functional Training Programs helps individuals get swapped between divisions and branches and get experience the real life situation in person; enabling them to empathize the counterpart resulting in improved coordination and cooperation between the groups. During the year the Bank has arranged the following trainings for its employees:

Sl.	Name of the Training Course	Venue	No of Courses	No of Participations
1.	LDC (In house) Training Programs	Learning & Development Centre, UCB Head Office, Gulshan Avenue, Dhaka.	90	3306
2.	External Training Programs (Local)	BIBM, BBTA, Bangladesh Bank and many other venues.	86	173
3.	External Training Programs (Foreign)	Different Venues in Nepal, Thailand, China, India, Malaysia etc.	6	7
4.	CBS End User Training Programs	Learning & Development Centre, UCB Head Office, Gulshan Avenue, Dhaka.	56	1668
Total			238	5153

To develop and encourage a learning culture within the organization, UCB LDC has undertaken Learning Dissemination Session program which is also known as LDS. This apparently helps to disseminate Corporate Office based learning sessions rapidly to the grass root level. It is a common practice in branches where an individual shares his/her learning's form a recently availed training program at UCB or form any other external entities. It improves communication among employees and help Branch Managers to identify knowledge gaps more effectively and work on them. Such sessions provide Branch Managers a better platform to disseminate organizational goals and management's expectations from an individual branch.

We value team collaboration. We believe the world has been shifted to team excellence from individual brilliance. When a target is tough for an individual; it is very easy for a team – we have learned this truth over the years through our success journey. Explore us, you will never feel alone!

**We are committed to doing and being the best;
Together, we celebrate our success and
achievements.**

UCB's Products and Services

UCB has a set of versatile products & services:

Deposit Products

Current Deposit
Savings Deposit
Special Notice Deposit
Fixed Deposit
Foreign Currency Deposit A/C
UCB Multi Millionaire
UCB Money Maximizer
UCB Earning Plus
UCB DPS Plus
UCB Youngsters Savings
UCB Youngsters DPS
UCB Savings Plus
UCB Women's Savings
UCB Women's DPS Plus
UCB NRB Savings
UCB NRB DPS Plus
UCB RMG DPS Plus

Loan Products

Trade Finance
Industrial Finance
Import Finance
Export Finance
Loan Syndication
Working Capital Finance
Packing Credit
Transport Loan
Lease Finance
Hire Purchase Loan
House Building Loan
Home Loan
Consumer Credit Scheme
Auto Loan
Doctors Loan
Marriage Loan
Education Loan
Hospitalization Loan
Travel Loan
CNG Conversion Loan
Home Mortgage Loan
House Hold Durable Loan
Credit Card

Other Services

Western Union Money Transfer
SMS Banking Service
Online Service
Inward & Outward Remittances
Travelers Cheques
Underwriting and Bridge Financing
Locker Service
Offshore Banking
Loan Syndication
UCash (Mobile Financial Service)
Internet Banking

UCB's Products and Services



VISA Debit Card

Withdraw money (minimum Tk. 100) with absolutely no charge from any UCB and Dutch Bangla ATM 24/7 with this card. Transferring and withdrawing money from different personal accounts can be made with the same card. It also gives access to the largest network of VISA POS terminal at different



VISA & Mastercard Credit Card

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



Youngsters Savings Account

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



Youngsters DPS

'UCB Youngsters DPS' is a recurring monthly savings scheme for Youngster students of any school/institution. It is a monthly savings plan created for developing the savings habit of Youngsters for their better future and turning small savings into a large amount of money over a certain period of student life.

UCB's Products and Services



Car Loan

Get 30% of the total value of a car as loan and repay within upto 60 installments.



NRB Savings & DPS

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



Women's Savings & DPS

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



Travel Loan

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

UCB's Products and Services



RMG DPS Plus

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



Money Maximizer

Deposit Tk. 25,000 to Tk. 25,00,000 and get double the amount just after 6 years. Avail loan facility upto 90% instantly.



DPS Plus

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



Multi-Millionaire Scheme

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

UCB's Products & Services



Earning Plus

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



Remittance

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



Offshore Banking

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



UCash

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

Report on Asset Liability Management

Asset Liability Management (ALM) can be defined as a mechanism to address the risk faced by a bank due to a mismatch between assets and liabilities either due to liquidity or changes in interest rates. The central theme of ALM is the management of a bank's entire balance sheet on continuous basis with a view to ensure a proper balance between funds mobilization and their deployment with respect to their maturity profiles, cost & yield as well as risk exposure so as to improve profitability, ensure adequate liquidity, manage risks and ensure long term viability

So, it is essential to have a structured and systematic



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

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



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

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

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

Structural Liquidity Profile

BDT in million

Particulars	Upto 1 Month	1-3 Months	3-12 Months	1-5 years	Above 5 Years	Total
Assets						
Cash in hand	2,924.71	-	-	-	15,035.98	17,960.68
Balance with other banks & FIs	6,368.61	2,686.96	1,650.00	-	-	10,705.57
Money at call on short notice	390.00	-	-	-	-	390.00
Investment	4,806.10	8,587.40	9,259.30	8,117.80	13,575.13	44,345.73
Loan and Advance	29,075.80	47,687.20	40,803.89	53,504.30	26,342.45	197,413.64
Fixed assets	50.00	100.00	450.00	2,400.00	5,586.73	8,586.73
Other Assets	580.68	675.62	98.54	11,397.22	1,692.80	14,444.87
Non banking assets	-	-	-	-	-	-
Total Assets (A)	44,195.90	59,737.18	52,261.73	75,419.32	62,233.09	293,847.23
Liabilities						
Borrowing	1,259.60	2,534.70	5,191.60	6,179.85	3,577.91	18,743.66
Deposits	31,902.60	51,734.40	36,337.80	53,525.58	47,366.10	220,866.48
Other liabilities	1,175.69	1,921.50	5049.00	14,770.27	5,731.82	28,648.27
Total Liabilities (B)	34,337.89	56,190.60	46,578.40	74,475.70	56,675.83	268,258.00
Net Liquidity Gap (A-B)	9,858.01	3,546.58	5,683.33	943.62	5,557.27	25,588.82
Cumulative Maturity Mismatch	9,858.01	13,404.60	19,087.93	20,031.55	25,588.82	

Report on Asset Liability Management

Maturity Analysis: Above statement transpire that out of total deposit liabilities of BDT 220,866.48 million, contractual maturity of liability within 1 year is BDT 119,974.80 million. In the liquidity statement it is apparent that UCB has BDT9,858.01 million positive Gap in 1 month bucket, BDT 3,546.58 million positive Gap in 1–3 months, BDT 5,683.33 million positive Gap in 3 to 12 month, BDT 943.62 million positive Gap in 1 to 5 years and BDT 5,557.27 million positive Gap over 5 years bucket i.e. in this bucket UCB has more assets maturity than liabilities.

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

Some other ratios which ALCO continuously monitors are as follows:

- Snap Liquidity Ratio
- Borrowing Ratio
- Volatility Liability Dependency Ratio

Name of the Ratios	Limits	Ratios based on December 31, 2015
Loan Deposit Ratio	Loan Deposit Ratio should not exceed 85% Trigger 83%	84.57%
Medium Term Funding Ratio	Minimum 30.00%–120%	118.33%
Maximum Cumulative Outflow (MCO)	MCO should not exceed 20% of Balance sheet	12.00%
CRR	6.50% of Average time & demand liabilities	6.82%
SLR	13.00% of Average time & demand liabilities	19.68%
Liquidity Coverage Ratio (LCR)	> 100%	158.39%
Net Stable funding Ratio (NSFR)	>100%	106.24%

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

Interest Rate Risk Management Interest rate risk is the risk where changes in market interest rates affect a

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

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

Particulars	BDTmillion			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total Rate Sensitive Assets (RSA)	88,681.04	36,295.83	18,135.16	14,743.60
Total Rate Sensitive Liabilities (RSL)	96,329.41	41,631.30	10,957.68	11,032.14
Gap (RSA–RSL)	–7,648.37	–5,335.47	7,177.47	3,711.46
Cumulative Gap	–7,648.37	–12,983.84	–5,806.37	–2,094.91
Adjusted Interest Rate Change (IRC)	–1.00%	–1.00%	–1.00%	–1.00%
Earning Impact (Cumulative Gap x IRC)	76.48	129.84	58.06	20.95
Accumulated Earning Impact to date	76.48	206.32	264.39	285.33
Earning Impact / Avg. Quarterly Operating Profit	0.91%	2.46%	3.15%	3.40%
Limit	10%	10%	10%	10%

Report on Asset Liability Management

To summarize, the above statement indicates that UCB will suffer a positive earnings impact (profit) of BDT 76.48 million in the first quarter, BDT 206.32 million in second quarter, BDT 264.39 million in third quarter and BDT 285.33 million in fourth quarter. The total year-to-date accumulated earnings impact continues to be negative. So, the accumulated earnings impact for the year owing to a 1% decrease in interest rates is a profit of BDT. 285.33 million and vice versa. The earnings impact of UCB from the first to the fourth quarter of the one-year out period does not reach 10% of average quarterly operating profit.

Economic Value Perspective – Duration Gap Analysis

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

Particulars	Amount
Equity as on date	2,558.88
RSA as on date	25,081.69
RSL as on date	19,920.30
MDA (Modified duration of Assets)	1.28
MDL (Modified duration of Liabilities)	0.68
MDG = [MDA - (MDL * (RSL/RSA))]	0.74
$\Delta E = -MDG * RSA * \Delta i$	(371.18)
for 200 bps rise in interest MVE will fall by	-14.51%

Above duration analysis transpire that **UCB** market value of equity (MVE) will decline by (14.51%) on a standardized interest rate shock of 200 basis points based on December 31, 2015 against limit 20% Market value of equity (MEV) set by the Board of Directors of UCB.

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

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

Measuring Bank Exposure to Foreign Exchange Risk as on 31-12-2015
In Bangladesh Taka (BDT in Crore)

Currency	Short Term Foreign Currency Holdings			Long Term Foreign Currency Holdings			Overall Net Position* / Core Capital**	
	Assets In FCY	Liabilities In FCY	Net Short Term Position	Assets In FCY	Liabilities In FCY	Long Term Net Position		
	1	2	3=1-2	4	5	6=4-5	7=3+6	8
USD	2,139.06	2,026.33	112.73	—	102.05	(102.05)	10.68	
EUR	4.77	4.84	(0.07)	—	—	—	(0.07)	
JPY	0.10	—	0.10	—	—	—	0.10	
GBP	0.27	0.11	0.17	—	—	—	0.17	
AED	0.01	—	0.01	—	—	—	0.01	
CHF	0.11	—	0.11	—	—	—	0.11	
SAR	1.18	—	1.18	—	—	—	1.18	
Total	2,145.50	2,031.28	114.22	—	102.05	(102.05)	12.17	0.37%
** Total Capital = BDT 3,322.65 Crore								

Report on Asset Liability Management

Currency wise exposure shows that UCB has maximum exposure in US dollar and EURO in second position. Overall exposure of UCB is BDT 12.17 Crore against open position limit is +/- BDT 380.18 core which was insignificant in relation to Total capital.

Value at Risk Analysis

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

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

Key Factors considered calculating the VaR on Foreign Exchange Position:

Method : Variance Covariance Approach

Sample Taken : 250 Observations of Last One Year

Confidence Interval: 97.50

Standard Deviation: 2.243

FX VaR during 2015	Amount in BDT
High	41,289.81
Low	1,565.06
Average	13,834.47
FX VaR Dec 31, 15	4,802.69

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

UCBL ALM

On the basis of the market outlooks UCB ALCO continued to take exposure on falling interest rate by cutting rate by

1.50% on different buckets. As desired by ALM desk, BDT 9,519.27 crore high-cost fund was re-priced during 2015. UCBL was able to reduce the cost of deposit by 0.85%. High concentration of Term deposit on 3 months bucket was a major challenge for us. However, because of active product pricing and offering of new deposit products, we were able to decrease the high cost deposit to 54.73% on 31 December, 2015 from 59.40%. During the period UCB ALCO gave more emphasis on deposit cost, in relation to that UCB achieved tremendous growth (of) 22.41% over 2014 on CASA deposit. On the asset side, bank maintained sufficient liquid asset as it bought large amount of bills/bonds to take exposure on interest rate and to utilize excess fund.

Overall, 2015 was a good years on balance sheet management as all the interest rate from ALM desk and bank was able to keep the balance sheet composition close to desired level.

Risk Management & Control Environment

This section contains:

- Report on Risk Management Framework, Mitigation Methodology and Risk Reporting
- Disclosure on Risk Based Capital Adequacy (Basel III)

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

Risk:

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

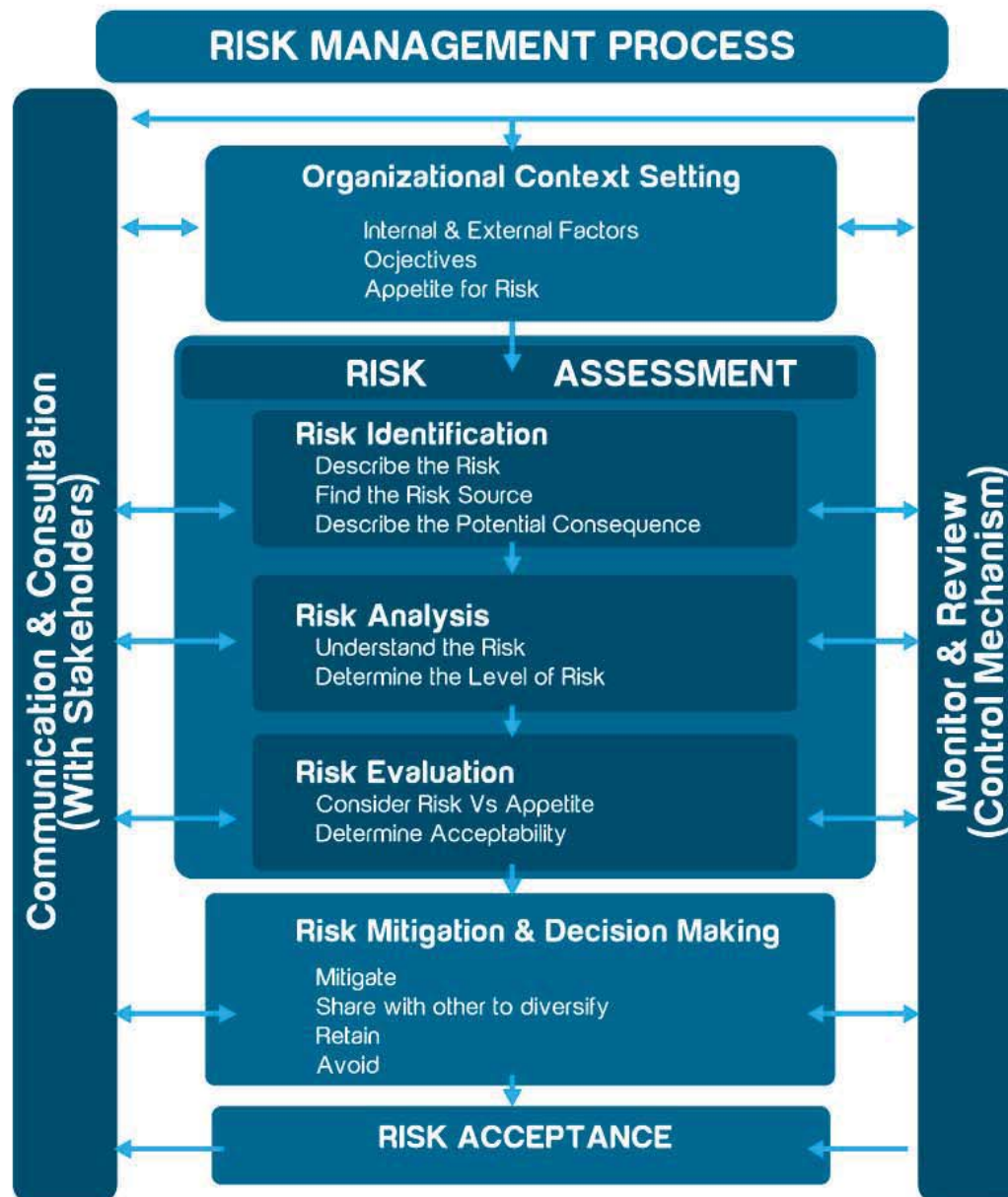
Risk in the Banking Business:

'Risk' is an inherent element in all walks of life including the Financial Sector, which is, quite naturally, exposed to very high risk. For this reason, this sector is extremely regulated and thereby, banks cannot afford to take redundant risks. Risks and uncertainties form an integral part of banking as it trades in risk-taking. Besides, intense competition in the banking industry worsens the situation further. Risk

Management has, therefore, become one of the prime concerns for the Banking industry. The Management is to deal with ideas of Risk Management on proactive basis rather than on traditional post-facto basis so that it can serve to maximize the shareholders' value efficiently.

Risk Management and Risk Taking:

UCB has a well established approach in the process of risk management. The process starts with the identification of key factors and completes with the evaluation of the system. It may be depicted as below:



Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

Risk Classification

Banks face different nature of risk that requires being identified, understood, measured and managed. The Basel III Capital Accord identifies three main sources of risk: Credit Risk, Market Risk and Operational Risk.

Credit Risk is defined as "the risk that a borrower defaults and does not honor its obligation to service debt". It occurs when the counterpart is unable to pay or cannot pay on time.

Market Risk is defined as "the risk of losses in on- and off-balance-sheet positions arising from movements in market prices." The main factors contributing to market risk are equity, interest rate, foreign exchange, and commodity risk.

Operational Risk is defined as "the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events". It includes risks of physical and logical security, transaction processing, operations control, technology and systems, as well as unique risk that arise due to outsourcing.

For prudent management of risks in the banking industry of Bangladesh: Bangladesh Bank has suggested six (06) risk management guidelines in different risk areas. Known as Core Risks, these guidelines are as under:



Risk Management Framework and Mitigation Methodology

A sound risk management structure is important to ensure that the bank's risk exposures are within the parameters set by the Board. Such structure should be commensurate with the size, complexity and diversity of the bank's activities. The risk management structure should facilitate effective board and senior management oversight and proper execution of risk management and control processes. At the minimum, the structure should contain the following:

Governance and Board Oversight:

The Board should be responsible for establishing the bank's overall strategy and significant policies relating to the management of individual risk elements to which it is exposed. At the minimum, the Board's responsibilities should include the following:

- Defining the risk appetite;
- Designing the organizational structure to manage risk within the bank;
- Understanding the inherent risks of the bank;
- Reviewing and approving risk management policies and re-reviewing at least annually;
- Enforcing and using adequate recordkeeping and reporting systems;
- Reviewing and approving limits and re-reviewing at least annually; and
- Monitoring compliance with overall risk management policies and limits

Risk Management Committee of the Board

The Risk Management Committee of the Board will play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board. In general, it will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.

In particular, the roles and responsibilities of the Risk Management Committee of the Board are enumerated below:

- To formulate and implement strategies/ policies/ guidelines/ processes/ procedures for risk assessment and control.
- To ensure that proper organizational structure and adequate trained manpower for risk management are in place. Also to supervise formation and activities of different Management level committees.

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

- iii) To review existing strategies/ policies/ guidelines/ processes/ procedure as well as different internal limits and suggest/ make necessary amendments.
- iv) To monitor and oversee:
 - (a) implementation of risk management strategies/ policies/ guidelines/ processes/ procedures,
 - (b) steps taken to mitigate the weaknesses in different areas identified by Management or external bodies/organizations,
 - (c) proper record keeping and reporting methods,
 - (d) maintenance of provision adequacy,
 - (e) maintenance of capital adequacy.
- v) To summon and scrutinize evaluation reports of internal/external auditors, if deemed necessary, and take measures accordingly.
- vi) To report the Committee's decisions and suggestions to Board of Directors.

Risk Management Committee at the Management Level

Risk Management Committee at the management level, headed by an AMD/DMD, has the responsibility for driving the risk management function. The Committee shall have a reporting relationship to the Board Risk Management Committee as per the directive of Bangladesh Bank. The responsibilities of the Committee are delineated as under:

- a) Identifying and reporting high-risk related matters, directly to the Board RMC.
- b) Setting targets for capital ratios and capital composition:
- c) Managing the balance sheet:
- d) Managing funding structure:
- e) Determining general principles for measuring, managing, and reporting the Bank's risks:
- f) Developing risk policies for business units:
- g) Determining the overall investment strategy:
- h) Identifying, monitoring, and managing the Bank's current and potential operational risk exposures:
- i) Handling 'Critical Risks' (risks that require follow-up and further reporting):
- j) Following up on reviews by and reports from Bangladesh Bank and informing the Board about unusual circumstances (if any):
- k) Following up on reports prepared by Internal Audit and informing the Board about unusual circumstances (if any):
- l) Preparing management information on issues such as IT security, physical security, business continuity, and compliance.

