

ANNUAL REPORT
2011

United



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United we achieve | **UCB**

ANNUAL REPORT
2011

United we achieve | **UCB**

United Commercial Bank Limited
Corporate Head Office
Plot - CWS (A)-1, Road No - 34
Gulshan Avenue, Dhaka - 1212
Phone: +880-2-8852500
Website: www.ucbl.com

Letter of Transmittal

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

Sub : Annual Report for the year ended December 31, 2011.

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, 2011 for kind information & record.

Yours sincerely

Sd/-
Mirza Mahmud Rafiqur Rahman
Company Secretary

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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



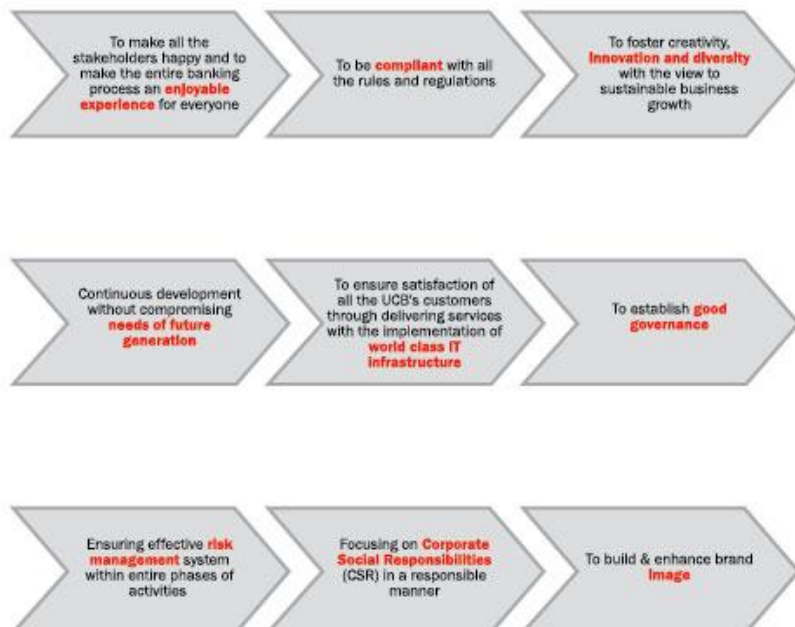
To offer financial solutions that create, manage and increase our clients' wealth while improving the quality of life in the communities we serve

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



Leader shows the way



Managing Director of UCBL Awarded As the "Best Banker 2010"

Mr. M. Shahjahan Bhuiyan, Managing Director, United Commercial Bank Limited has been honored with the title "Best Banker 2010". The award giving ceremony was held on February 15, 2012 at an aristocratic local hotel in Dhaka.

The ceremony was jointly organized by the Institute of Bankers, Bangladesh (IBB) and Bangladesh Institute of Bank Management (BIBM) under the supervision of Bangladesh Bank. A jury board, consisting of veteran bankers presided by distinguished banker Mr. Khondkar Ibrahim Khaled selected Mr. M. Shahjahan Bhuiyan as the best banker of the year 2010. The board selected him for his outstanding contribution in banking sector with his utmost dedication and expertise for the last four decades.

In his speech, Mr. Bhuiyan said that banking is not only monetary transactions; rather it is a process of reliance and trust. He also added if everybody's trust and confidence is ensured, we would be able to create a successful banking industry.

Dr. Atiur Rahman, Governor, Bangladesh Bank and the chief guest of the event gave the award to Mr. Bhuiyan. The award giving ceremony was presided by Mr. Md. Humayun Kabir, Managing Director and CEO, Sonali Bank. Among others, various directors and top executives of different banks were present. Mr. M. Shahjahan Bhuiyan expressed his sincere gratefulness to the guests for their continuous support and cooperation.

Corporate information

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	Mr. Akhtaruzzaman Chowdhury MP.
Vice chairman	Mr. Showkat Aziz Russell
Managing Director	Mr. M. Shahjahan Bhuiyan
Company Secretary	Mr. Mirza Mahmud Rafiqur Rahman
Date of Listing with DSE & CSE	30 November 1986 & 15 November 1995
Authorized Capital	Taka 8,000 million
Paid up Capital	Taka 7,275 million
Total Manpower	2,982
Number of Branches	115
Number of AD Branches	25
Number of Agri. Branches	02
Number of ATM Booths	77
Auditors	Syful Shamsul Alam & Co. Chartered Accountants
Tax Consultants	Mr. Md. Mosharraf Hossain, Advocate
Legal Consultant	T.I.N. Nurun Nabi Chowdhury
Rating Agency	Credit Rating Information & Services Ltd. (CRISL)
Registered office	CWS(A) -1, Gulshan Avenue Dhaka-1212, Bangladesh
Telephone	02 8852500
E-mail	info@ucbl.com
Website	www.ucbl.com
SWIFT	UCBL BDDH