Risk Management Division

The Risk Management function should ensure effective management of the significant risks inherent in the operations of the bank. For each of the risks, the arrangements should cover the following areas, among others:

- a) Serving as secretariat of Risk Management Committee at the Management Level:
- b) Designing Bank's overall risk management strategy:
- c) Developing and overseeing implementation of Stress Tests:
- d) Measuring Capital Adequacy and evaluating risk under Risk Based Capital Adequacy Framework:
- e) Developing, testing, and observing use of models for measuring and monitoring risks:
- f) Informing the Board, Senior Management and ARC about the appetite for risk across the Bank:
- g) Communicating views of the Board, Senior Management and ARC throughout the Bank:
- h) Independently monitoring limits, in addition to the monitoring by the business units:
- i) Establishing risk management policies and procedures:
- j) Formulating guidelines on the handling of all property and liability claims involving the organization:
- k) Developing and implementing loss prevention/loss retention programs:
- l) Identifying and quantifying Bank's exposures to material loss:
- m) Securing and maintaining adequate loss coverage at the most reasonable cost:
- n) Adopting proper financial protection measures through risk transfer, risk avoidance, and risk retention programs:
- o) Determining the most cost-effective way to construct, refurbish, or improve the loss protection system of any facility leased, rented, purchased, or constructed by the Bank:
- p) Managing claims for insured and uninsured losses: and
- q) Participating on all contract negotiations involving insurance, indemnity, or other pure risk assumptions or provisions prior to the execution of the contracts.

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

Risk Management Division of UCBL, headed by Chief Risk Officer, followed by Head of Risk Management Division, along with 08 specific desks, performs as per the following organogram.



Basel Implementation Unit

To ensure better coordination and effective implementation of Basel framework, the Bank has formed a "Basel Implementation Unit" with the following responsibilities:

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

Supervisory Review Process (SRP) Team

Supervisory Review Process (SRP) includes regulations of bank's own supervisory review of capital positions, aiming to reveal whether a bank has prudent risk management and sufficient capital to cover the risk profile. The elements of the Supervisory Review Evaluation Process (SREP) include the evaluation of the bank's SRP by Bangladesh Bank along with dialogue between Bangladesh Bank and bank's exclusive SRP team.

As per the decision of the Board of the Directors in its meeting no. 359 dated. 09.01.2014 formed the Supervisory Review Process (SRP) team headed by the Managing Director. The SRP team of UCBL looks after for the five following areas:

- A valid capital analysis – processes to establish correlation between risk management and required capital
- Comprehensive risk analysis – identification and assessment of relevant risks and their management
- Adequate oversight and governance by the board of directors and top management
- Monitoring and reporting – establishment of a structure of regular reporting on the bank's risk profile and capital position along with stress test findings.

- Internal audit mechanisms – independent review under the framework of the internal control system (Internal governance)

Understanding the Risks and its Management:

Every function of the banking business has an element of risk and success of this business lies in prudent identification, assessment and monitoring of these risks. Although Banks have been doing these (prudently or imprudently) for ages, several tools and techniques have been developed recently by different regulators and supervising bodies to bring uniformity in the approach. As for UCB, we are focusing on the risks from two broad perspectives – Core Risk Management and Basel Framework (Presently Basel III regime is running). Therefore, the risks can be described from both perspectives.

Addressing Risks Management:

The Bank has taken a number of initiatives to identify, measure, and manage the risks associated to the banking activities posed by the ever changing business environment. UCB has taken appropriate initiatives to manage the Core Risks.

A. Credit Risk:

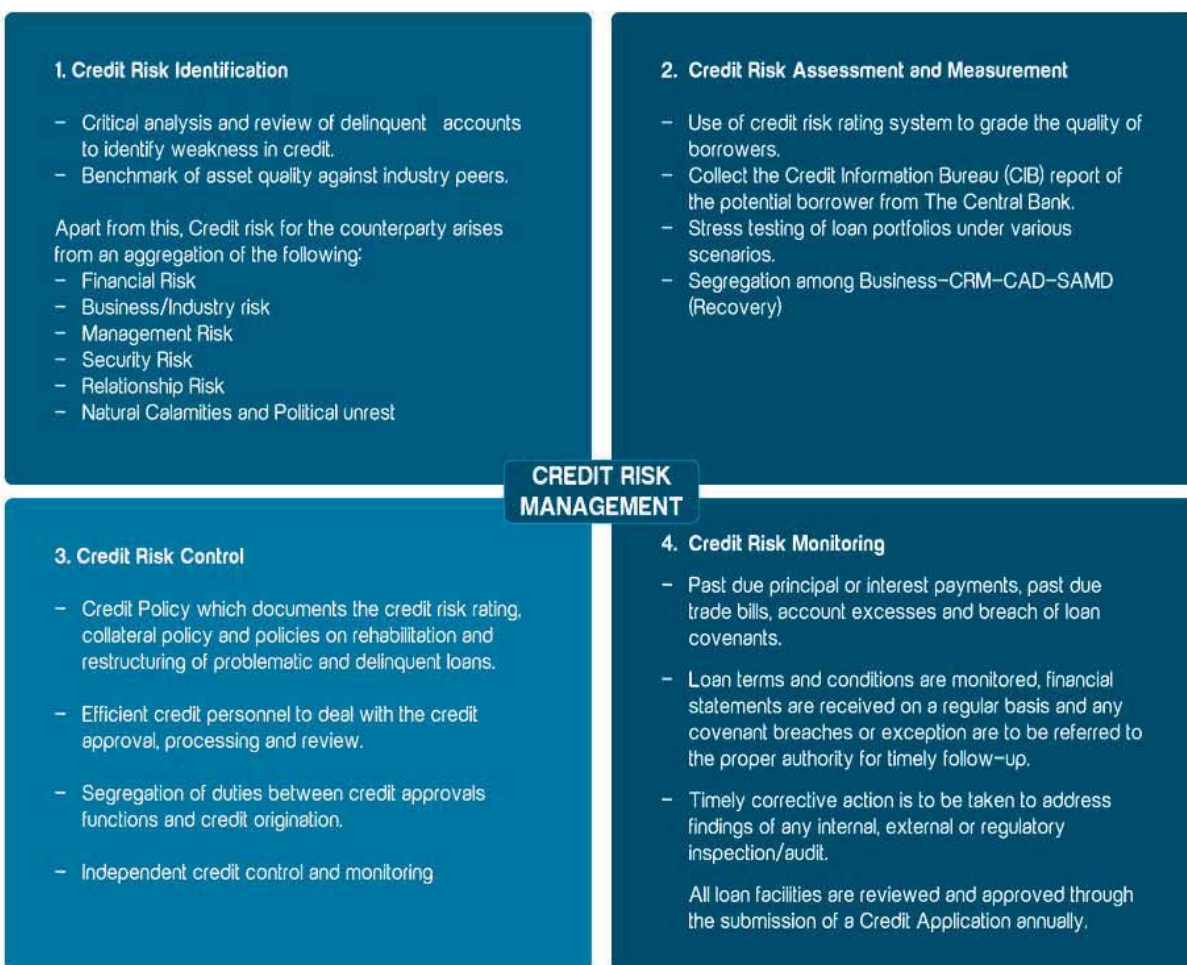
The world over, credit risk has proved to be the most critical of all risks faced by a banking institution. Credit Risk arises as a result of customers or counter-parties not being able to or willing to fulfill their financial and contractual obligations as and when they fall due. These obligations arise from lending, trade financing and other activities undertaken by the Bank. So, Credit Risk is the potential loss of profit as a result of the failure of the borrower or the counter parties to meet their obligations in accordance with agreed terms.

It is a real challenge for credit risk managers to correctly identify pockets of risk concentration, quantify extent of risk.

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

The two distinct dimensions of credit risk management can readily be identified as preventive measures and curative measures. Preventive measures include risk assessment, risk measurement and risk pricing, early warning system to pick early signals of future defaults and better credit portfolio diversification. The curative measures, on the other hand, aim at minimizing post-sanction loan losses through such steps as securitization, derivative trading, risk sharing, legal enforcement etc. carried, identify opportunities for diversification and balance the risk-return trade-off in their credit portfolio.

UCB has placed strong emphasis in creating credit risk awareness among all lending employees within the Bank. Credit Risk awareness programs are conducted regularly to create a risk aware culture and empower staff with the capability to identify and manage credit risks more effectively. Selection and training of lending personnel is considered a key process in the management of credit risk. The key methods used to identify, assess, control and monitor the Credit Risk of the Bank are as follows:



Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by the risk review units and recommend the loan to the approval authority. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases.

B. Foreign Exchange Risk

FX Risk refers to the potential change in earnings resulted from exchange rate fluctuations, adverse exchange positioning or change in the market prices. FX Risk of the Bank is minimal, as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance requirements. This risk usually affects import-export business, but it can also affect investors making international investments.

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

If money is converted to another currency to make an investment, then any changes in the currency exchange rate will cause that investment's value to either decrease or increase when the investment is sold and converted back into the original currency. FX Risk may arise from:

- Exchange Rate fluctuations
- Adverse Foreign Exchange position of the Bank,
- Changes in market price of Foreign Exchange

FX Risk management is one of the important responsibilities of the Treasury and International Divisions of the Bank. Regular FX operations are done confirming the Central Bank's guidelines. Treasury Division conducts the FX transactions and the Back Office of the Treasury Division is responsible for verification of the deals and passing of their entries in the books of account. All Nostro accounts are reconciled on a monthly basis and the management for its settlement reviews outstanding entry beyond 30 days. The position maintained by the Bank at the end of day was within the stipulated limit prescribed by the Central Bank. UCB has adopted a policy guideline with a view to reducing the FX Risk.

C. Asset Liability Management Risk

Asset and Liability Management is the practice of managing risks that arise due to mismatches between the assets and liabilities. Asset Liability Management (ALM) is a strategic management tool to manage interest rate risk, liquidity risk and foreign exchange risk faced by banks and other financial institutions. Banks manage the risks of Asset liability mismatch by matching the assets and liabilities according to the maturity pattern or the matching the duration. The key to successful Asset & Liability Management is to understand the uncertainties in return on investments (Assets) and the uncertainties in the amount and the duration of payouts (Liability). ALM /Balance Sheet risk can be classified into three major types:



Liquidity Risk arises when bank may not meet its financial obligations/commitment as they become due. Liquidity risk also includes the inability of the bank to liquidate any assets at reasonable price in a timely manner. An investment may sometimes need to be sold quickly. An insufficient secondary market may limit the funds that can be generated from the asset. Some assets are highly liquid and have low liquidity risk (stock of a publicly traded company), while other assets are highly illiquid and have high liquidity risk (Building).

Interest Rate Risk is possible loss from adverse movements in market interest rates. Changes in interest rates affect a bank's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. An investment's value will change due to a change in the absolute level of interest rates. Such changes usually affect securities inversely and can be reduced by diversifying or hedging (through an interest rate swap).

FX Risk is also involved with Balance Sheet. Foreign Exchange risk is potential loss arising from movements in foreign currency exchange rate. Foreign exchange risk and its management by the Bank have already been discussed.

D. Money Laundering Risk

Money Laundering Risk can be defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. The Bank has a designated Chief Compliance Officer at Head Office and Compliance Officers at branches, who independently review the transactions of the accounts to verify suspicious transactions.

The convergence of several remarkable changes in the world markets propelled Money Laundering to become a worldwide problem. UCB considers Money Laundering and Terrorist Financing Risk not only a compliance requirement of the regulatory bodies but also as one of its core business values. The Board of Directors and the Management are firmly committed to combat Money Laundering activities.

E. Internal Control and Compliance Risk

Internal control can be defined as a system in place, on a permanent basis, to control the activities in an organization to accomplishing specific goals or objectives. It is the process by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources. At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational/strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organization's payments to third parties are for valid services rendered.) Internal control can provide reasonable, not absolute, assurance that the objectives of an organization will be met. Effective internal control implies the organization generates reliable financial reporting and substantially complies with the laws and regulations that apply to it.

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

Effective internal control leads an organization to be more sustainable. Ensuring efficiency and effectiveness in operational activities: reliability, completeness and timelines of financial disclosures and compliance with applicable laws & regulations, there is no alternative to effective internal control system.

F. Information Technology Risk

In a very short space of time, banks and other financial institutions have become more dependent on internet, computer and other electronic data to run their daily operations. Risks surrounding IT, such as network failure, lack of skills, hacking and viruses and poor system integration have the potential to have a negative impact on an organization. Rather, information and communication technology is changing over the time. The Bank has taken initiatives to serve its customers through the modern technology.

Clear policies and procedures have been formulated, training programs have been arranged, roles and responsibilities of all relevant officials have been defined with a view to maintain IT risk effectively. So, the Bank is in a place to manage the IT Risk efficiently taking a good number of initiatives:

●Introducing Core Banking System

Recognizing the importance of assuring real time risk management process on proactive basis, the Bank has been implemented the core banking system across all business and functional areas of the Bank. With the completion of the system, the Bank avail itself on readily available information more authentically and there by estimate the probable adverse movements well ahead of its occurrence.

●Automation and Delivery Channels

To provide more convenient and efficient service to the customers, the Bank has improve the branch automation and delivery channels. UCB provides online services to the customers including Debit Card and Credit Card facilities. The Bank has already completed implementation of Centralized Core Banking Solutions.

●Disaster Recovery Site

Data is protected and secured in various ways. Data is kept in secured place prescribed by the Bank's policy. The Bank implemented a disaster recovery site that would be activated in case of disaster, which brought and restored data in authenticated way.

●IT Audit Team

A IT Audit Team has been formed as per the Central bank's guideline. The Team members audit the Branches and Divisions. They follow the prescribed guideline, solve the unsettled issue and also suggests to the higher Management for needful action.

●Training for the Concerned Officers

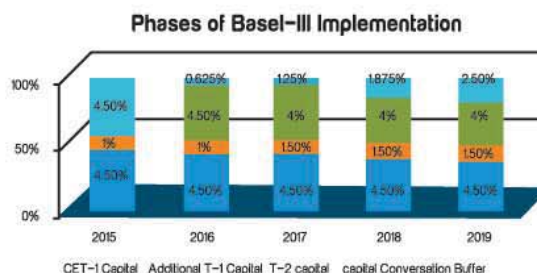
IT Division takes necessary initiatives to conduct training courses for the Bank's employees. Trainings are being conducted time to time enabling the employees to handle the IT Risk in an efficient manner.

Compliance of Basel III Framework & Introducing of Global Liquidity Standard:

In line with the regulatory framework under Basel III regime provided by Bangladesh Bank, UCB has been maintaining a strong capital base in respect of its risk exposure. The total eligible capital held by the Bank has fully covered the requirement against credit risk, market risk & operational risk under pillar 1 of Basel III framework. In addition, the Bank calculates additional capital requirement for residual risk, concentration risk, liquidity risk, interest rate risk of banking book, reputation risk, strategic risk, settlement risk, environmental risk and other material risks under the Internal Capital Adequacy Assessment Process (ICAAP) of Pillar 2. The Bank has maintained a strong capital position to support this additional regulatory capital. However, the ultimate aim is to manage the asset portfolio of the Bank as per its risk appetite so that the trade-off between risk and profitability stays at optimum level.

Preparedness in Implementation of Basel-III

Bangladesh Bank Vide BRPD Circular no.18 dated December 21, 2014 Issued Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital framework of Banks in the line with Basel-III) where provide the road map for the implementation Basel-III framework is mentioned is as under:



- According to guidelines on Basel-III the minimum capital requirement for tier-1 capital will be 6.00% which is to be built by 2019 but presently UCB's Processes 8.20% tier-1 capital which is much higher than the required ratio.
- Including capital conversation buffer of 2.50% which is to be built from 2016 to 2019, the common equity tier-1 capital requirement will be 7.00% while UCB's has much above the requirement.

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

- The total minimum Capital requirement as per Basel-III will be 12.50% (from 2019) including capital conservation buffer where UCB's capital adequacy as on December 2015 remains 12.16% which is almost nearer to the requirement.

Global Liquidity Standard:

To strengthen the liquidity management framework of the banks: two liquidity standard – Liquidity Coverage Ratio and Net Stable Funding Ratio have been introduced by the Basel Committee. These standards have been developed to achieve two separate but complementary objectives that ensure the bank maintains an adequate level of unencumbered, high-quality liquid assets and available stable funding to meet its liquidity needs.

Liquidity Coverage Ratio (LCR):

Liquidity Coverage Ratio is a new liquidity standard built on the methodologies of traditional liquidity coverage ratio used by banks to assess exposure to contingent liquidity events. LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days.

Net Stable Fund Ratio (NSFR):

Net Stable Funding Ratio is another new liquidity standard introduced by the Basel Committee. The NSFR aims to limit

over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on and off-balance sheet items.

The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF).

Leverage:

The Leverage Ratio is a non-risk based measure has been introduced to monitor and measure build-up of leverage on credit institutions– balance sheets aiming at containing the cyclicity of lending. It is calibrated to act as a credible supplementary measure to the risk based capital requirements.

Stress Testing & Shock Absorption Ability:

Besides the plan to the path of success, UCB also prepares for the worst case events by conducting some sensitivity analysis on its capital. Stress Testing has been used, as suggested by Bangladesh Bank for an estimation of adverse pressure on the capital of the Bank in different challenging condition with different magnitudes.

Different Shocks	Existing CRAR (%)	CRAR After Shocks (%)		
		Minor	Moderate	Major
Increase in NPLs due to default of top large borrowers	12.16	10.96	9.61	9.12
Decrease in FSV of the Collateral	12.16	11.85	11.54	10.92
Increase in NPLs	12.16	11.48	9.76	6.75
Negative Shift in NPLs Categories	12.16	11.85	11.54	10.91
Interest Rate	12.16	11.77	11.37	10.98
Foreign Exchange Rate	12.16	12.16	12.16	12.16
Equity Shock	12.16	12.06	11.95	11.73

Reinforcement of Risk Management in banks and Risk Reporting:

Department of Off-Site Supervision of Bangladesh Bank has issued a very important circular letter (No.13 dated 09.09.2015) to further strengthen the risk management system in the Banking industry through a number of measures including determination of risk appetites by the Banks on yearly basis for all possible measurable risk areas. A "Comprehensive Risk Management Reporting" for evaluation of risk management rating of the banks. In addition to the above issues the bank has also been instructed to comply with the following issues:

- The RMD reports the high-risk related matters directly to the Board risk management committee identified by the management-level risk management committee, as well as provide a copy to the Managing Director/Chief Executive Officer of the banks for acknowledgement.
- The responsibility of monitoring and implementation of required corrective action, related to objections revealed in the inspections conducted on the basis of the core risk management guidelines is entrusted with the RMD of the bank.

Report on Risk Management Framework, Mitigation Methodology and Risk Reporting

Risk Reporting:

Type of Risk	Reporting and Management Actions
Credit risk	<p>Gross NPL and net NPL (Gross NPL less specific provision and interest suspense) as percentage of Loans and Advances for the last year were 5.23% and 1.90% respectively.</p> <p>Different strategies were adopted to identify accounts reflecting signs of delinquency and proactive measures were taken to prevent such accounts migrating to the non performing category. Furthermore the recovery processes were strengthened and minimum regulatory loan loss provision has been provided.</p> <p>Sectoral exposure concentration risk is measured by Harfindahl–Hirschman Index (HHI). As on 31 December 2015 index indicates low concentration.</p>
Liquidity risk	<p>Bank has implemented stress tests to measure the resilience of its liquidity if average withdrawal increased by six percent in consecutive five working days. Stress test result as on 31 December 2015 shows that the bank will remain liquid under such stress.</p>
Foreign Exchange risk	<p>Bank mainly holds USD and there is a regulatory limit for Net Open Position, time to time set by Bangladesh Bank. In 2015, exchange rate was stable though local currency gained against US dollar.</p> <p>Value at Risk (VaR) is calculated following historical value method and limits are monitored regularly. If FX VaR exceeds internal limit, the issue immediately raised to the competent authority/Managing Director & CEO of the bank.</p>
Operational risk	<p>Operational Risk Management Policies reviewed and updated in line with regulatory developments and internal decisions.</p>

Borrowers' Rating

As prescribed by Bangladesh Bank (BB), all banks in Bangladesh assessing credit risk under the Standardized Approach of the Risk Based Capital Adequacy framework (Basel III), where External Credit Assessment Institutions (ECAIs) duly recognized by BB performs borrower rating against which risk weight mapped with the credit rating category and risk weighted assets (RWA) is determined for calculating the capital requirement of banks against credit risk.

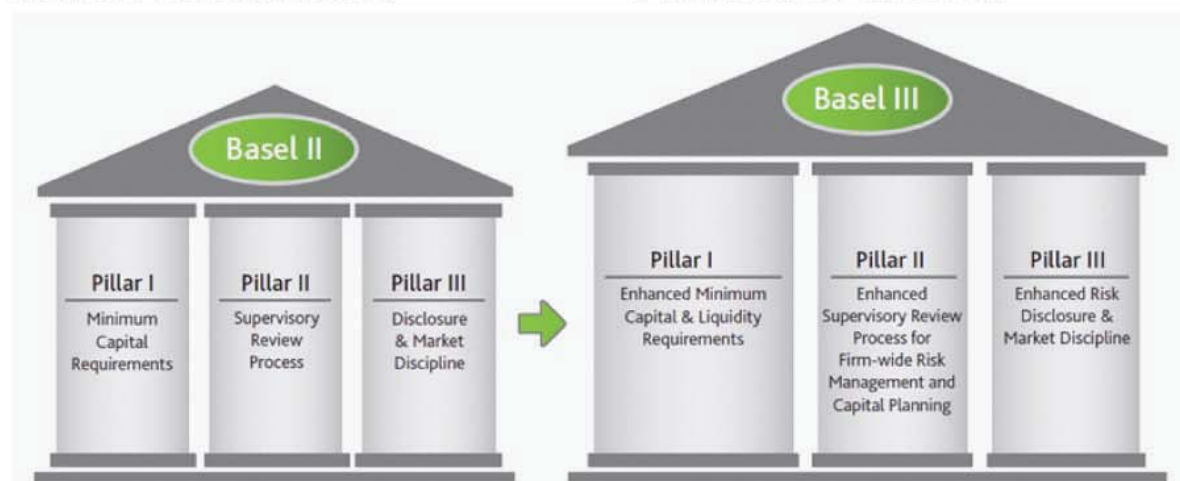
With a view to smooth capital measurement and capital standards, the management of UCB decided to conduct Credit Rating for Corporate and eligible SME Borrowers through External Credit Rating Assessment Institutions (ECAIs).

Capital Management is one of the key strategic issues these days in the banking business. Borrower rating not only plays an important role in improving capital adequacy of the bank but also helps the bank to understand the risk associated with the borrowers. As a result of vigorous effort and continuous persuasion, out of total 902 nos. of eligible corporate borrowers of UCB having exposures of BDT 10 million and above, rating of 337 nos. of borrowers (37.36 percent of eligible corporate borrowers) has been completed till December 31, 2015. Moreover, rating of 411 no. of SME borrowers has been completed till December 31, 2015.

Disclosures on Risk Based Capital (Basel III)

"Market Discipline", which is basically a set of disclosures, is one of the most important components in the Basel Framework Management. It is 3rd Pillar of the Basel II & III Regulations. Bangladesh Bank has clearly spelled out the disclosure requirements under this Pillar in the "Guidelines on Risk Based Capital Adequacy" issued through its BRPD Circular No. 18 dated December 21, 2014.

It is to be mentioned here that from the year 2015, we have started transiting from the Basel II to Basel III regime/framework that will be completed by the year 2019. The new framework is also composed of three-mutually reinforcing pillars i.e. Minimum Capital Requirement, Supervisory Review Process and Market Disclosure but at an enhanced level as is depicted below:



Pillar-1: Credit Risk, Market Risk and Operational Risk are the constituents of this Pillar, which require the Bank to maintain the minimum level of capital i.e. Minimum Capital Adequacy. United Commercial Bank Ltd. uses Standardized Approach for assessing the Credit and Market Risks while Operational risk is measured through the Basic Indicator Approach.

Pillar-2: Apart from the above, all other risks are assessed through the SRP-SERP (Supervisory Review Process-Supervisory Review and Evaluation Process) mechanism under this Pillar. The Additional Capital Requirement of a Bank is estimated through Internal Capital Adequacy Assessment Process (ICAAP). Bangladesh Bank, as the supervisor of Banks in Bangladesh, ultimately decides on this additional requirement through the Face-to-Face SRP-SREP dialogue.

Pillar-3: Market discipline i.e. Pillar-3 comprises a set of disclosures on the capital adequacy and risk management framework of the Bank. Market discipline is aimed to complement the Minimum Capital Requirements and the Supervisory Review Process. These disclosures are intended for market participants to access key information for eventual assessment of the position of a bank regarding holding of assets and to identify the risks relating to the assets as well as the capital adequacy to meet probable loss of assets. This disclosure framework also allows the stakeholders making comparison among the banks operating in the market. In Addition of these pillars, Basel III framework has also introduced Leverage Ratio, which is a non-risk-based measure of On & Off-Balance Sheet

leverage in the banking sector and performs as a supplementary measure to the risk based capital requirement and two other ratios, namely: Liquidity Coverage Ratio and Net Stable Funding Ratio to address the liquidity risk more meticulously.

1.00 Scope of Application

The disclosure made in the following sections has addressed United Commercial Bank Limited as a single entity (Solo Basis) as well as a consolidated entity (Consolidated Basis), the scope of which is asunder:

- 'Solo Basis' refers to all position of the Bank including the Offshore Banking Unit.
- 'Consolidated Basis' refers to all position of the Bank and its subsidiary companies.

The consolidated financial statements of UCBL consist of the statements of:

- United Commercial Bank Limited
- UCB Capital Management Limited
- UCB Investment Limited

A brief description of the Bank and its subsidiaries is given below:

● United Commercial Bank Limited

United Commercial Bank Limited (UCBL) was incorporated in Bangladesh as a public limited company with limited liability on 26 June 1983 under Companies Act 1913 to carry on banking business in Bangladesh. Bangladesh Bank gave the permission for commencement of its business on 13 November 1983.

Disclosures on Risk Based Capital (Basel III)

The Bank presently has a business network comprising 158 branches, 01 (One) Off-shore Banking Unit and 02 (Two) subsidiaries as on 31 December 2015. It is a conventional commercial bank. The bank offers services for all commercial banking needs of the customers, which include deposit banking, loans & advances, export import financing, inland and international remittance facility etc. The bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company.

The registered office of the Bank is located at Plot # CWS (A)1, Gulshan Avenue, Dhaka-1212, which is also the principal place of its business.

Subsidiaries of United Commercial Bank Limited:

● UCB Capital Management Limited

UCB Capital Management Limited, a subsidiary of United Commercial Bank Limited, has incorporated in Bangladesh as private limited company with limited liability on 20 November 2007. The activities of the company include brokerage service, margin loan etc. As of now, the company is carrying out its activities under the license of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. UCBL holds 51,34,999 nos. of shares of UCB Capital Management Limited with face value of Tk. 100 each which is equivalent to 99.99998% of total shares of the company.

● UCB Investment Limited

UCB Investment Limited was incorporated in Bangladesh as a private limited company with limited liability as on 3 August of 2011 under Companies Act 1994. The principal objective of the company is to carry out full-fledged merchant banking activities i.e. portfolio management, share transfer agent, fund management to issue in the capital and security market, underwrite, manage and distribute the issue of stock shares, bonds and other securities. The principal place of business and the registered office of the company is located at Sara Tower (9th Floor), 11/A Toyenbee Circular Road, Motijheel C/A, Dhaka - 1000.

UCBL holds 24,975,000 nos. of shares of UCB Investment Limited with face value of Tk. 10 each which equivalent to 99.90% of total shares of the company.

● Off-shore Banking Unit (OBU)

United Commercial Bank Ltd. has an Offshore Banking Unit, as a separate business unit transacting exclusively in Foreign Currency, established under the Rules and guideline of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(117)/2010-2577 dated 9th June, 2010. The Bank commenced the operation of its Off-shore Banking Unit from November 10, 2010. Presently, the Bank has 01 (One)

unit in Dhaka operating under the Rules and guideline of Bangladesh Bank.

2.00 Capital Structure

Capital serves as a buffer to absorb unexpected losses as well as to fund ongoing activities of the firm. It can be defined as "the buffer storage of cash and safe assets that banks hold and to which they need access in order to protect creditors in case the bank's assets are liquidated". The bank's capital ratio is a measure of its financial health. Capital is the funds – traditionally a mix of equity and debt – that banks have to hold in reserve to support their business.

The capital structure of the Bank is categorized into two tiers – Tier I and Tier II capital: as per the Risk Based Capital Adequacy guidelines (December 2014) of Bangladesh Bank. The components of the total regulatory capital are enumerated as under:

1. Tier 1 Capital (going-concern capital)
 - a) Common Equity Tier 1
 - b) Additional Tier 1
2. Tier 2 Capital (gone-concern capital)

Tier 1 Capital: (Going-Concern Capital)

Going-concern capital is the capital which can absorb losses without triggering bankruptcy of the bank. Thereby, Tier 1 capital is the core measure of a bank's financial strength from a regulator's point of view.

Tier 1 Capital is comprised of Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1). The components Common Equity Tier 1 (CET1) capital is given below:

- a) Paid up capital
- b) Non-repayable share premium account
- c) Statutory reserve
- d) General reserve
- e) Retained earnings
- f) Dividend equalization reserve
- g) Minority interest in subsidiaries, i.e., common shares issued by consolidated subsidiaries of the bank and held by third parties

Additional Tier 1 (AT1) capital consists of the following items:

- a) Non-cumulative Irredeemable Preference Shares
- b) Instruments issued by the banks that meet the qualifying criteria for AT1 (The instrument is perpetual i.e. there is no maturity date)
- c) Minority Interest, i.e., AT1 issued by consolidated subsidiaries to third parties

Disclosures on Risk Based Capital (Basel III)

Tier 2 Capital: (Gone-Concern Capital)

Gone-concern capital is the capital which will absorb losses only in a situation of liquidation of the bank. Gone-concern capital also called Tier 2 capital. Gone-Concern Capital represents other elements which fall short of some of the characteristics of the core capital but contribute to the overall strength of a bank.

Tier 2 capital consists of the following items:

- General Provisions: (Maximum 1.25 percentage point of credit risk weighted assets)
- All other preference shares
- Subordinated debt/instruments issued by the banks

that meet the qualifying criteria for Tier 2 capital: (Minimum original maturity of at least five years)

- Minority Interest i.e. Tier-2 issued by consolidated subsidiaries to third parties;
- Revaluation Reserves (50% Fixed Assets and Securities 10% of equities) [The amount to be erased 20.00% each year starting from January 2015]

As per the guidelines of Bangladesh Bank, Tier-1 Capital of UCB consists of (i) Fully Paid-up Capital, (ii) Non-repayable Share Premium Account, (iii) Statutory Reserve, (iv) General Reserve, (v) Retained Earnings and (vi) Minority Interest in Subsidiaries.

The amount of Regulatory capital of the Bank as on December 31, 2015 is stated below:

		(BDT in million)	
Sl.	Particulars	Solo	Consolidated
1.0	Tier-1 (Going-Concern Capital)		
1.1	Common Equity Tier 1 (CET1)		
1.1.1	Paid-up Capital	10,039.34	10,039.34
1.1.2	Non-repayable Share premium account	1,454.98	1,454.98
1.1.3	Statutory Reserve	8,337.16	8,337.16
1.1.4	General Reserve	26.58	26.58
1.1.5	Retained Earnings	2,548.15	2,621.99
1.1.6	Dividend Equalization Reserve	0.00	0.00
1.1.7	Minority Interest in subsidiaries	0.00	0.00
	Sub-Total:	22,406.21	22,480.05
1.2	Additional Tier 1 (AT1)		
1.2.1	Non-cumulative Irredeemable Preference Shares	0.00	0.00
1.2.2	Instruments (Perpetual in nature)	0.00	0.00
1.2.3	Minority Interest: i.e., AT1 issued by consolidated subsidiaries	0.00	0.00
	Sub-Total:	0.00	0.00
	Total Tier 1 Capital	22,406.21	22,480.05
2.0	Tier-2 (Gone-Concern Capital)		
2.1	General Provision (Maximum 1.25 percentage of credit RWA)	2,925.08	2,933.35
2.2	Subordinated debt	6,600.00	6,600.00
2.3	Revaluation Reserves	1,295.16	1,295.16
	Total Tier 2 Capital	10,820.24	10,828.51
3.0	Regulatory Adjustments/Deduction from capital	0.00	0.00
	Total Eligible Capital	33,226.45	33,308.56

3.00 Capital Adequacy

Methodology of Capital Adequacy Determination:

The Bank has computed the Capital Adequacy Ratio adopting the following approaches:

- Standardized Approach for Credit Risk to compute Capital Adequacy under Basel III, using national discretion for:

- Accepting the credit rating agencies as external credit

assessment institutions (ECAI) for claims on Corporate & eligible SME Customers:

- Accepting Credit Risk Mitigation (CRM) against the financial securities.

- Standardized (Rule Based) Approach for Market Risk; &
- Basic Indicator Approach for Operational Risk.

Disclosures on Risk Based Capital (Basel III)

Assessment of the adequacy of capital: For assessing Capital Adequacy, the Bank has adopted Standardized Approach for Credit Risk measurement, Standardized (Rule Based) Approach for Market Risk measurement and Basic Indicator Approach for Operational Risk measurement.

The Bank focuses on strengthening risk management and control environment rather than increasing capital to cover up weak risk management and control practices. UCB has been generating most of its incremental capital from retained profit (stock dividend and statutory reserve transfer etc.) to support incremental growth of Risk Weighted Assets (RWA). Besides meeting regulatory capital requirement, the

Bank maintains adequate capital to absorb material risks foreseen. Therefore, the Bank's Capital Adequacy Ratio (CAR) remains consistently within the comfort zone. During the year 2015, the CAR ranges from 10.17 % to 12.21% on **consolidated basis** and from 10.14% to 12.16% on **solo basis** against minimum requirement of 10% of RWA. Risk Management Division (RMD) under the guidance of the SRP Team/Risk Management Committee at management level and Basel implementation Unit is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to.

The Capital Requirement and Capital to Risk-weighted Asset Ratio (CRAR) of the Bank as on December 31, 2015 are as under:

(BDT in million)

Particulars	Solo	Consolidated
Capital requirement for Credit Risk	24,359.56	24,290.33
Capital requirement for Market Risk	745.52	747.09
Capital requirement for Operational Risk	2,227.63	2,235.31
Total Capital Requirement under Pillar-I	27,332.71	27,272.73
Capital to Risk-weighted Asset Ratio (CRAR)	12.16%	12.21%
Common Equity Tier 1 Capital to Risk-weighted Asset Ratio	8.20%	8.24%
Tier 1 Capital to Risk-weighted Asset Ratio	8.20%	8.24%
Tier 2 Capital to Risk-weighted Asset Ratio	3.96%	3.97%
Capital Conservation Buffer	2.16%	2.21%
Available Capital under Pillar 2 Requirement	5,893.74	6,035.83

4.00 Credit Risk

The possibility of incurring loss due to inability of a borrower or counterparty to honor its obligations or fulfilling their commitment in accordance with the agreed terms and conditions is termed as credit risk. In other words, it is the loss associated with degradation in the credit quality of borrowers or counterparties. In a Bank's portfolio, losses stem from outright default due to the inability or unwillingness of the customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions. Alternatively, losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality. Credit risk emanates from a bank's on and off-balance sheet dealings with an individual, firm, company, corporate entity, bank, financial institution or a sovereign.

Past Due/Impaired Loans

Bank classifies loans and advances (loans and bill discount in the nature of an advance) into performing and non-performing loans (NPL) in accordance with the Bangladesh Bank guidelines in this respect. An impaired NPA is defined as a loan or an advance where interest and/or installment of principal remain overdue for more than 60 days in respect of Continuous loan, Demand loan or Term Loan etc.

Classified loans are categorized under following 03 (three) categories:

1. Sub-standard
2. Doubtful
3. Bad & Loss

Any continuous loan will be classified as:

- 'Sub-standard' if it is past due/overdue for 3 months or beyond but less than 6 months.
- 'Doubtful' if it is past due/overdue for 6 months or beyond but less than 9 months.
- 'Bad/Loss' if it is past due/overdue for 9 months or beyond.

Any Demand Loan will be classified as:

- Sub-standard' if it remains past due/overdue for 3 months or beyond but not over 6 months from the date of claim by the bank or from the date of creation of forced loan.
- Doubtful' if it remains past due/overdue for 6 months or beyond but not over 9 months from the date of claim by the bank or from the date of creation of forced loan.

Disclosures on Risk Based Capital (Basel III)

● Bad/Loss' if it remains past due/overdue for 9 months or beyond from the date of claim by the bank or from the date of creation of forced loan.

In case of any installment(s) or part of installment(s) of a Fixed Term Loan is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'.

In case of Fixed Term Loans:

- If the amount of "past due installment" is equal to or more than the amount of installment(s) due within 3 (three) months, the entire loan will be classified as "Sub-standard".
- If the amount of "past due installment" is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Doubtful".
- If the amount of "past due installment" is equal to or more than the amount of installment(s) due within 9 (nine) months, the entire loan will be classified as "Bad/Loss".

In case of Short-term Agricultural and Micro-Credit, the loans will be considered:

- 'Substandard' if the irregular status continuous for a period of 12 months from the stipulated due date as per loan agreement;
- 'Doubtful' if the irregular status continuous for a period of 36 months from the stipulated due date as per loan agreement;
- 'Bad/Loss' if the irregular status continuous for a period of 60 months from the stipulated due date as per loan agreement;

Approaches followed for Specific & General Allowances and Statistical Methods

As per the guideline of Bangladesh Bank regarding the provisioning of loans & advances, the Bank has followed the following approaches in calculating the Specific & General Allowances:

Types of Loans & Advances		Rate of Provision Requirement				
		UC	SMA	SS	DF	BL
Consumer	House Building & Professionals	2%	2%	20%	50%	100%
	Other than Housing Finance & Professionals to setup business	5%	5%	20%	50%	100%
Brokerage House, Merchant Banks, Stock Dealers, etc.		2%	2%	20%	50%	100%
Short term Agri. Credit and Micro Credit		2.50%	2.50%	5%	5%	100%
Small & Medium Enterprise Finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

Methods used to measure Credit Risk

As per Central Bank's Guidelines, the Bank follows Standardized Approach for measurement of Credit Risk adopting the credit rating agencies as External Credit Assessment Institutions (ECAIs) for claims on Bank & Non-banking Financial Institutions (BNBFIs), Corporate & eligible SME Customers and Credit Risk Mitigation (CRM) against the financial securities & guarantees of loan exposure.

Credit Risk Management

Credit risk arises while the borrowers or counterparty to a financial transaction fails to discharge an obligation as per agreed covenants, resulting in financial loss to the Bank. Credit exposures may arise from both the banking and trading books as well as Off-Balance sheet exposures. Credit risk is managed in the UCBL through a framework that spell out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit

approval authority framework. Credit policies and standards are considered and approved by the Board of Directors.

1.1 Credit Risk Identification

Risk measurement plays a central role, along with judgment and experience, in informing risk taking and portfolio management decisions. The standard credit risk grading (CRG) system is used in both Corporate and SME Banking. The grading is used to assess the client along with a range of quantitative and qualitative factors. Our credit grades against Corporate & Medium clients are supported by external credit grades, and ratings assigned by external ratings agencies.

1.2 Credit Approval

Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by and recommended for approval to the competent authority by the risk review units. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases.

Disclosures on Risk Based Capital (Basel III)

1.3 Credit Monitoring

We regularly monitor credit exposures, portfolio performance, and external trends through relationship and credit administration team at Branch and Corporate Office. Internal risk management reports containing information on key environmental, political and economic trends across major portfolios; portfolio delinquency and loan impairment performance; as well as credit grade migration are presented to risk committee Problematic Account Monitoring Cell (PAMC). The PAMC meets regularly to assess the impact of external events and trends on the credit risk portfolio and to define and implement our response in terms of appropriate changes to portfolio shape, underwriting standards, risk policy and procedures. Accounts or portfolios are placed on Early Alert (EA) when they display signs of weakness or financial deterioration. Such accounts and portfolios are subjected to a dedicated process overseen by the Special Asset Management Division. Account plans are re-evaluated and remedial actions are agreed and monitored. In Retail/Consumer Banking, portfolio delinquency trends are monitored continuously at a detailed level. Individual customer behavior is also tracked and informed in lending decisions. Accounts which are past due are subject to a collections process, monitored in collaboration with the Relationship manager by the Risk function. Charged-off accounts of the Bank are managed by specialist recovery teams of Special Asset Management Division.