Key Milestones

Date	Particulars/events
26 June 1983	Incorporation of the Company
27 June 1983	Certificate of Commencement of Business
28 June 1983	License issued by Bangladesh Bank
28 June 1983	License issued for opening of first Branch (Principal branch)
30 November 1986	Listed with Dhaka Stock Exchange Limited
27 December 1988	50th Branch opening (Mohammadpur Branch)
15 November 1995	Listed with Chittagong Stock Exchange Limited
19 October 2003	Registered as Depository participant of CDBL
29 May 2005	Trading of Shares started in Demat Form in Stock Exchanges
20 July 2009	Opening of 1st ATM
01 February 2010	Shifting Corporate office from Motijheel to Gulshan
28 January 2010	Incorporation of UCB Securities Limited
24 May 2010	100th Branch opening (Kanchan branch)
01 November 2010	Opening of 1st Off shore Banking Unit at Gulshan, Dhaka
10 December 2010	Change of Face Value & Market Lot of Shares
24 January 2011	Obtained permission for issuance of Rights Share
21 June 2011	Exempted from Early Warning Signal
03 August 2011	Incorporation of UCB Investment Limited

Group Corporate Structure



Offshore Banking Unit (OBU):

The Bank obtained permission for opening of Off-shore Banking Unit (OBU) vide letter no. BRPD (P-3) 744 (117/2010-2577 dated 9th June 2010. Presently the bank has one unit in Dhaka in full pledged functioning which formally commenced its operation on 10 November 2010.

UCB Securities Limited:

The UCB Securities Limited, a subsidiary of UCB was incorporated in Bangladesh as a private limited company on 28 January 2010 under the Companies Act 1994. The main objective of the company is to provide stock brokerage and other related services to its clients.

UCB Investment Limited:

The UCB Investment Limited, another subsidiary of the bank was incorporated in Bangladesh as a private limited company on 3 August 2011 under the Companies Act 1994. The vision of the company is to be one of the best merchant bank in Bangladesh.

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.

Board of Directors and its committees

BOARD OF DIRECTORS

Chairman

Akhtaruzzaman Chowdhury, MP

Vice Chairman

Showkat Aziz Russell

Directors

M. A. Sabur
Md. Jahangir Alam Khan
M. A. Hashem
Kazi Enamul Hoque
Hajee Yunus Ahmed
Hajee M. A. Kalam
Saifuzzaman Chowdhury
Bazal Ahmed
Shabbir Ahmed
Nur Uddin Javed
Sultana Reza Begum
Sharif Zahir
Riyadh Zafar Chowdhury
Tanvir Khan
Ahmed Arif Billah
Emran Ahmed
Nasim Kalam
Setara Begum
Nurul Islam Chowdhury
Anisuzzaman Chowdhury

Managing Director

M. Shahjahan Bhuiyan

Company Secretary

Mirza Mahmud Rafiqur Rahman

EXECUTIVE COMMITTEE

Chairman

M. A. Sabur

Members

Md. Jahangir Alam Khan
M. A. Hashem
Hajee M. A. Kalam
Saifuzzaman Chowdhury
Kazi Enamul Hoque
Bazal Ahmed