1.4 Concentration Risk

Credit concentration risk is managed within concentration caps set for counterparty or groups of connected counterparty, for industry sector; and for product. Additional targets are set and monitored for concentrations by credit committee. Credit concentrations are monitored by the responsible risk committees in each of the businesses and concentration limits that are material to the Bank are reviewed and approved at least annually by the Board of Directors.

1.5 Credit Risk Mitigation

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements, insurance, and other guarantees. The reliance that can be placed on these mitigates is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Risk mitigation policies determine the eligibility of collateral types. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as motor vehicles, plant and machinery; marketable securities; commodities; bank guarantees; and letters of credit. Collateral is valued in accordance with our Methodology for Valuation of Security/Collateral Assets, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral. Collateral held against impaired loans is maintained at fair value.

Distribution of Credit Exposure by Major Types

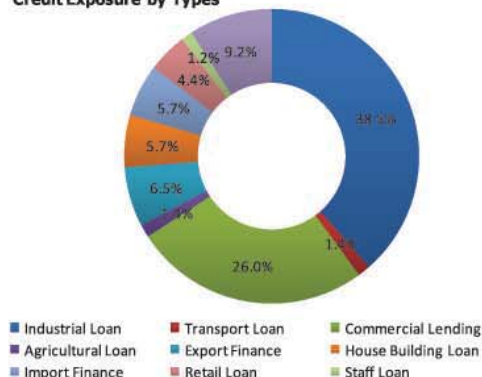
Types of Credit Exposure	BDT in Million	%
Industrial Loan	76,068.92	38.53%
Commercial Lending	51,245.01	25.96%
Export Finance	12,884.69	6.53%
House Building Loan	11,266.41	5.71%
Import Finance	11,266.31	5.71%
Retail Loan	8,615.41	4.36%
Agricultural Loan	2,787.20	1.41%
Transport Loan	2,740.11	1.39%
Staff Loan	2,420.35	1.23%
Others	18,119.22	9.18%
Total	197,413.64	100.00%

Geographical Distribution of Credit Exposure

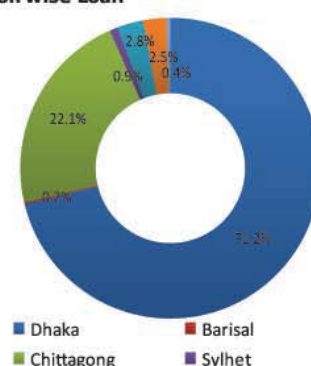
Division	BDT in Million	%
Dhaka	140,494.32	71.17%
Chittagong	43,601.57	22.09%
Khulna	5,597.16	2.84%
Rajshahi	4,908.86	2.49%
Sylhet	1,679.39	0.85%
Rangpur	789.23	0.40%
Barisal	343.11	0.17%
Total	197,413.64	100.00%

Disclosures on Risk Based Capital (Basel III)

Credit Exposure by Types



Division wise Loan



Industry Type Distribution of Exposure

Types of Credit Exposure	BDT in Million	%
Commercial trade financing	38,420.50	19.46%
RMG & Textiles Industry	28,106.86	14.24%
Other Manufacturing Industries	19,737.13	10.00%
Construction (other than housing)	17,587.12	8.91%
Housing industry	11,266.42	5.71%
Telecommunication, Transport & communication	5,730.01	2.90%
Service Industry	5,485.93	2.78%
Food products & processing	4,980.41	2.52%
Power & energy	4,945.10	2.50%
Agriculture	2,787.22	1.41%
Shipping Industries	1,315.41	0.67%
Others	57,051.52	28.90%
Total	197,413.64	100.00%

Residual Contractual Maturity wise Distribution of Exposure

Particulars	BDT in Million
On demand	1,964.30
Not more than three months	74,798.70
More than three months but less than one year	40,803.89
More than one year but less than five years	53,504.30
More than five years	26,342.45
Total	197,413.64

Loans & Advances and Provision

(BDT in Million)

Particulars	Loans & Advances	Provision against Loans & Advances
Total Loans and Advances	197,413.64	4,403.24
Un-Classified Loans & Advances	187,088.95	1,672.98
Classified Loans and Advances	10,324.68	2,730.26
Substandard (SS)	500.31	42.85
Doubtful (DF)	322.68	45.62
Bad/Los (BL)	9,501.69	2,641.79
Off-balance Sheet Items	150,713.79	1,252.10

Gross Non Performing Assets (NPAs)

Particulars	BDT in Million
Gross Non Performing Assets (NPAs)	10,324.68
Total Loans and Advances	197,413.64
NPAs to outstanding Loans & Advances	5.23%

Disclosures on Risk Based Capital (Basel III)

Movement of Non Performing Assets (NPAs)

Particulars	BDT in Million
Opening Balance	8,050.04
Additions	4,979.34
Reductions	2,704.70
Closing Balance	10,324.68

Movement of Specific Provisions for NPLs

Particulars	BDT in Million
Opening Balance	1,929.58
Adjustment due to Write-off	(192.59)
Provisions made during the period	812.27
Transferred from surplus provision	181.00
Closing Balance	2,730.26

5.00 Equities: Disclosures for Banking Book Positions

The major portion of the Bank's holding of equity exposure is mainly with the purpose of capital gain.

The quoted shares are valued both at cost price and market price basis. However, the unquoted shares are valued at their cost price.

Particulars	Cost Price	Market Price
Investment in Quoted Share	3,342.40	3,299.53

(BDT in Million)

Particulars	BDT in Million
Realized Gains	74.21
Unrealized Gains	580.51
Unrealized Losses	(623.39)
Net Unrealized Gains/(Loss)	(42.88)
Amount included in Tier-2 Capital (Based on balance of December 2014)	4.74
Capital requirement for Equity Risk (Specific & General)	659.91
Supervisory Provision against Classified Equity Investment	292.84

Capital Requirement as per Grouping of Equity:

(BDT in Million)

Sector	Cost Price	Market price	Capital Charge		
			Specific Risk	General Market Risk	Total
Pharmaceuticals & Chemicals	601.69	702.39	70.24	70.24	140.48
Mutual Fund	675.78	452.45	45.24	45.24	90.49
Telecommunication	244.68	434.35	43.43	43.43	86.87
Textile	408.33	394.66	39.47	39.47	78.94
Fuel & power	347.25	310.02	31.00	31.00	62.00
Financial Institutions	150.09	300.89	30.09	30.09	60.18
Engineering	300.58	266.77	26.68	26.68	53.36
Bank	149.82	243.12	24.31	24.31	48.62
Ceramic Sector	125.39	60.70	6.07	6.07	12.14
Travel & Leisure	80.00	29.10	2.91	2.91	5.82
Cement	27.30	28.07	2.81	2.81	5.61
IT	22.20	16.76	1.68	1.68	3.35
Insurance	36.10	12.47	1.25	1.25	2.49
Tannery Industries	6.61	6.59	0.66	0.66	1.32
Miscellaneous	166.59	41.20	4.12	4.12	8.24
Total	3,342.41	3,299.53	329.95	329.95	659.91

Disclosures on Risk Based Capital (Basel III)

6.00 Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book reflects the shocks to the financial position of the Bank including potential loss that the bank may face in the event of adverse change in market interest rate. This has an impact on earning of the bank through Net Interest Earning as well as on Market Value of Equity or net worth. Thus this risk would have an impact on both earning potential and economic value of the Bank.

The Bank uses following measures for deriving value of capital requirement for interest rate risk.

i) Modified duration gap

ii) Simulation on market value of equity

iii) Impact of average interest rate fluctuation demonstrated in last 12 months from the date of computation. In the event of lack of data for last twelve month the bank considers data of maximum period available.

The Bank ensures that interest rate risk is not included within the market risk. The Bank has calculated the rate sensitive assets and liabilities with maturity up to 12 months bucket and applied the sensitivity analysis to measure the level of interest rate shock on its capital adequacy.

(BDT in Million)			
Particulars	Upto 3 months	3 – 6 months	6 – 12 months
Rate Sensitive Assets (RSA)	101,395.60	26,683.00	32,959.60
Rate Sensitive Liabilities (RSL)	93,701.10	29,721.80	34,356.80
Gap (RSA – RSL)	7,694.50	(3,038.80)	(1,397.20)
Cumulative Gap	7,694.50	4,655.70	3,258.50

Interest Rate Shock on Capital		(BDT in Million)
Total Regulatory Capital		33,226.45
Total Risk Weighted Assets (RWA)		273,903.71
Capital to Risk-weighted Asset Ratio (CRAR)		12.16%

Assumed decrease in Interest Rate	1%	2%	3%
Earnings Impact on Cumulative Gap	(32.58)	(65.17)	(97.75)
Capital After Shock	33,193.86	33,161.28	33,128.69
CRAR after Shock	12.14%	12.13%	12.12%
Decrease in CRAR	-0.02%	-0.03%	-0.04%

7.00 Market Risk

Market risk is a trading book concept. It may be defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices. The market risk positions subject to the risks pertaining to interest rate related instruments and equities in the trading book and Foreign exchange risk and commodities risk throughout the Bank. This signifies the risk of loss due to decrease in market portfolio arising out of market risk factors. It may be mentioned that the Bank considers Interest Rate Risk on Banking Book separately.

The Board approves all policies related to market risk, sets limits and reviews compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transaction.

Methods used to measure Market Risk:

Standardized (Rule Based) Approach is used to measure the Market Risk of the Bank whereas for Interest Rate Risk and Equity Risk both General and Specific risk factors are applied for calculating capital charge and for Foreign Exchange and Commodities only General risk factor is applied.

Management System of Market Risk:

The duties of managing the market risk including liquidity, interest rate and foreign exchange risk lies with the Treasury Division under the supervision of ALCO committee. The ALCO committee is comprised of senior executives of the Bank, who meets at least once in a month. The committee evaluates the current position of the Bank and gives directions to mitigate the market risk exposure to a minimum level.

Capital Charges for Market Risk	BDT in Million
Interest Rate Related instruments	73.37
Equities	659.91
Foreign Exchange Position	12.24
Commodities	0.00
Total	745.52

Disclosures on Risk Based Capital (Basel III)

8.00 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Recognizing the importance of information technology in banking business, the Bank has considered information technology risk as an independent risk.

Views of BOD on system to reduce Operational Risk:

The responsibility of mitigating the operational risk of the Bank lies with Internal Control & Compliance Division under the guidance of Audit Committee of the Board. The audit committee delivers policies and directions from time to time to keep the operating efficiency of the Bank up to the mark.

Performance gap of executives and staffs:

The Bank identifies the loop holes among the effectiveness

of the employees and executives. These loop holes are removed by arranging appropriate training programs, offering competitive packages and providing best working environment. In this process, the Bank kept the performance gap of executives and staffs to a minimum level.

Potential external event:

No potential external event is expected to expose the Bank to significant operational risk. The Bank has a separate Operational Risk policy addressing specific issues involving Operational Risk.

Methods used to measure Operational Risk:

Basic Indicator Approach is used to measure Operational Risk where capital charge is 15% on last three years average positive gross income of the Bank.

Capital Charges for Operational Risk

Basis	Operational Risk	2013	2014	2015	Capital Charge
Solo	Gross Income	12,595.67	15,800.60	16,156.41	2,227.63
Consolidated	Gross Income	12,609.18	15,860.68	16,236.27	2,235.31

9.00 Liquidity Ratio

As per the BRPD Circular no. 18 dated December 21 of 2014, Bangladesh Bank has strengthened the liquidity framework by developing two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives.

The first objective is to promote short-term resilience of a bank's liquidity risk profile by ensuring that it has sufficient high quality liquid resources to survive an acute stress scenario lasting for one month. Liquidity Coverage Ratio (LCR) addresses this objective.

The second objective is to promote resilience over a longer time horizon by creating additional incentives for a bank to fund its activities with more stable sources of funding on an ongoing structural basis. The Net Stable Funding Ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

Views of BOD on system to reduce liquidity Risk

United Commercial Bank Limited maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquidity risk. The prime responsibility of the liquidity risk management of the bank rests with Treasury Division under the supervision of ALCO Committee, which maintains liquidity based on current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.

Methods used to measure Liquidity risk

Liquidity measurement involves assessing all of a bank's cash inflows against its outflows to identify the potential for any net shortfalls including funding requirements for off

balance sheet commitments.

An important aspect of measuring liquidity is making assumptions about future funding needs, both in the very short-term and for longer time periods. Another important factor is the critical role a bank's reputation plays in its ability to access funds readily and at reasonable terms. Several key liquidity risk indicators monitored on a regular basis to ensure healthy liquidity position are as follows:

- Cash Reserve Ratio
- Statutory Liquidity Requirement
- Advance to Deposit Ratio
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Structural Liquidity Profile
- Maximum Cumulative Outflow
- Medium Term Funding Ratio
- Volatile Liability Dependency Ratio
- Liquid Asset to Total Deposit Ratio
- Liquid Asset to Short Term Liabilities, etc

Liquidity risk management system

The intensity and sophistication of liquidity risk management process depend on the nature, size and complexity of a bank's activities. Sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank.

The Asset Liability Committee (ALCO), which meets at least once in a month, is responsible for managing and controlling liquidity of the bank. Treasury Front Office closely monitors and controls liquidity requirements on a daily basis by appropriate coordination of funding activities and they are primarily responsible for management of liquidity in the bank. A monthly projection of fund flows is reviewed in ALCO meeting regularly.

Disclosures on Risk Based Capital (Basel III)

Policies and processes for mitigating liquidity risk

In order to develop comprehensive liquidity risk management framework, the bank has Board approved Contingency Funding Plan (CFP), a set of policies and procedures that serves as a blueprint for the bank to meet its funding needs in a timely manner and at a reasonable cost. In this sense, a CFP is an extension of ongoing liquidity management and formalizes the objectives of liquidity management by ensuring:

- Maintenance of a reasonable amount of liquid assets;
- Measurement and projection of funding requirements; and
- Management of access to funding sources.

CFP also provides directions for plausible actions in distress and emergency situations. In case of a sudden liquidity stress, it is important for the bank to be seemed organized and efficient to meet its obligations to the stakeholders.

Maturity ladder of cash inflows and outflows are effective tool to determine the bank's cash position. A maturity ladder estimates a bank's cash inflows and outflows and thus net

deficit or surplus (GAP) on a day to day basis and different buckets (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years).

Liquidity Coverage Ratio (LCR)

Liquidity Coverage Ratio is a new liquidity standard built on the methodologies of traditional liquidity coverage ratio used by banks to assess exposure to contingent liquidity events. LCR aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days.

$$LCR = \frac{\text{Stock of High Quality Liquid Assets}}{\text{Total net cash outflows over the next 30 calendar days}}$$

The minimum standard for LCR is greater than or equal to 100. However, the bank's status as on 31 December 2015 in this ratio is as follows:

Particulars	Regulatory Standard	December, 2015
Total Stock of High Quality Liquid Assets		58,048.23
Total Net cash outflows over the next 30 calendar days		36,648.92
Liquidity Coverage Ratio (LCR)	Greater than or equal to 100	158.39%

Net Stable Funding Ratio (NSFR)

Net Stable Funding Ratio is another new liquidity standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items.

The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at

least equal to required stable funding (RSF). ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability. RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or "long-term" and therefore requires stable funding. The time horizon of the NSFR is one year. Like the LCR, the NSFR calculations assume a stressed environment. The status of Net Stable Funding Ratio (NSFR) as on 31 December, 2015 is as under:

Particulars	Regulatory Standard	December, 2015
Available amount of stable funding (ASF)		259,985.37
Required amount of stable funding (RSF)		244,484.88
Net Stable Funding Ratio (NSFR)	Greater than 100	106.34%

10.00 Leverage Ratio

In order to avoid building-up excessive on-and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by the Bangladesh Bank as per BRPD Circular no. 18 dated December 21 of 2014.

The Leverage Ratio is a non-risk based measure introduced to monitor and measure build-up of leverage on credit institutions' balance sheets aiming at containing the cyclicity of lending. It is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is calculated by dividing tier 1 capital by assets (both on-balance and off-balance sheet).

Views of BOD on system to reduce excessive leverage

The responsibility of monitoring excessive leverage of the Bank lies with the Concerned Divisions (e.g. CRMD, FI & OBU, FAD, etc.) under the guidance of the Board of Directors of the bank. The Board delivers policies and processes from time to time for managing the Bank's leverage ratio up to the mark.

Policies and processes for managing excessive on and off-balance sheet leverage

United Commercial Bank Limited has policies and processes in place for the identification, management and monitoring of the risk of excessive leverage. UCBL maintains the leverage ratio above the regulatory limit as a part of the Bank's risk appetite framework.

Disclosures on Risk Based Capital (Basel III)

The Approaches for calculating exposure

In order to measure the exposure consistently with financial accounts, the following approaches are applied by the bank:

- On balance sheet, non-derivative exposures are net of specific provisions and valuation adjustments (e.g. surplus/deficit on Available for sale (AFS)/ Held-for-trading (HFT) positions).
- Physical or financial collateral, guarantee or credit risk mitigation purchased is not allowed to reduce on-balance sheet exposure.
- Netting of loans and deposits is not allowed.

On-Balance Sheet Items

The exposure measure includes the following treatments for

Securities Financing Transactions (e.g. repo, reverse repo etc.) and derivatives (if any):

Repurchase Agreements and Securities Financing:

Securities Financing Transactions (SFT) are a form of secured funding and therefore an important source of balance sheet leverage that are included in the leverage ratio. Therefore, the bank has to calculate SFT by applying the accounting measure of exposure; and without netting various long and short positions with the same counterparty

Off-Balance Sheet Items

The Bank calculates the off-balance sheet (OBS) items as per the Bangladesh Bank's prescribed credit conversion factor (CCF) are presented as under:

Exposure Type	Credit Conversion Factor (CCF)
Direct Credit Substitutes	100%
Performance related contingencies	50%
Short-term self-liquidating trade letters of credit	20%
Lending of securities or posting of securities as collateral	100%
Other commitments with certain drawdown	100%
Commitments with original maturity of one year or less	20%
Commitments with original maturity of over one year	50%
Other commitments that can be unconditionally cancelled by any time	10%

Leverage Ratio

A minimum Tier 1 leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated basis. The bank maintains leverage ratio on quarterly basis. The

status of leverage ratio at the end of each calendar quarter is submitted to Bangladesh Bank showing the average of the month based on capital and total exposure. The formula of Leverage Ratio is as under:

$$\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$$

Particulars	(BDT in Million)	
	Solo Basis	Consolidated Basis
Tier 1 Capital*	22,406.21	22,480.05
On Balance Sheet Exposure*	291,116.96	291,009.08
Off-Balance Sheet Exposure*	80,937.00	80,937.00
Total Exposure	372,053.96	371,946.08
Leverage Ratio	6.02%	6.04%

* Considering all regulatory adjustments

11.00 Remuneration

The disclosure requirements on Remuneration allow market participants to assess the quality of the bank's compensation practices and the incentives towards risk taking they support.

United Commercial Bank Limited has a flexible compensation and benefits system that helps to ensure pay equity, is linked with performance that is understood by employees, and keeps in touch with

employee desires and what is coveted in the market, while maintaining a balance with the business affordability. The compensation and benefits are regularly reviewed through market and peer group study. The well-crafted total rewards help the Bank to attract, motivate and retain talent that produces desired business results.

Disclosures on Risk Based Capital (Basel III)

The structure and level of remuneration are reviewed time to time based on Bank's business performance and affordability. Other than the regular monthly payments and a good number of allowances, UCBL has variety of market-competitive benefits schemes. The various cash and non-cash benefits include: Bank provided chauffeured car facility for Top Level Executives, Car maintenance allowance, Leave allowance, Medical treatment allowance, Maternity benefits, Employee Car loan facility, Housing loan facility, Travel allowance for Top Level Executives, Festival bonus, etc. UCBL also provides long-term as well as retirement benefits to employees, like: Leave encashment, Provident fund, Gratuity benefit, Retirement benefit, Partial and full disability benefit, Death benefit to family members etc.

Career Progression & Succession Planning

UCBL always plans for employees so that they can advance their career goals. This includes advancement into more responsible positions. The company supports career opportunities internally so that talented employees are placed in upgraded positions and thereby enables them to deliver their greatest value to the organization. In addition to vertical career growth, employees may also grow horizontally. Whenever possible, Human Resources Management Division mobilizes employees across different functions and branches: thus assisting them to progress with varied skills and experience.

Besides encouraging individual employee growth and development, the Bank also gives effort to identify and retain the human resources who can potentially be the successors of mission critical roles. The Bank acknowledges that Succession Planning & Management is vital to the continued success. So, the Bank continuously assesses organizational, divisional and team capability gaps to identify, develop and retain the successors in a timely manner to meet the demands of the future.

Performance Management Program

The Bank has a comprehensive performance management program that evaluates employees' yearly performance against the given targets at the year-end. The performance evaluation is a process where an employee initially rated by the first level supervisor and then finally by the second level supervisor. To ensure a proper performance evaluation and rate the employees based on their comparative performance, the line Management is guided by the Human Resources Management

Division. This performance appraisal system is considered as crucial for the Bank as this is a very important tool to identify and distinguish the performers. The Bank believes that a well-executed performance appraisal system can help to reward the deserving employees, as well as help to ensure further development program for the rest. The comprehensive performance management also includes an assessment of employees' functional and leadership competencies. This appraisal process helps to identify the competency gap and training needs of employees. All permanent employees of UCBL undergo annual performance appraisal process.

Learning & Development

United Commercial Bank Limited boasts a state-of-the-art Training Facility in its Corporate Office premises with dormitory facility at different other locations. The Bank has been continuously pursuing for transformation of its Human Resources to Human Capital through providing appropriate learning and development initiatives in every aspects of work area. Human Resources Management Division regularly undertakes effectively designed training programs targeting the right group of employees through proper training need assessment.

In 2015, UCB's Learning and Development Centre arranged training on 90 different topics for 3,306 enthusiastic participants. Besides, a total of 180 employees were sent to participate in various training programs/conferences in home and abroad. In total, the number of participants who participated in trainings/ conferences has increased by 23% over the last year.

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Sustainability Analysis & Integrated Reporting

This section contains:

- Sustainability Report
- Report on Corporate Social Responsibility (CSR)
- Report on Sustainable Human Capital & HR Accounting
- Report on Green Banking
- Report on Going Concern
- Integrated Reporting
- Contribution to National Economy
- Value Added Statement
- Economic value Added Statement
- Market value Added Statement

UCB Sustainability Report 2015

Together we are united; we are united to achieve sustainable growth

This Report describes how UCB runs its businesses . We outline how we are making UCB a more sustainable bank to serve and support our customers and communities in the future

Sustainability Overview

Reporting Parameter

Material aspects and boundaries

Stakeholder Engagement

Economic Sustainability

Product Responsibility

Environmental and Societal Responsibility

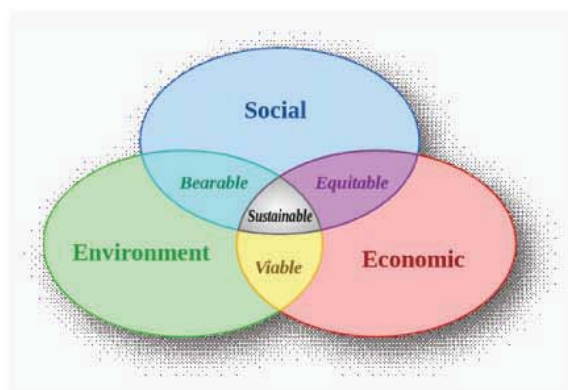
Key Highlights on Sustainable Performance

UCB Sustainability Report

Sustainability: An Overview:

Sustainability means carrying out its business on a perpetual basis to contribute in economic and social wellbeing of the community in which we operate. Being sustainable means having a solid business model capable of generating recurring and stable revenue, delighted customers, disciplined use of capital, rationalization of cost, prudent risk management, strength of Brand to become sustainable corporate house and taking responsible decisions in context of ethical, social and environmental issues as well as long term welfare of the community.

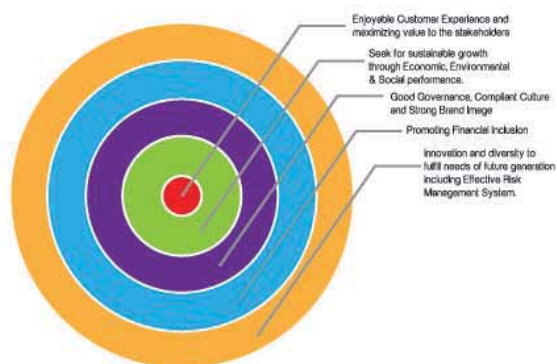
Sustainability reporting represents the activities that have a direct impact on society, environment, and economic performance of an organization (known as the **triple bottom line** or **Triple-P's: People, Planet, Profit**).



At UCB, we define sustainability in the broadest possible terms. It is about conducting our day-to-day business the right way and continuing to play a part in addressing some of the biggest challenges faced by society. First and foremost however, we need to get the basics right for our customers.

Over the last few years, we have been building a sustainability programme that is able to help shape the strategy of the bank. It has taken that period to build up robust systems for managing social and environmental issues. We also tasked ourselves with the challenge of becoming the most transparent Bangladeshi bank, steadily improving the quality and materiality of our sustainability reporting and disclosure year on year.

Our Strategies and priorities to achieve sustainability: Sustainable Business Model of UCB:

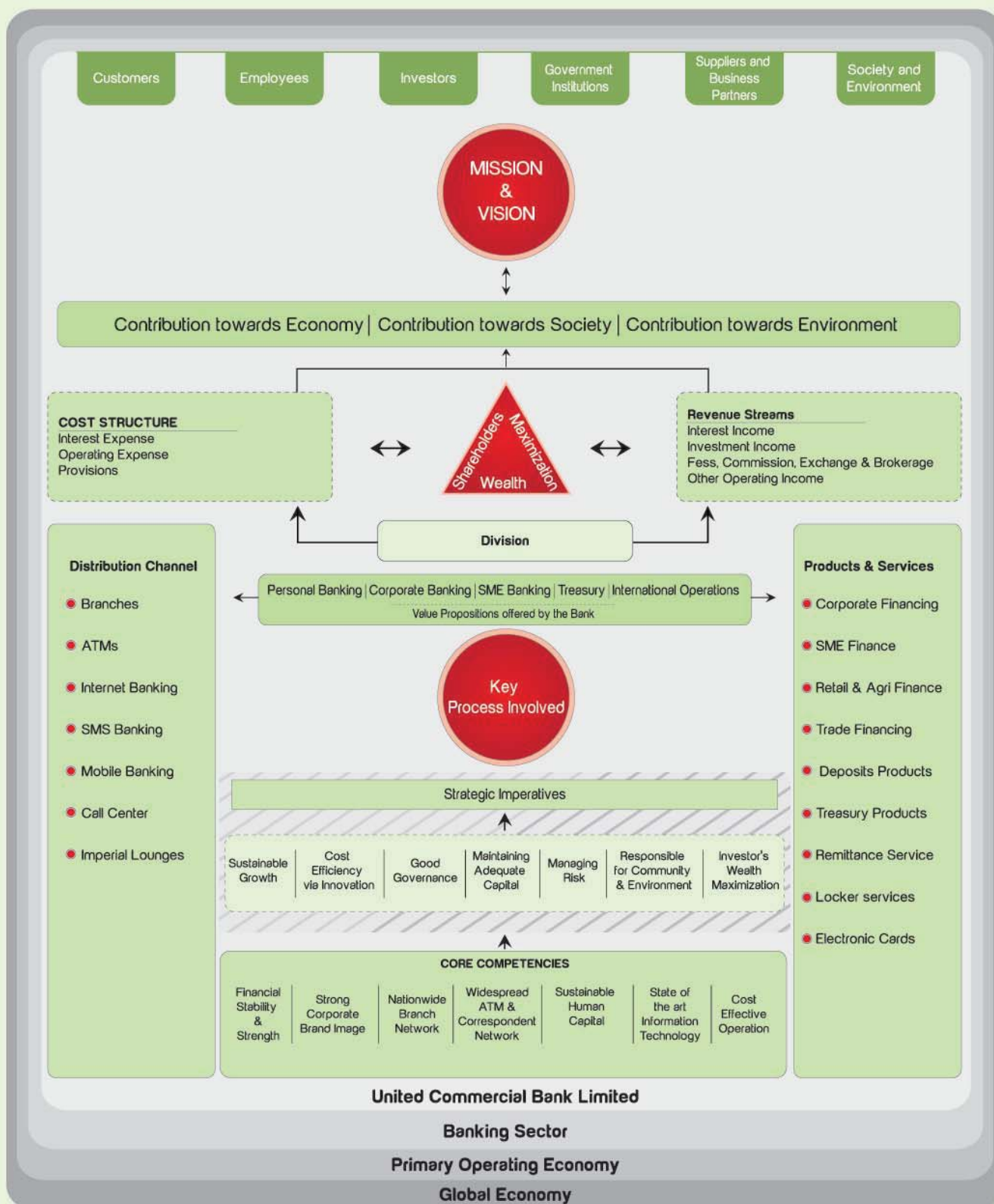


Our major source of income is the net interest income. This is the difference between the income we earn from the loans and advances we have made to our personal, corporate, SME and institutional customers and on our surplus funds and the interest we pay on deposits placed with us by our customers and our debt securities we have issued. We have income from investments which arises mainly from Govt. securities and other investments. We also earn fees from financial services and other products we provide to our customers.

The Bank has expanded its arena in different and diverse segments of banking like Retail Banking, SME Banking, Corporate Banking, Off-shore Banking, and Remittance. Besides various deposit and loan products of Retail Banking, the Bank caters export and import loan to deserving candidates which in turn helps the overall economy of the country through increased earning of foreign exchange.

UCB Sustainability Report

Business model



UCB Sustainability Report

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

Sustainability governance:

Board of Directors sets the framework for sustainability management by formulating business strategies and budget, policies for lending decisions, capital planning, risk appetite, corporate social responsibility, etc. Risk management is supervised by the Risk Management Committee of the Board through a risk management committee at board level.

Besides the risk committee, there is a Board Audit Committee to ensure compliance and internal control.



Besides, Board level risk management committee, there is also designated key management committee for effective risk management purpose of the bank.



Report Parameter

This Report covers the economic, social and environmental performance of UCBL on December 31, 2015. This report adopts the Global Reporting Initiatives (GRI) Guidelines, version G4 for sustainability reporting with an effort to measure, disclose and be accountable to internal and external stakeholders in terms of governance, economic, environmental and social aspects including both positive and negative contribution.

Inclusivity:

In preparing this Report, we took into account key aspirations and concerns discovered through our stakeholders engagements, in our day-to-day interactions and from the community at large. It reviews the Bank's direct impacts on sustainability, as well as Corporate Social Responsibility (CSR) initiatives under taken by the Bank. The Stakeholder Engagement Process is discussed separately in the report.

Materiality:

This report covers the aspects identified as having at least a moderate impact on sustainability. The aspects identified as "Material" and the process for determining materiality is separately discussed in the report.

Coverage and Boundary of Aspects:

The report primarily covers sustainability impacts, risks and opportunities arising from the Bank's activities in Bangladesh. The report boundary of the year 2015 covers only banks operation run by corporate office, its branches,

Zonal offices and other direct networks in Bangladesh. Impacts of the activities of our subsidiaries are not within the scope of this report as the results of operations of these entities are insignificant compared to the overall results of the Group.

Reporting Cycle:

This is our first Sustainability report prepared based on the Global Reporting Initiatives (GRI) Guidelines, version G4. Summary sustainability report is being published annually in the Annual Report and we wish to publish the detailed version of the same in the website shortly.

Report Quality:

We take every effort to ensure that our corporate reporting meets widely accepted quality criteria, including:

- Completeness
- Comparability
- Accuracy and consistency
- Clarity
- Balance
- Credibility and Reliability

Feedback

We welcome any feedback on our sustainability reporting through our designated team working on this. Besides, any feedback can also be shared through info@ucb.com.bd.

UCB Sustainability Report

Material aspects and boundaries:

We believe it is vital to align the Bank's business strategy with the expectations of our stakeholders. The content of this report therefore considers the full range of the Bank's business activities, along with our economic, environmental and social impacts and also the views expressed by our stakeholders.

We have identified and evaluated aspects according to their impact on, and contribution to, areas of sustainability related to the Bank's business strategy and operations. Aspects were categorized according to three levels of significance: high, moderate and low. The following table shows the level of significance according to various aspects relative to the triple bottom lines of sustainability:

			Aspect Boundary*		Materiality		
			Internal	External			
SL No.	Aspect	Significance to Bank's Operations	UCB's Operation	Stakeholder	To the Bank	To the Stakeholder	UCB's Responses
	Economic						
1	Economic Performance	Most Significant	*	*	High	High	Value Added Statements
2	Capital Adequacy	Most Significant	*	*	High	High	BASEL Framework
	Environmental						
3	Energy Consumption	Significant	*		High	High	Environmental Responsibility Section
	Social: Labour Practices and Decent Work						
4	Occupational Health & Safety	Significant	*		High	High	Societal Responsibility Section
5	Training & Education	Significant	*		High	High	Societal Responsibility Section
6	Human Capital & talent management	Significant	*		High	High	Societal Responsibility Section
	Social: Society						
7	Financial Inclusion	Significant	*	*	High	High	Societal Responsibility Section
8	Local Community	Significant	*	*	High	High	

*Aspect Boundary refers to the description of where impacts occur for each material Aspect. In setting the Aspect Boundaries, the Bank considers impacts within and outside of the organization

Stakeholder Engagement

We consider a "stakeholder" to be any person, group or entity that is affected by, or that we expect to be affected by the Bank's activities or their engagement with our organization. Accordingly, we identify the groups listed below as our key stakeholders, all of whom have an expressed interest in our economic, social and environmental performance:

- Investors (including shareholders and analysts)
- Customers
- Employees
- Government institutions (including legislators and regulators)
- Society in general
- The natural environment

The Stakeholder Engagement Process

The process ensures that any critical concerns are brought swiftly to the attention of the Board of Directors and senior management, prompting effective action. The Bank did not encounter any critical stakeholder concerns during 2015. The Bank's stakeholder engagement process is explained in the following diagram.

Identification of priority issues and stakeholders group

Planning for Engagement

Conducting Engagement

Evaluation of the effectiveness of the process

Prioritize findings for further action

Designing the methods for addressing issues

Implementation of the Process

Reporting Back to Stakeholders

Monitoring effectiveness of the process

Feedback

UCB Sustainability Report

How We Connect with Stakeholder Groups:

The following table discussed on various aspects of stakeholders, their engagement process and our responses:

Our Stakeholders	Mode of Engagement	Frequency of Engagement	Their priorities	Methodologies Employed to Respond
Customers	<ul style="list-style-type: none"> Customer satisfaction Survey Touch points Relationship managers' engagement with corporate customers Media advertisements Corporate website 	<ul style="list-style-type: none"> Annually As Required As Required As Required Continuous 	<ul style="list-style-type: none"> Innovation in products/ services Pricing of products/services Branches/ATM/Touch points Service Quality Competitive Pricing Flexibility in offerings 	<ul style="list-style-type: none"> Implementation of CBS (Oracle Flexcube 12.0.2) and Process Reengineering Enhanced monitoring and due diligence Vibrant ALCO Team to decide on pricing E-Banking: (Internet Banking, SMS Banking, Mobile Banking)
Investor's including Shareholder and Analyst	<ul style="list-style-type: none"> Annual Report Annual General Meeting Extraordinary General Meetings Interim Financial Statements Press/ Media Conferences Corporate Announcements to Stock Exchanges 	<ul style="list-style-type: none"> Annually Annually As Required Quarterly As Required As Required 	<ul style="list-style-type: none"> Results of operation Business Plans Sustainable Growth Assets Quality 	<ul style="list-style-type: none"> Concerns of existing and prospective shareholders are addressed. Financial Risk Management Process Risk Mgt. Culture Sustainable Plow Back Ratio Timely debt repayment
Employees	<ul style="list-style-type: none"> Manager's Conference Internal News Letter (UCB Vocal Point) Cross Functioning Training Program Intranet Portal 	<ul style="list-style-type: none"> As Required Quarterly As Required Continuous 	<ul style="list-style-type: none"> Staff Welfare Measure Remuneration linked with performance Whistle blowing mechanism Training and workshop programs 	<ul style="list-style-type: none"> Salary packages revised and adjusted considering industry averages Comprehensive CBS Training and other pertinent training Health & safety standards are maintained including Gym in Corporate office
Government Institutions including Legislators And Regulators	<ul style="list-style-type: none"> On-site surveillance by the Bangladesh Bank Directives & Circulars Filing of Returns & Statements Meetings 	<ul style="list-style-type: none"> Annually As Required Within Deadlines As Required 	<ul style="list-style-type: none"> Proper compliance with laws & Regulations Timely payment of all regulatory dues Timely reporting 	<ul style="list-style-type: none"> Ensuring strict compliance with all regulatory matters Focus on Compliance Culture
Society & Environment	<ul style="list-style-type: none"> Delivery channels Press/Media conferences/releases Public events Call Centre CSR Activities 	<ul style="list-style-type: none"> Continuous As required As required Continuous 	<ul style="list-style-type: none"> Financial Inclusion Micro/SME Financing Green Banking Sustainable operations Compensation for adverse impact for Bank's operation 	<ul style="list-style-type: none"> Strongly consider environmental and social impact and restrain from adverse impact upon society Contribution to education, health, disaster mgt. & environmental sector Financial inclusion through Mobile banking and EBEK operations

UCB Sustainability Report

Economic Sustainability:

UCBL always strived to repay the trust shareholders have placed in us by returning maximum value. At the same time, in our quest for sustainable growth we work with variety stakeholders – including customers, employees and suppliers – to help them achieve their aspirations. We conduct the Bank's business in a transparent and in an ethical manner, managing risk and pursuing opportunities while adhering to the principles of good governance.

The Board of Directors guides UCB's approach to economic sustainability with a comprehensive corporate plan. This plan reflects the inputs of all key strategic business units – Personal Banking, Corporate Banking, Treasury and International Operations – as well as other support service units. The needs of each business unit are addressed in the annual budget. Our detailed budgeting includes specific goals for each unit, with resources allocated according to the Bank's overall strategic objectives.

The sections of this Annual Report devoted to "**Corporate Governance**" and "**Risk Management Report**" discuss in detail how we govern our business and manage risk, respectively. The Bank's performance against defined economic targets is discussed in various reports of the Annual Report 2015 like "**Business Review**"; "**Segmental Analysis**"; "**Value Added Statements**" etc. Report on Capital Adequacy has been separately discussed in the BASEL report.

Product/ Services Responsibility:

The bank offers a wide range of products and services designed to meet spectrum of customers need. We constantly refine our existing products and develop new products and services addressing the evolving requirements of our customers, as well as technological change, market competition and economic and demographic developments. Flexible options within our offerings enable customers to tailor products and services to their exact needs. The Bank's mix of delivery channels has been a strong factor in our growth and success, strengthening customer loyalty connect with us in a variety of ways, at any time of the day and from wherever they are. We are proactive in making service improvements, introducing state-of-the-art technology into our processes and channels to enhance our reach and efficiency in delivery. The next few sections/ paragraphs discussed on our major initiatives in discharging Product/Services Responsibilities:



Simplifying products and services:

In 2015 we have simplified our product and services range so that our customers can make the right financial choices for

their circumstances. UCB always focuses on offering cost effective and sustainable products and services to meet customers' need. These products and services are not offered solely on financial considerations but also to incorporate ethical, social and environmental aspects.

Training and development:

UCB pursue its people development program so that the professionalism of all staff goes beyond complying with laws, codes of conduct and internal regulations; they respect the social, ethical and environmental commitment of the Bank. The bank invested in the relationship managers who work with customers, giving them the appropriate skills for understanding and catering for their customers' needs.

Sustainable Technology and Process:

UCB's technological and operational systems make it one of the most efficient online banks in the country. The bank is investing continuously in technology to ensure data security, faster and reliable customer service, as well as minimizing operational risk to customers. The Bank focuses its efforts on improving its internal processes to become more efficient and add value for the customer.

Implementation of Core Banking Software:

The Bank implemented Core Banking Software (CBS) namely Oracle Flexcube 12.0.2 in all 158 branches as well as Head office including Offshore Banking Unit (OBU). CORE Banking may stand for "centralized online real-time electronic banking". All the branches of bank access applications from centralized data centers. This means that the transactions made are reflected immediately on the bank's servers and the customer can make transaction from any of the bank's branches or banking channel throughout the world. All these ensure state of the art banking experience for our customers.

Internet Banking:

UCB's Internet Banking is one of the fastest, most convenient ways to access your United Commercial Bank Ltd. (UCBL) accounts, view balances, transfer funds and pay your bills online. Using your unique Username, Memorable Answer and Password you can perform banking transactions online, whenever and wherever you want, from a secure PC/Mobile Device with Internet access. It's safe, convenient & it's free.

UCBL takes every precaution to keep your online experience safe. In a continued effort to safeguard online banking transactions, UCBL requires full 128-bit encryption for Internet Banking use. In addition to encryption, your unique Username and Password will authenticate your access each time you use the service. And, all transactions through Internet Banking require OTP to authenticate the access which is only accessed through customers e-mail ID registered with us. However, as soon as you learn of the theft or unauthorized transaction on your accounts, at first contact our Customer Relationship Center immediately at **+8801955115522** or **+8801955115523** and later mail at ibanking@ucb.com.bd

UCB Sustainability Report

SMS Banking:

We have come up with SMS Banking Service fulfilling the demand of modern banking trend. Get real-time banking information on your hand set in a fast, secure and economic way through UCB SMS Banking.

Imperial Banking:

At UCB Imperial, we value the importance of our relationship with customers. We treat our relationship with impeccable services, status recognitions and privileged accesses – a true Imperial experience. A dedicated Relationship Management Team comprising of skilled and trained Relationship Managers backed by experienced Product Experts in the areas of Investments, Foreign Exchange, Insurance and Lending is always at your service when you are an Imperial. Our Relationship Managers will be your dedicated guide, consultant and liaison as you enjoy your life-long Imperial Banking experience with us.

Environmental and Societal Responsibility

Environmental and Social Obligations:

Upholding environmental and social standards with our stakeholders is integral to being a responsible company. UCB also considers the responsibility for protection of human rights, gender equity, and consumer protection. UCB strongly believes in maximizing values for its stakeholders rather maximizing profits at the cost of the longer term interests of the community. Sustainable development can only be ensured when environmental and social factors are considered as a whole. Please be noted that as part of Bangladesh Bank guidelines, a separate policy has been formulated and approved by the BoD as **Environmental Risk Management (ERM) Policy** which is aligned with the Credit Risk Management Policy of the Bank.

We primarily assume our obligation to conduct enhanced due diligence on customers and transactions involved in activities with potentially high environmental and social impacts, and expect our customers to adhere to international environmental and social standards. We aim to make a positive social impact in our communities. Throughout our history we've delivered a range of partnerships and programmes to make a difference on issues that are important to us and to our customers, such as financial education, helping people start a business, and backing the charitable efforts of our employees and customers. Our obligation to human rights includes sector-specific human rights risk screenings process which are regularly reviewed and updated to ensure best practice. We conduct due diligence on clients relating to human rights standards, and expect our clients to share our commitment to respecting human rights within their operations. We will not provide financial services to companies involved in harmful child labour or forced labour.

Incorporation of environment risks in core risk management:

We incorporated environmental and climate change risk as part of the existing credit risk methodology prescribed to assess a prospective borrower. This includes integrating environmental risks in the checklists, audit guidelines and reporting formats. All of this help mainstream environmental risk that covers possible sources of environmental risk such as land use, climate change related events (cyclone, drought), animal diseases/pathogens such as avian influenza, solid waste including waste feed, animal waste, carcasses, sediments, wastewater discharges, hazardous materials, etc.

All the branches/ SME centers are obligated to incorporate environment risk management (ERM) component in their credit proposals as per guideline.

Assessing, screening and monitoring environmental and social risks

For assessing environment risk, EDD checklists, 1 general and 10 sector specific (additional), are provided along with a guidance matrix for using as minimum standard to process credit proposals. Ten specific sectors are agriculture, cement, chemicals, engineering & basic metal, housing, pulp & paper, sugar & distilleries, tannery, textile & apparels, and ship breaking. If environment risk is rated "high" the proposals are approved by the executive committee/board and additional environmental and social covenants are incorporated.

We conduct monitoring through obtaining site and environmental clearance certificate and site visit to check compliance of environmental and social covenants. Our environmental due diligence process identifies potential risks, determines their impact and severity and suggests way to mitigate them.

Improving staff competency for environmental and social responsibility:

To achieve the business at the optimum level and to sustain with the changing nature of business environment, UCB always puts enormous emphasis on improving staff competency for environmental and social responsibility.

Environmental and Social Initiatives/ Performances:

UCB strives to meet and exceed the social and environmental expectations beyond the minimum regulatory requirements. Integration of ethical, social and environmental criteria in business decision making process was our core initiatives in 2015. Some notable **Environmental initiatives** are given below:

UCB Sustainability Report

– UCB has formulated an Environmental Risk Management Policy in December 2011 to understand and manage risks arising from environmental concerns. This policy is designed in line with the Bangladesh Bank guidelines. Environmental change risk is to be considered as part of existing credit policy of the bank to assess a prospective borrower. In this connection, specific checklist has been formulated and introduced which will help reviewing possible sources of environmental risks.

– UCB has taken initiatives to create a climate change risk – fund for financing in different areas after assessing the risks involved. The said fund will be a part of the bank's CSR expenses.

– Introducing Green Marketing which is the marketing of products that are environmentally safe. UCB has taken initiatives to use environmental causes for marketing their services to consumer and to create awareness among mass people.

– UCB has given preferences for financing in eco-friendly business activities and energy efficient industries like Effluent Treatment Plant, renewable energy project, clean water supply, waste management plan, solid & hazardous disposal plant, bio gas plant, bio-fertilized etc. The Bank has financed Term Loan of Tk.16.85 Crore to establish two brick fields using Hybrid Hoffman Kiln (HHK) technology.

– Variable Refrigerant Flow (VRF) system Air Cooler, lessening around 25% electricity consumption, has been installed at Bank's Corporate Head Office.

– The Bank has started installing energy efficient bulbs in the newly established Branches.

– As an initial initiative of establishing environment friendly Branches, the Bank has introduced solar energy system at Noapara Branch, Chittagong and other Branches will be equipped with the same system phase by phase.

– Different divisions of the Bank are disseminating operational guidelines, circulars and Management decisions as well as collecting statements through email reducing use of paper.

– The Data Center built inside the Corporate Head Office at Gulshan uses In-Row Precision Air-Cooling System which ensures minimum power consumption to maintain necessary temperature for the Data Centre Equipments.

– Number of Application and Database Servers has been consolidated in high capacity Servers which has reduced power consumption.

– Managed Rack based Structured Network has been implemented at Data Center. As such required space and dissipated heat is much less compared to traditional Data Centre.

– Central UPS (Uninterrupted Power Supply) installed at

each floor which reduces total backup power requirement.

– Separate Network Switch room at each floor reduces unnecessary cable laying in the Data Center.

– CRT (Cathode Ray Tube) Monitor has been replaced by LCD (Liquid Cristal Display) Monitor in all work stations in Head Office which reduces dissipated heat and power requirement for the computer system.

– UCB is the pioneer in introduction of Bangladesh Electronic Fund Transfer Network (BEFTN) transaction system which reduces dependency on paper-based transaction.

– Application of Environmental and Social (E&S) risk management procedures in assessing credit applications which are susceptible to environmentally hazardous operation.

– Maintain negative list of sectors (adversely impacting the environment) in the credit policy as best practice.

– UCB has already implemented a robust Core Banking Software (CBS) covering all banking operations including delivery channels as well as Offshore Banking and Islami Banking. With the implementation of CBS, now UCB is well equipped to offer more paperless and eco friendly banking services.

– To automate work flow, increase operational efficiency and to reduce carbon emission, UCB has also taken the following measures and projects which are underway for implementation of corporate objectives on **green banking**:

- Implementation of Enterprise Resource Planning (ERP) software for Office Automation
- Implementation of Corporate Intranet Portal
- Implementation of a new Green Disaster Recovery Site (DRS)

A separate report on UCB green banking initiatives have been added with this annual report

Our activities in educational sector include:

- Initiatives to enhance the capability of extra-curriculum involvement of school-college-university students.
- Scholarship for poor and brilliant students.
- Financial support for education for underprivileged children
- Extensive literacy programs
- Educate the next generation of consumers in our markets on how to save, spend, borrow and manage money wisely.
- Donations to educational institutions for educational development purposes
- Initiatives on knowledge enhancement programs such as debate, art competition, science fair, career fair etc.

UCB Sustainability Report

Our activities in Health sector include:

- Financial Assistance to poor and destitute for their health issues.
- Donation to Non-Profit organizations for working on child health, disability, underprivileged children etc.
- Donation to Non-Profit organizations who give free treatment to the destitute.
- Social awareness during outbreak of Epidemic, plague or other severe contagious diseases.
- Awareness on survival and healthy development of children
- Initiatives to create awareness about health and well being of women.
- Public awareness on maintenance of healthy lifestyles etc.
- Donating to different health-care institutions.

Our activities in Disaster Management include:

- Financial support to government and non-government relief & welfare funds for victims of natural disasters like storm, flood, earthquake, severe winter etc.
- Creating awareness for effective intervention and mitigation of disasters in Bangladesh.

Our activities in Sports sector include:

- Patronization on sports and youth development especially at rural and sub-urban level.
- Financial support for development of major sports like football, cricket and golf.

Our activities in Art and Culture sector include:

- Financial support to different cultural groups and associations
- Financial support to poor artists.
- Donation to institutions/ associations who work for development of art & culture etc.
- Organizing art competition, photography completion etc to provide opportunity to children to blossom their latent talent.
- Arranging and supporting different classical cultural events.
- Promotion and support to local cultural traditions.
- Awareness on preserving rich cultural heritage of Bangladesh.
- Financial support and Scholarship to young and budding talents.
- Initiatives taken for the purpose of study /exploration of our socio-cultural evolution.

Our activities in Socio-economic Development include:

- Financial support to non-profit organizations who work with poor and destitute to improve their financial condition.
- Financial support to organizations who work on human rights, child rights, labor rights, women empowerment etc.
- CSR awareness among employees and Employee involvement in social and voluntary works.
- Developing the tourism industry in the country.
- Support for development of textile sector in the country.
- Support and development for SME sector.
- Encouraging women entrepreneurship.

Financial Inclusion:

Financial inclusion remained a strategic priority for the year 2015, to contribute to poverty alleviation by way of Agri-credit, promoting 'Ektee Bari Ektee Khamar' (EBEK) project and Mobile Financial Services. The lending is done to support job creation and economic development in the

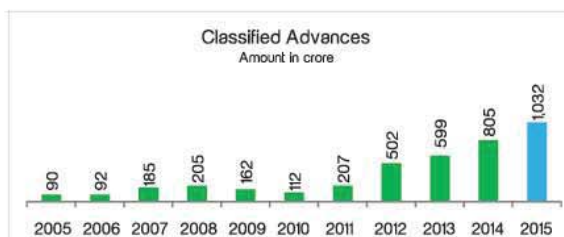
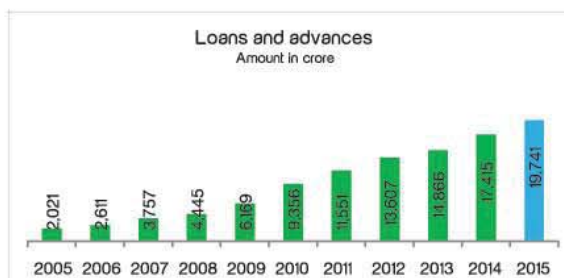
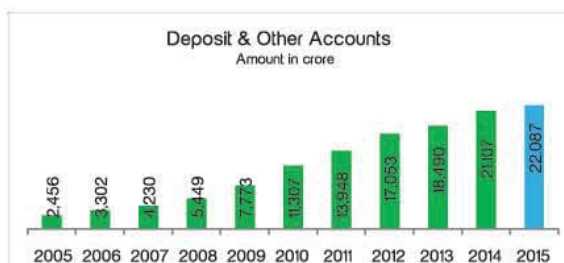
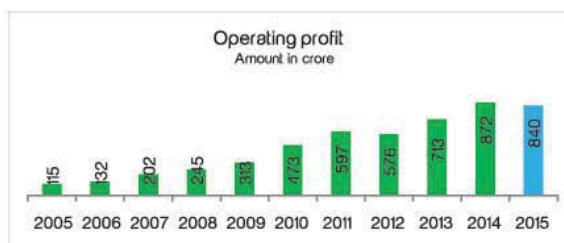
country. We are also committed for extending access to finance for individuals and small businesses that have traditionally been underserved by financial institutions.

Our Tax and VAT responsibilities:

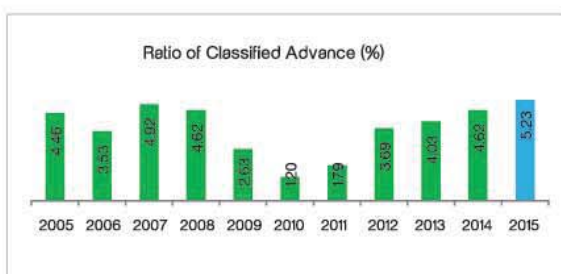
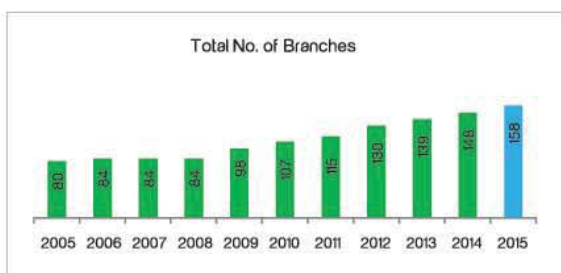
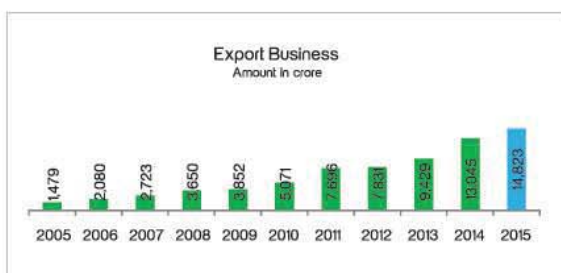
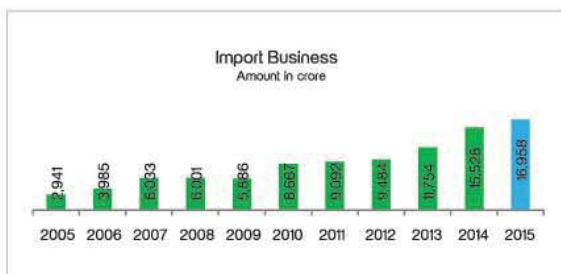
At UCB we are committed for responsible management of our tax and VAT affairs, including a transparent and compliant approach to law. We have tax specialists/advisor who ensures that we comply with the law in an accurate and timely manner. We are transparent in our interaction with tax and VAT authorities. We also consult with NBR on any transactions with tax and VAT implications to ensure we meet the principles of the code.

Key Highlights on Sustainable Performance:

Graphics of Last 10 Years Financial Summary



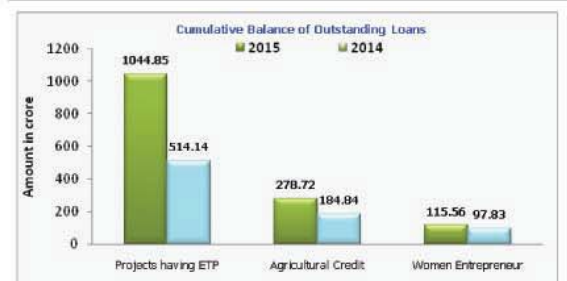
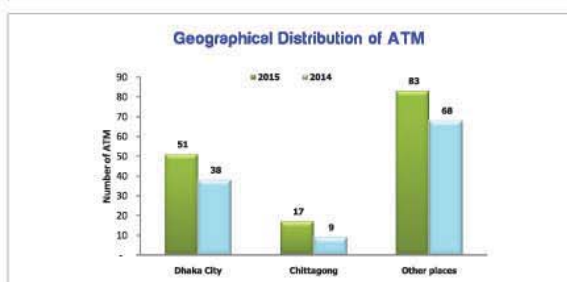
UCB Sustainability Report



Conclusion:

We are publishing this report for the first time in a very concise manner in the annual report covering our major activities in the year 2015- This report is self-declared and as there is no external assurance service available in our country, our report could not be verified by external assurance.

Graphics of other non financial data impacting bank's sustainability:



Report on Corporate Social Responsibility



The Bank is a corporate citizen, with resources and benefits which it derives from operating in society in general. It therefore owes a solemn duty to the less fortunate and under-privileged members of the same society. Being a responsible business is integral to our success, and that of the customers, clients, shareholders and communities we serve. Corporate Social Responsibility (CSR) is embedded in our values and informs how we conduct business, develop products and services and deliver on our goals and commitments. United Commercial Bank Limited believes that it is the foremost duty to contribute towards impacting the lives of various stakeholders like customers, employees, shareholders, communities and environment in a positive manner through all aspects of operations, thereby serving the interest of the society at large. The Bank intends to be in step with the new thought of measuring performance on the basis of economic impact, social impact, and environmental impact in the task of inclusive growth, through banking operations, towards the larger canvas of Nation building. Towards this larger goal, we manage our business as a conscientious member of our community and to improve our performance in this regard is reflected in the high standards we have set for ourselves in our CSR Policy.

United Commercial Bank Limited, one of the largest private banks of the country is highly concerned about the assimilation of social cause in our core business. We are determined to hold ourselves committed to create meaningful changes in society. In year 2015, we have organized our activities for social development in different areas like Education, Health, Disaster Management, Environment, Sports, Art & Culture, socio-economic development etc project and policies are initiated on long term basis accompanied with sustainability and advancement. In the year 2015, the Bank's total expenditure in CSR was around 7.92 crore.

Education:

United Commercial Bank Limited has long been practicing CSR in Education sector through different initiatives like donation to educational institutions, donation for infrastructure development, scholarship etc.

Donation was provided to Independent University Bangladesh as valedictorian fund for convocation under CSR. Donation paid to Frobel Play School to organize a seminar and workshop on inclusive education with key focus on learning disability and behavioral support for special needs children.

Similarly, financial assistance was provided to M. Anowarul Azim Girls' High School, Chittagong. The assistance was provided to build up furniture for science room, books for library and others.

Dhaka Mohila College, a prominent college at Dhanmondi, Dhaka is massively contributing to the expansion of women education. They were in huge necessity of infrastructure development since the number of students was increasing day by day. In this connection, UCB assisted them in infrastructure development. We also donated for construction work of Chandgaon Samsher Para Primary School, Chittagong and Hajigonj Barumchara high School, Chittagong.

A donation was made to class room renovation and equipment support to the Department of Development Studies, University of Dhaka.

Ten computers and one printer were donated to Banskhali Girls College, Chittagong under CSR.

Report on Corporate Social Responsibility

Health:

UCB has always been involved in projects for improvement in health sector. UCB has been contributing by donating different health care institutions, financial assistance to underprivileged & poor people, health & well being of women and children and adoption and maintenance of healthy lifestyles etc. Some of our health related initiatives are described as follows:

Mr. Firoz Bepari is a poor mill labourer. He has been suffering from critical skin disease. He was in need of assistance and for his remedy and treatment UCB financially assisted him.

Diabetic Society, Lakshmipur is relentlessly working for the well being of mass people. They got approval from Social Welfare Department to set up a 6 storied building and subsequently approached to UCB for assistance to construct the building. UCB donated for financial assistance to construction work of Lakshmipur Diabetic Society.

UCB financially assisted Mr. Khurshid Alam suffering from spinal and backbone problem.

Society for Rehabilitation of Autistic Children is a non-profitable organization working for development of autistic children. They run by charity and personal funding. In such a situation, United Commercial Bank Limited assisted them for the noble cause of caring the autistic children.

UCB also assisted to Mr. Robin suffering from liver and other complexities. Financial assistance was also provided to Mr. Ohiduzzaman for bypass surgery. Mr. Shahidul Islam suffering from cancer also got support from us.

The ship recycle industry is associated with high risk from environmental health and safety issues. Workers are in jeopardy of physical damages in this industry. Bangladesh Ship Breakers Association built a hospital to take care of working in this industry. UCB donated assistance to them by providing an ambulance which would be proved to very beneficiary for the injured workers.

Environment:

As a conscious corporate citizen, UCB is not only promoting environment friendly projects, but also advising its clients to make their projects keeping environment in consider. UCB recognizes the importance of preserving the natural environment that sustains all life on earth for future generations. With the spirit of such realization, UCB has always supported initiatives for a better environment.

Honourable Prime Minister Sheikh Hasina has been awarded with Champions of the Earth by United Nations. This is a prestigious award given as acknowledgement to relentless effort towards environment. Aligned with this spirit, UCB

donated Taka 1.00 Crore to Prime Minister's Relief Fund for the sake of sustainable environment.



Disaster Management:

Disaster Management has become one of the most discussed issued in contemporary world. UCB always comes forward in any catastrophe or national disaster. In year 2015, UCB took different initiatives to create effective intervention and mitigation of disaster in Bangladesh and even in overseas.

On April 25, 2015 Nepal was devastated by a massive earthquake. Thousands of people came under open sky and become homeless. It was a humanitarian crisis for Nepal. In such a situation, UCB did not sit idle. UCB donated an amount of Taka 1.00 Crore to Nepal embassy for the assistance of earthquake affected people.

Financial assistance was provided to landslide and flood affected people at Cox's Bazar and Chittagong Hill Tracts.

Every year, winter comes with a massive havoc of cold and extreme suffering for the helpless poor people of Bangladesh. Those people are in need of essential and immediate aid and clothing to save their life. Being devoted to social cause, UCB distribute blankets to help these cold affected people. In year 2015, UCB distributed 1,28,000 pcs of blankets to the cold affected people.



Report on Corporate Social Responsibility

Art & Culture:

Over the years, UCB has been contributing for the development of art & culture in Bangladesh which includes donating to different cultural institutions, financial assistance to talents, promoting cultural activities etc.

Assistance to Bodhon Abriti Parishad for launching recitation CD album. Similarly Financial assistance to Chittagong University for observing Boishakhi Mela.

Nagorik Nattayangon is a famous drama theatre of Bangladesh. They have passed successful 21 years of staging. They organized 8 days long drama festival where UCB participated through donation.

Donation for making a documentary film aims to portray a positive, constructive and forward looking image of Bangladesh. It was created by French Film Director Dr. Isabelle Antunes named Happy Rain, Good news from Bangladesh. UCB donated for the documentary film.

Donation was also provided for construction work of Raowan Shilpokala Academy.

Bangladesh Debate Federation and Campus2Career jointly organized Information and Technology National Debate Championship in association with Centre for Research and Information and supported by Information, Communication and Technology division of People's Republic of Bangladesh. UCB financially assisted the event.

Sports:

Bangladesh has been showing remarkable improvements in various areas of sports recent years. UCB is a huge supporter and always patronize Sports. UCB donated in different sports activities like assistance to Abahoni Krira Chakra, Faridpur; Bankers Club Cricket Tournament, Rajshahi; donating jersey to Jahangir Nagar University Football Team and many more.

Socio-economic development:

UCB is also contributing to different socio-economic causes. Some of the sectors, we provided assistance in this connection were: Change Foundation, donation to set up tube well, donation to Satkania Lohagara Samity, Banshkhali Samity etc.

On the whole, UCB is committed to the sustainable development of communities. We consider CSR as a vital instrument for social and economic development of the country. The objective of our CSR activities is to create a society full of parity and progress. To wrap up, we have the commitment that we will be moving forward continuously with our social projects and focus on exploring new areas for betterment of the society.



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General Banking, Credit Management & Foreign Trade etc
for junior & mid level employees.



UCB adopts strategy to attract the best talents and develop their expertise through rigorous training programs and motivates them to perform with utmost professionalism and commitment for the continuous growth and development of the Bank. UCB believes that training is an ongoing process and is the most vital way of continuous human capital development.

A large lecture hall with many students seated at desks, facing a screen displaying a presentation. A lecturer is standing at the front of the room.

*Training session going on in one of the LDC rooms

LDC also organizes various issue focused courses throughout the year. LDC also organizes Training Programs in collaboration with Bangladesh Bank, BIBM, BBTB etc. Foreign Trainings are also organized in countries like China, Malaysia, Thailand, Nepal, India etc. Details of Training programs arranged by LDC is available in the Report on Human Resource Management.



Complete view of Learning and Development Center (LDC)

Report on Sustainable Human Capital and HR Accounting

Work Place Environment:

Bank's Contribution towards Employees Health and Safety:

UCBL strongly believes that safe & healthy work place is a precondition to deliver desired services to valued customers. To create a healthy and safe working



UCB Canteen view

All the branches, zonal offices and every department of corporate office are well decorated having sufficient breathing spaces. A team of logistics supports and services department of the bank is specially entrusted to visit regularly to monitor cleanliness, safety measures and other amenities remains ensured in all outlets. If found any

UCBL provides Hand Books on First Aid and Guideline on Fire Safety & Security at Bank Premises to every employee during their joining. The Bank has fire safety alarms, fire extinguishers and emergency exit in its all premises in order to safeguarding the lives of its employees, customers and stakeholders in the event of any conflagration. Smoking is strictly prohibited in office premises and employees are also strictly forbidden from being under influence of alcohol or

atmosphere the Bank gives utmost priority by facilitating ambient lighting system, central air-conditioning, pure drinking water, canteen facility, separate prayer room for both male and female, sufficient sanitary facilities, neat and clean office premises etc.



UCB Gymnasium view

deviation, take prompt steps and thus ensuring modern, healthy and safe workplace for its employees.

In 2015, the bank has established Gymnasium at 12th floor of Corporate head office which is open from 6.00 AM to 10.00 AM and then from 6.00 PM to 11.00 PM for all of its employees.

any other improper use of drugs. Moreover, we arrange annual fire drill where participation is compulsory for the employees.

Balanced Manpower Position:

Total manpower position of the Bank stood at 3837 (Officers: 3297 and Staff 540) as on December 31, 2015. Breakdowns are as follows:

Type	2015		2014	
	# of Employees	%	# of Employees	%
Executives	341	8.89%	313	8.51%
Officer/ Non Executives	2956	77.04%	2795	75.97%
Total	3297	85.93%	3108	84.48%
Staff	540	14.07%	571	15.52%
Total	3837	100%	3679	100%

Creation of New Employment Opportunity: UCB offers its employees a career, not a job. UCBL provides employment opportunities for the fresh post graduates from diverse

disciplines as well as for the experienced bankers. In 2015 the bank's recruitment status is as follows:

Report on Sustainable Human Capital and HR Accounting

Category	No. of Employees recruited in 2015
Fresh Entrants	209
Experienced Bankers	134
Total	343

Balanced workforce diversity

Gender	2015	2014
# of Employees	%	# of Employees
Male	3212	83.71%
Female	625	16.29%
Total	3837	3679
	100%	100%

Employee Age Grouping:

Age Group	Male	Female	Total	Percentage
Below 30	610	168	778	20.28%
31-40	1414	331	1745	45.48%
41-50	89	677	766	19.96%
51-60	501	44	545	14.20%
61 & Above	3	-	3	0.078%
Total	2617	1220	3837	100%

Region Wise Manpower Distribution

Division	2015	2014
Dhaka	2397	2269
Chittagong	959	930
Sylhet	140	147
Rajshahi	140	136
Barisal	18	18
Khulna	126	131
Rangpur	31	30
Mymensingh	26	18
Total	3837	3679

Bank's employees are mostly posted to Dhaka and Chittagong region since most of our delivery channels are located in these two locally. However, we encourage our employees to move around different areas of the business, and help us bring together diverse skills and varied expertise to create innovative, high performing teams.

Sustainable Employee Relations and Retention:

At UCB we hire attitude not skills. We believe in pursuing a long term warming relationship with the employees by providing competitive compensation package, career progression opportunity etc. which ultimately ensures very low turnover rate:

Employee Turnover rate for the last two years:

Year	Employee Turnover rate
2015	4.82%
2014	9.01%

Report on Sustainable Human Capital and HR Accounting

The Bank has the following major initiatives under sustainable employee relations and retentions programs:



Equitable compensation & benefits package: UCB has a flexible compensation and benefits system that helps to ensure pay equity, is linked with performance that is understood by employees, and keeps in touch with employee desires and what's coveted in the market, while maintaining a balance with the business affordability.

Employee's Reward & Recognition program: UCB has a well-designed Reward & Recognition program that gives special attention to employees' actions, efforts, behavior and performance. It meets the intrinsic psychological need for appreciation of employees' efforts and supports business strategy by reinforcing certain behaviors (e.g., extraordinary accomplishments) that contribute to Bank's success.

Career growth: UCB supports career opportunities internally so that talented employees are placed in upgraded positions and thereby enables them to deliver their greatest value to the organization. In addition to vertical career growth, employees may also grow horizontally. Whenever possible Human Resources Division mobilizes employees across different functions and branches; thus assisting them to progress with varied skills and experience.

Succession planning: UCB identifies and retains those manpower who can potentially be the successors of mission critical roles. UCB acknowledges that Succession Planning & Management is vital to the continued success of the Bank. UCB continuously assesses organizational, divisional and team capability gaps to identify, develop and retain the successors in a timely manner to meet the demands of the future.

Team Building and Creation of Future Leaders: With a view to creating a synergic atmosphere, the Bank is led by a team of proficient, dedicated and diligent professionals who endeavor to gain excellence in day to day Banking operations. The Bank creates future leadership by providing adequate both on-site and off-site training, changing and adding responsibility. The best are sieved out and elevated to demanding positions.

Grievances and counseling: Since employee's behavior affects work discipline, HR Division always encourages employees to report if they have any work related grievance. Time to time HR Division also counsels employees as part of its job as people's advocate

Report on Sustainable Human Capital and HR Accounting

Human Resource Accounting:

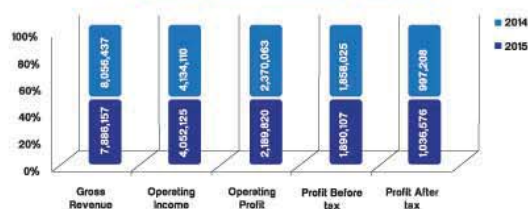
Human Resource Accounting is a process of measuring the costs incurred by UCB to recruit, select, hire, train, and develop human assets. As part of it, UCBL considers all kind of expenses made for its employees as investment which will ultimately generate plausible outcome.

An overview of Human Resource Accounting is given below:

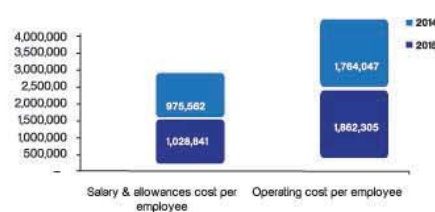
Amount in BDT except % and no. of employees

	2015	2014
Total No. of employees	3,837	3,679
Total salary & allowances cost per employee	1,028,841	975,562
Total Operating cost per employee	1,862,305	1,764,047
Gross Revenue per employee	7,886,157	8,056,437
Operating income per employee	4,052,125	4,134,110
Operating Profit per Employee	2,189,820	2,370,063
Salary cost as % of operating cost	55.25%	55.30%
Salary cost as % of operating income	25.39%	23.60%
Per employee productivity (Profit Before tax)	1,890,107	1,858,025
Per employee productivity (Profit After tax)	1,036,576	997,208

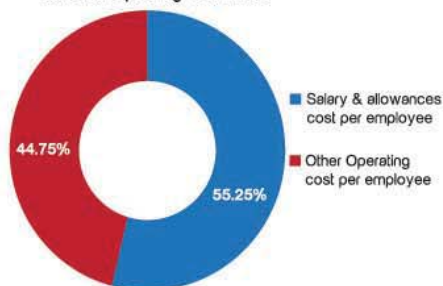
Per Employee Profitability Analysis



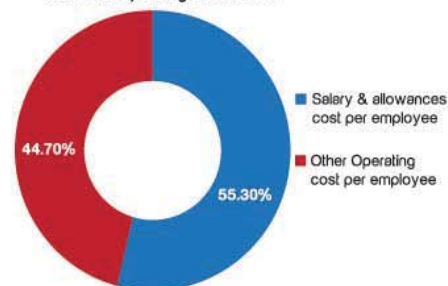
Per Employee Cost Analysis



Distribution of Salary & Allowances and Other Operating Cost in 2015



Distribution of Salary & Allowances and Other Operating Cost in 2014



Report on Green Banking



The environment and climate change effect on human existence as well as the planet are now a global concern because the changes have direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. The key areas of environmental degradation cover air pollution, water pollution and scarcity, encroachment of rivers, improper disposal of industrial medical and house-hold waste, deforestation, loss of open space and loss of biodiversity. The state of environment of Bangladesh is rapidly deteriorating. Moreover, Bangladesh is one of the most climate change vulnerable countries.

The globe is encompassing immense environmental effects due to the activities of business, industries and financial houses. Moreover, the effects of climate change also create specific environmental issues for the enterprises and living beings at large. On the other hand, in-house consumption and use of paper, electricity, water, fuel, stationeries, equipments, technologies, etc. of the business and financial institutions pollutes the environment in different ways and capacities. As such, the society demands that the Banks and financial institutions should take responsibility for keeping the environment green and safeguarding the planet.

Green banking in general refers to the efforts of the Banking sector to keep the environment green and to minimize greenhouse effects through rationalizing their strategies, policy, decisions and activities pertaining to banking service, business and in-house operational activities. Green banking is seen as a component of the global initiative from bank end to save environment.

Initiating in-house Environment management

Initiatives have been taken to apply eco-font in printing to reduce use of ink and paper, use scrap paper as notepads and avoid disposable cups/glasses and to install energy efficient electronic equipments that will help the bank to reduce electricity consumption. Energy saving bulbs have been replaced by normal bulbs in different offices of the bank.

- UCB is the pioneer in introduction of Real-Time Gross Settlement (RTGS) system to its all branches and Bangladesh Electronic Fund Transfer Network (BEFTN) transaction system which reduces dependency on paper-based transaction.

- One hundred fifty one (151) numbers of ATM Booths have been installed which reduce operation time and consumption of cheque book.

- All printers of the Bank installed having double side printing option to ensure using of less paper.

- HR Management software has been installed for generation of salary advice which is reducing manual paperwork.

- In-house CIB software has been installed which is allowing Branches to input data as and when required to ensure paperless work flow.

- In-house MIS software installed for capturing operational data, centralized processing and KPI which has reduced use of paper and saving of time.

- UCB is already providing online banking services to its valued clients through 158 branches. Our valued clients are also availing SMS and internet Banking services comfortably.

- UCB has already implemented Core Banking Software (CBS) across its 158 branches including head office and Offshore Banking.



LCD/LED Screens: UCB has replaced almost all the old PCs with CRT monitors with PCs with LCD/LED monitors. ensures 70% power usage cut by the personal computers ensuring a huge power saving altogether.

Report on Green Banking

E-mail: The electronic mail system for UCB decreases use of paper and chemical ink for printing. Using the nationwide computer network the email correspondences also decrease communication time, increase accuracy, faster decision making etc. Last year in 2015, UCB has deployed around 900 new PCs for the existing users and all the new users for communicating through official e-mail. Currently Total number of e-mail users is 3000.

Internet portal (iUCB): The introduction of intranet portal increased the dimension of paperless communication. IT related user request, Circular's, Policies, Process, Letters and other documents are stored and distributed through the portal, named as iUCB reducing the need to for printed hardcopies. Also it provides workflow process minimizing operational time to maintain and manage different banking software.

User ID request: UCB users are placing their request through e-mail and web portal (iUCB) for critical systems (FCUBS, CardPro, BACH, OIBTS, Domain ID, Email, Network access, etc). It saves paper, ensure faster support, Accurate tracking and more control.

Video Conferencing: Video conferencing has been introduced in Corporate Head Office, Chittagong, Rajshahi, Sylhet and Khulna Zone. The Video Conferencing System allows face to face communication between the locations. This saves pertinent travel time and fuel for a face to face meeting.

IP Telephony: All the branches and Head Office of UCB is interconnected with each other through nationwide IP Telephony network. This ensures that all the branches can communicate through IP Phone system with each other on business matter. This ensures UCB not to use any land phone career which reduces the dependency of public telephony and power system usage.

Employee IT training and awareness: UCB has regularly conducted Employee IT training and security awareness through voice (IP telephone), desktop sharing, Video tutorials, web based .It saves traveling time ,resources and cost.

Online Bill Payment: Currently UCB is collecting more than 45 companies (WASA, TITAS, DU, NSU, GP, Robi, CityCell, RFL etc) bill and maintaining reporting through online system. Credit Card bills and Loan payment are also provided through online.

Introducing Green Finance

In line with the "Green Initiative" of previous years United Commercial Bank Ltd has continued financing in eco friendly business activities and energy efficient industries. The Bank has many products which are automated and time savings for the customers. United Commercial Bank Ltd has

advanced technologies which can provide prompt and environment friendly customer services. The products include internet-banking, U-cash, online banking, SMS banking and ATM services which help reduce carbon emission. The Bank already circulated a set of general instruction to the employees for efficient use of electricity, water, paper and re-use of equipment. Bank has also formed separate Green Banking Policy and Green Banking Unit assigning the responsibilities of designing, evaluating and administering related Green Banking issues of the Bank". United Commercial Bank Ltd is one of the partners of Bangladesh Bank's refinance facilities in green sector. In the year 2015 Bank provided refinancing facility to different Projects, The Bank has financed in 3 nos of projects for Ensuring Work Environment and Security of Workers of Textile and Garments Industry amounting to total BDT 15.53 million , 2 nos of Projects financed to establish ETP amounting to total BDT 18.76 million, 2 nos of Projects financed for remediation purpose amounting to total BDT 16.20 million and 2 nos of Projects financed for Establishment of Green Industry amounting to total BDT 902.67 million. The Bank has already sanctioned BDT 1454.40 million in 2015 for different Green Banking Projects which will be disbursed in early 2016. United Commercial Bank Ltd. is thankful to its stakeholders for actively participating in the Green Initiative and seek their continued support for implementation of the green initiative.

Incorporation of Environment Risk in CRM

UCB has formulated an Environmental Risk Management Policy in December 2011 to understand and manage risks arising from environmental concerns. This will bring a focus on planning and implementing policies and procedures to mitigate environmental risks associated with financing decisions. With a view to incorporating environmental risk as part of existing credit risk methodology to assess a prospective borrower, Bank's ERM Policy has been designed in line with Bangladesh Bank guidelines. Environmental change risk is to be considered as part of the existing credit risk methodology of the bank to assess a prospective borrower. In this connection, specific checklist has been formulated and introduced which will help review possible sources of environmental risk.

Report on Green Banking

Creation of Climate Risk Fund

UCB has taken initiatives to create a Climate Change Risk Fund for financing in different areas after assessing the risks involved. The fund will be used in case of emergency. Regular financing flows will also be ensured in these vulnerable areas and sectors such as flood, cyclone and

drought prone areas. The above Climate Change Risk Fund will be a part of the Bank's CSR expenses. Bank will also provide financing to the economic activities of the flood, cyclone and drought prone areas at the regular interest rate without charging additional risk premium.



Introducing Green Marketing

Green marketing is the marketing of products that are presumed to be environmentally safe. Green marketing may incorporate a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. It refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way. UCB has taken initiatives to use environmental causes for marketing their services to consumer and to create awareness among the mass people.

Employee Training, Consumer Awareness and Green Event

Training and campaign on employee awareness and environmental and social risk and the relevant issues are taken continually as part of the Bank's Human Resource Development. The Public Relations Department under Corporate Affairs Division of the Bank is continually arrange campaign and programs to create awareness.

Further action has been taken to reduce adverse impact on environment in respect of operation and business activity of UCB:

1. An inventory of consumption of water, paper, electricity, energy etc. by Corporate Office and branches has been prepared and reported to Bangladesh Bank quarterly on the prescribed format.
2. Green Strategic Planning has taken and targets on in house environment management have been set. Some of them are as follows:
 - a. Reduction of 5% electricity, gas and fuel consumption.
 - b. Reduction of 10% paper consumption.
 - c. Reduction of 5% GHG emission.
 - d. Reduction of 5% electronic bill.
3. Initiative has been taken for setting of Green Branches
4. Energy saving bulbs has been installed at Branches
5. VRF type AC has been installed at 6 Dilkusha and Pahartoli Buildings, 5.7 KW Solar panels has been installed at 6 Dilkusha Building Project. Provision for access of light inside the building projects & branches has been made by using transparent glasses to reduce energy consumption and make the office green.

Report on Going Concern

Listed Companies are required by BSEC to report on its ability to continue as a going concern. The Board of Directors of United Commercial Bank Limited has made annual assessment about whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as going concern. The director's assessment of whether the company is a going concern entity involves making appropriate inquiries including review of budget and future outcome of inherent uncertainties in existence. The Directors are convinced from the following indications, which give reasonable assurance as to company's continuance as a going concern for the foreseeable future.

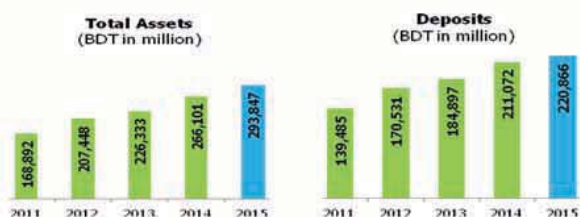


Financial indications

Positive key financial ratios:

UCB has recorded excellent growth in all key areas of business. During the year 2015 UCB's earning asset increased by 10.68 percent, deposits by 4.64 percent, shareholders equity by 13.77 percent and net profit after tax also increased by 8.41 percent. The Company has a very

positive financial ratio as evident from financial highlights and graphical presentation of financial position given in the Annual Report. Such positive financial ratios indicate Bank's sound financial strength and good prospects. Moreover, considering the operating profit for the year 2015 UCB is one of the top performers in the banking industry.



Consistent payment of dividends:

The Bank has been paying dividend consistent to its shareholders over many years, which reflects company's long-term vision and firm commitment to its owners.

Credibility in payment of obligations:

The Company has strong credibility in terms of payment of its obligations to the lenders. The Company is very particular in fulfilling the terms of repayment agreement without any exception.

Cash flows analysis:

UCB's cash flow analysis represents its strength about its ability to repay its obligation, ability to adapt in changing circumstances and generate sufficient cash and cash equivalent which will lead the bank to the foreseeable future.

Operating cash flow before adjustment of increase/decrease in operating assets and liabilities increased from Tk. 5.58 billion to 7.54 billion representing growth of 35 percent. However net operating cash flow

after adjustment of increase/decrease in operating assets and liabilities shows net outflow of TK. 4.3 billion as against net outflow of Tk. 1.51 billion of previous year. Such outflow indicates to cautious expansion of loans & advances and surrender of high cost deposits to shift to low cost deposits.

Expansion of business:

The Company has expanded its segment geographically by opening new branches in different places considering the economic significance. During last five years UCB opened 43 (forty three) new branches at different places in Bangladesh, 74 (seventy four) new ATMs has also been installed during last five years tenure. Total no. Branches and ATM as on 31 December 2015 was 158 branches and 151 ATMs (2014: 148 Branches and 115 ATMs).

UCB also give due importance on diversification of various innovative and customer oriented products and services and which is being done in a continuous manner. In addition to that UCB has two subsidiaries as on the date of reporting namely: UCB Capital Management Limited and UCB Investment Limited.

Report on Going Concern

UCB Capital Management Limited has already started its full pledged business operation as a brokerage company under the license of the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. On the other hand, UCB Investment Limited has been formed with the vision of carrying merchant banking activities in Bangladesh which will commence its business very soon. Above diversification also represent Company's intention for perpetuity.

Corporate environment and employees' satisfaction:

There exists a very good corporate environment in the Company. United Commercial Bank is an excellent work place with friendly environment. Communication among the employees is very excellent. The company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package and there exists a good number of employee benefits like provident fund, gratuity fund, employees welfare fund, incentive bonus, transport facility to the eligible employees. Pay scale is being revised time-to-time to give effect of inflation as well as to align the package with the industry level. Those all factors help to retain capable employees for long time and are being considered as instrumental for employee satisfaction.

Maintenance of sufficient capital:

As on 31 December 2015, the Company's total equity stands at Tk. 25.59 billion as against Tk. 22.49 billion million of 31 December 2014. On the other hand, as on the date of the reporting the paid up capital of the bank was more than Tk. 10 billion (2014: Tk. 8.37 billion) as against Bangladesh Bank requirement of minimum paid up capital Tk. 2 billion.



Moreover, as per BASEL-II, a bank should maintain total capital at least @ 10 percent of RWA. UCB maintains above the required level consistently and the level of capital size of UCB is one of the highest in the industry. As on 31 December 2015 banks CAR is 12.16 (31 December 2014: 10.58). Moreover, the bank already issued UCB 2nd Subordinated bond for an amount of Tk. 5000 million which has boost up the capital position of the bank. All the above

situation also indicates to its ability and intention to continue for the foreseeable future with a long term vision.

Other Indications

Satisfactory CAMELS rating:

CAMEL rating is used by Bangladesh Bank as a tool for evaluating the strength and performance of a bank. The composite rating adjudged by Bangladesh Bank signifies satisfactory performance of United Commercial Bank Limited. In that report, there was no adverse material observation of Bangladesh Bank on the activities of the bank.

Satisfactory credit rating:

UCB has been rated as AA (pronounced as Double A) the long term credit rating and ECRL-2 short term, based on audited financials of the bank and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. An institution rated AA has a very strong capacity to meet its financial commitments, and is generally in a position to withstand adverse developments in the economy, and in business and other external conditions. These institutions typically possess a good track record and have no readily apparent weaknesses.

Entity Rating

Long Term	AA
Short Term	ECRL-2
Date of Rating	May 07, 2015
Based on Financial Statement	December 31, 2014
Validity Date	May 06, 2016

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

Changes in Government policy:

Government has reduced corporate tax rate by 2.5 percent by Finance Act 2015 which will reduce tax burden and will ultimately increase distributable profit of the bank. However, Management anticipates no significant change in legislation or government policy, which may adversely affect the business of the bank.

Based on the above indications, directors feel it appropriate to adopt going concern assumption and there is no material uncertainty exists in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

Integrated Reporting (IR):

Integrated reporting is a process that results in communication to its stakeholders about **value creation by the Company** over the period of time. An integrated report is a concise communication about **how an organization's strategy, governance, performance and prospects lead to the creation of value** over the short, medium and long term. It means the integrated **representation of a company's performance in terms of both financial and other value relevant information.**



UCB's Integrated Reporting is founded on integrated/collective mind thinking, which helps to demonstrate interconnectivity of strategy, strategic objectives, performance, risk and incentives and helps to identify sources of value creation. This report has been prepared in a very concise and integrated manner to avoid redundancy and other qualitative characteristics like completeness, consistency, comparability has also been maintained. IR has been created to enhance accountability, stewardship and trust as well as to harness the information flow and transparency of business that technology has brought to the modern world.

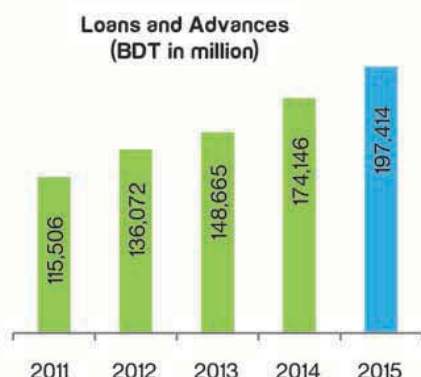
In our first integrated report to the stakeholders we have tried to present the bank's story of 2015. We see this whole process of the preparation of Integrated Report as a journey with each year bringing new insights on how to improve our reporting to stakeholders where we tried to make it most informative and communicative.

Integrated Reporting Checklist:

SL	Elements	Page Reference
1.0	Elements of an Integrated Report	
1.1	Organizational overview and external environment	6,10,11,19,20,17,94-119,157,168,120-121,201,268,282
1.2	Governance	77-80,81-85,
1.3	Stakeholder identification/relationships and capitals	321,89-91,132-140,141-153,160-165,72-85,241-243,94-114
1.4	Business Model	228-230,7,6,123-126,160-168,183-185,57,299,152-153,158
1.5	Performance	13-16,94-114,
1.6	Risks and Opportunities	132-153
1.7	Strategy and resource allocation	6,7,104,157,105
1.8	Outlook	50-53,54-56,70,157-158
1.9	Basis of preparation and presentation	201-263,268-271,282-290,296-298
2.0	Responsibility for an integrated report	43-46,180
3.0	Other Qualitative Characteristics for an IR	8-9,14,159,85,81 and the contents were presented in Annual Report 2015 ensuring the said qualitative characteristics
3.1	Conciseness	
3.2	Reliability and Completeness	
3.3	Consistency and Comparability	
3.4	Connectivity of Information	
3.5	Materiality	
3.6	Assurance on the Report	
Value Added Statement:		183
Economic Value Added Statement:		184
Market Value Added Statement:		185

Contribution to National Economy

UCB always recognizes that it has certain responsibilities to the development of the society and the country as a whole. We aspire to be known as a bank that builds enduring relationship with and delivers value for our clients, shareholders, employees and the community where we work. Besides direct contribution to the national exchequer by way of payment of corporate income tax, UCB contributes to the economy of the country generating employment, financing support to almost all the arena: such as corporate, SMEs, RMG sector, Agri and of course to the individuals through various kind of innovative retail product. While financing to a sector we never compromise with the social impact of the business such as environment effect, moral effect etc. Such financing also helps to generate employment. UCB also pays very attractive dividend to its shareholders.



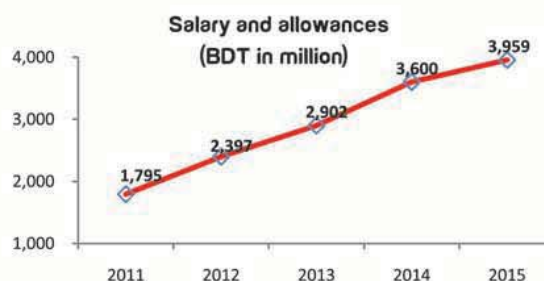
Financing support to industry, SMEs, individuals etc-

As a banking service provider UCB contributes to the economic prosperity by providing financial products and services to the industrial undertakings including SMEs, RMG, Agro and various organizations and individuals. As on 31 December 2015 UCB's total credit exposure **was Tk. 197.41 billion with 34,897 no. of clients** which was TK. 174.14 billion with 30,880 no. of clients on the last date of previous year.



Employment

We make an economic impact by creating employment and a well-trained workforce. UCB and its subsidiary employed as many as 3,837 employees as on 31 December 2015 (2014: 3,679). During the year 2015 United Commercial Bank paid total of **Tk. 3,959 million** as salaries and allowances to its employees (2014: Tk. 3,600.41 million) and significant amount also being spent for training and HR development each year.



Tax payment

United Commercial Bank contributes to the economy by paying due corporate income tax and Value Added Tax (VAT) as per the prevailing laws and regulations. During the year 2015 UCB provided total of Tk. 3,275 million for payment of corporate income tax (2014: Tk. 3,166.94 million). We also pay VAT @15% on the fees and commission income of the Bank. On the other hand, we collect tax and VAT at source while paying various bills and ensure payment of such withholding tax and VAT to the government exchequer.

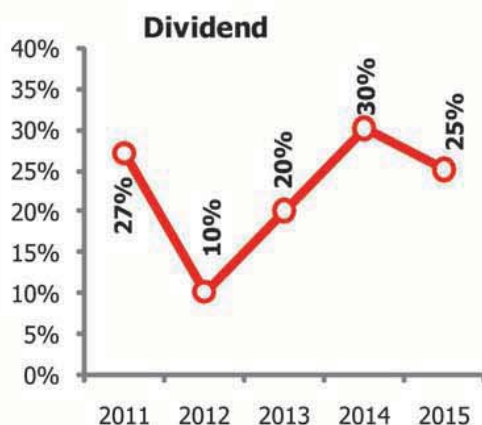
Contribution to National Economy

Tax Expense
(BDT in million)



Payment of dividend

We recognize our fiduciary duty to our shareholders and seek to establish constructive relationships. We are focused on maximizing long-term and sustainable shareholders' value through strong financial performance and returns and practicing the best in our day-to-day activities. Over the past many years, UCB paying a satisfactory return (dividend) to its shareholders. The Board of Directors of the bank **proposed 5 percent stock dividend and 20 percent cash dividend** to its shareholders for the year 2015 (in 2014 the bank has also paid 20 percent cash dividend and 10 percent stock dividend). Capability to pay attractive dividend on continuous basis indicates to the solid strength of the bank and reflects UCB's commitment to its owner.

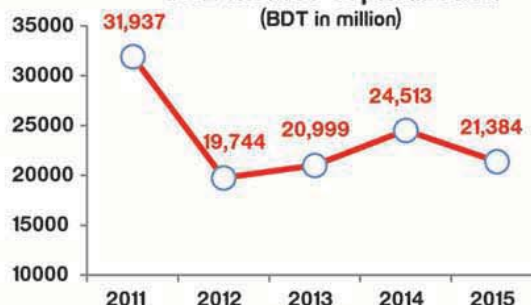


Market capitalization

UCB started its journey with a paid up capital of TK. 35.50 million in the year 1983. At the end of the year 2015 UCB's total paid up capital is **Tk. 10,039.34 million** equivalents to market capitalization of **Tk. 21,383.79 million** (2014: paid up

capital Tk. 8,366.12 million, market capitalization Tk. 24,513 million).

UCB Market Capitalization
(BDT in million)



Donation & sponsorship

We always agree in building prosperity by supporting a broad range of socio-economic causes through donation and sponsorship. We believe, in order to reach our potential, we need to earn the respect of our stakeholders. We have learned by last more than three decades that the best way to do that is to foster creativity, innovation and diversity throughout our ventures, of course aligning business practices with highest values. We dream to crafting a way of social business rather than commercial business objective only. During the year 2015 the bank expended **around Tk. 21 million** for donation and sponsorship (2014: Tk. 40 million).

Development without compromising the needs of future generation

We firmly believe that sustainable economic growth and a healthy environment are inter-linked. We take supportive role in terms of providing financial services by restricting and discouraging projects detrimental to the environment and health. That means our profit motive never get priority over the process/way of earning profit.

Green Banking

UCB's deployed its all out effort to make the slogan "Green Banking" a success. Various initiatives have already been taken both in policy and practically at large. Keeping the environment green, discouraging projects causes greenhouse effects, eco-font in printing to reduce use of ink, use scrap paper as notepads and installing energy efficient electronic equipment are the glimpse of the bank's initiatives to facilitate Green Banking.

Value added statement

The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. UCBL contributes positively to socio economic development by empowering employees through the payment of salaries and allowances; by paying

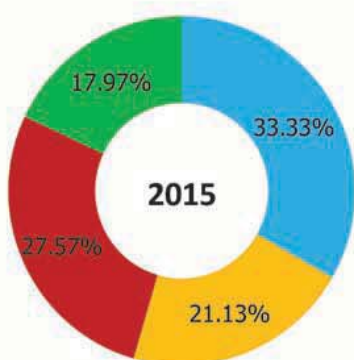
attractive and consistent dividend to the providers of capital; by assisting the regulatory capacities through paying taxes and of course keeping in mind company's continuous expansion and business growth.

(Figures in million Taka)

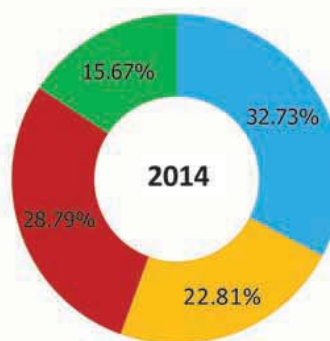
Value added	2015		2014	
	Amount	Percentage	Amount	Percentage
Net interest income	7,723.38	65	7,930.59	72
Commission, exchange & brokerage	3,110.43	26	2,718.82	25
Investment income	4,228.59	36	3,868.66	35
Other income	485.60	4	691.33	6
Management expenses excluding salaries & allowances, depreciation	(2,520.04)	-21	(2,323.84)	-21
Provision for doubtful losses	(1,150.00)	-10	(1,883.79)	-17
Total value added by the company	11,877.96	100	11,001.77	100

Value added contributed to-

Employees:				
As salaries and allowance	3,958.98	33.33	3,600.41	32.73
	-		-	
Provider of capital:				
Dividend to shareholders	2,509.83	21.13	2,509.83	22.81
	-		-	
Government:				
Corporate tax	3,275.00	27.57	3,166.95	28.79
	-		-	
To expansion and growth:				
Retained income	1,467.51	12.35	1,158.90	10.53
Depreciation	666.64	5.61	565.68	5.14
Total distribution by the company	11,877.96	100	11,001.77	100



■ Employees:
 ■ Provider of capital:
 ■ Government:
 ■ To expansion and growth:



■ Employees:
 ■ Provider of capital:
 ■ Government:
 ■ To expansion and growth:

Economic Value added statement

Economic value added (EVA) is the financial performance measure that attempts to measure the true economic profit of an organization. It provides a measurement of a company's economic success (or failure) over a period of time. Such a metric is useful for investors who wish to determine how well a company has added value for its investors and it can be compared against company's peers for a quick analysis of how well the company is operating in its industry. Economic value added is calculated by taking a company's net profit after tax, adding with it, the amount of provision charged against profit to absorb the losses inherent in the investments. EVA is calculated as under:

$$\text{EVA} = (\text{NPAT} - \text{Cost of average equity})$$

NPAT

NPAT is the net profit after tax plus the provision for doubtful losses charged against profit.

Equity

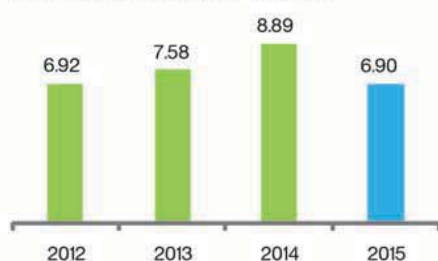
Shareholders' equity is the total amount of equity at the year end plus accumulated provision charged against profit for doubtful losses.

Cost of equity

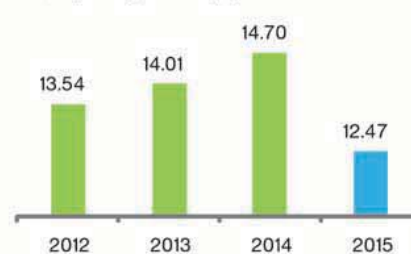
It is the opportunity cost i.e. the expected risk free return on investments, plus a risk premium. Interest on Bangladesh Government Sanchaya Patra plus risk premium has been assumed to be the cost of equity.

For the year	2015	2014	2013	2012
Shareholders' equity at year end	25,589	22,492	20,505	18,171
Accumulated provision against loans & advances	4,403	3,681	3,623	3,531
Average shareholders' equity	28,095	25,147	22,915	19,922
Cost of equity (%)	11.35	13.19	11.20	11.20
Economic value added				
Net profit after tax (before provision)	5,127	5,553	4,304	3,609
Less: Cost of equity	3,189	3,317	2,566	2,231
Total	1,939	2,236	1,738	1,378
Key ratios				
EVA/Operating revenue (%)	12.47	14.70	14.01	13.54
EVA/Average shareholders' equity (%)	6.90	8.89	7.58	6.92
Net profit after tax/Operating revenue (%)	25.58	24.12	24.72	15.58

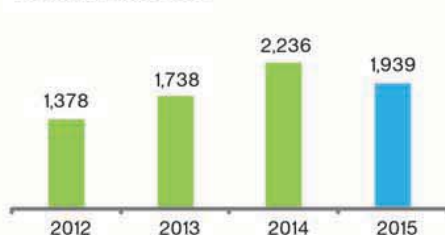
EVA/Average shareholders' equity (%)



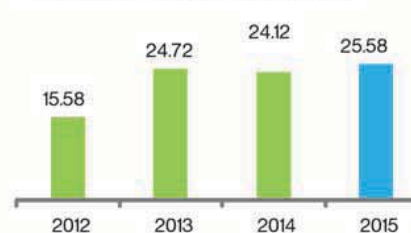
EVA/Operating revenue (%)



Economic value added



Net profit after tax/Operating revenue (%)



Market Value added statement

Unlike EVA, which measures internal performance, market value added (MVA) is a measure of external performance that indicate how the market has evaluated the company's performance in terms of market value of shares compared to book value of shares. MVA is the difference between the market value of equity of a company and the book value of equity invested in the company. A positive MVA indicates that the company could add value to shareholders wealth. The following statement indicates the MVA at the year ended on 31 December of 2015 and 2014 :

(Figures in million Taka)

	2015	2014
Market value of shares outstanding	21,384.00	24,512.72
Book value of shares outstanding	25,588.82	22,491.54
Market value added	-4,204.82	2,021.18



Market Value Added (MVA) is the difference between the current market value of a firm and the capital contributed by investors. In an ideal scenario, if MVA is positive, the firm has added value. If it is negative, the firm has destroyed value. But in some cases market value of the shares may lost its value due to significant reduction in the market index. During the year end 2015 the capital market index reduced significantly to 4,630 point which was 4,865 point as on the last trading day of previous year.