AUDIT COMMITTEE

Chairman

Md. Jahangir Alam Khan

Members

Hajee M.A. Kalam
Saifuzzaman Chowdhury
Nur Uddin Javed
Sharif Zahir

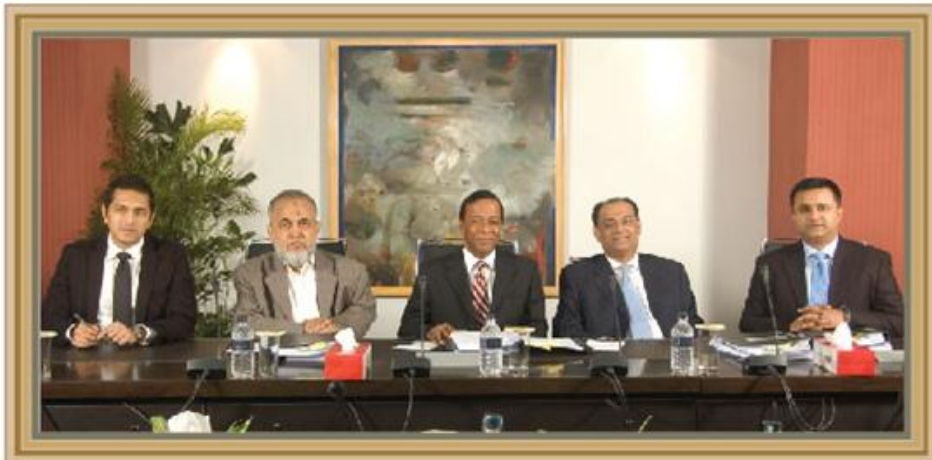
BOARD OF DIRECTORS



Executive Committee



Audit Committee



Board of Directors



Hon'ble
Directors
not present
in the group
photograph



Directors' profile



Akhtaruzzaman Chowdhury, MP
Chairman

Mr. Akhtaruzzaman Chowdhury, Member of the Parliament, an eminent politician & business personality of the country is the Chairman of UCB. He is one of the founders of this Bank.

Mr. Chowdhury is currently the honorable Chairman of Parliamentary Standing Committee on Ministry of Textiles & Jute. He is a successful business organizer having international acceptability. He was the President of FBOCI, the apex body of business community in Bangladesh. He was also the President of Chittagong Chamber of Commerce & Industries twice. This pioneer entrepreneur is the first Bangladeshi Vice-President of Group-77 Chamber of Commerce & Industries. He also served as Chairman of Chamber of Commerce & Industries of OIC countries. Mr. Chowdhury is also one of the founders & former Chairman of Janata Insurance Company Ltd.

Mr. Akhtaruzzaman Chowdhury, son of Late Alhaj Nuruzzaman Chowdhury, comes of a well reputed and respectable Muslim family of Anwara in Chittagong. Mr. Chowdhury is a valiant freedom fighter whose courageous leadership & glorious contribution in the liberation war are worth mentioning. He has been elected four times as Member of the Parliament. Mr. Chowdhury is one of the Presidium Members of Bangladesh Awami League, the ruling party. As a distinguished industrialist, patriot & philanthropist, he is actively associated with a number of educational, social & cultural organizations to encourage young generation for creating an enlightened society. His diligence, prudence & commitments are the hallmarks for becoming a true business lion.

From the nascent stage of UCB, Mr. Chowdhury has been counseling the Bank to attain a distinct position and wide acceptability in national and international perspective.



Showkat Aziz Russell
Vice Chairman

Mr. Showkat Aziz Russell, one of the very young & potential business personalities of contemporaneous generation is the Vice Chairman of UCB. Concurrently he is the Managing Director of Partex Holdings Ltd, Amber Cotton Mills Ltd, Partex Rotor Mills Ltd, Partex Energy Ltd, Partex Spinning Mills Ltd, Partex Board Mills Ltd. He is the Chairman of Board of Trustees of IBAIS University. This Emerging entrepreneur is also the Vice-Chairman of Bangladesh Textile Mills Association. He is also involved in promoting games and sports of the country and presently he is the Chairman, Governing Body of Lt. Sheikh Jamal Dhanmendi Club Ltd.

Mr. Showkat Aziz Russell comes of a well reputed Muslim family of Begumoni in Noakhali. He was born on 16 November, 1972. Being an MBA, he studied at home & abroad. He obtained his BBA degree from UK.

This visionary personality is making his contribution towards economy by introducing modern technology, innovative ideas, upgraded management system & generating employment in various sectors. He also patronizes different socio cultural organizations to bring some meaningful changes in the society.

Directors' profile



M. A. Sabur
Chairman, Executive Committee

Mr. M. A. Sabur, leading industrial entrepreneur & Sponsor Director of UCB is the Chairman of Executive Committee. He is also the Managing Director of Masco Industries Ltd and Maxim Group.

An MBA, Mr. Sabur is the son of Late Alhaj Raham Ali. He belongs to a respectable Muslim family and hails from Kanchon of Narayanga district. He is a member of IBA Alumni Association & also a golfer being lifetime member of Kumitola Golf Club, Dhaka and Bhatary Golf Club, Chittagong. Mr. 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.



Md. Jahangir Alam Khan
Chairman, Audit Committee

Mr. Md. Jahangir Alam Khan, eminent industrialist and Director of UCB is the Chairman of Audit Committee. Simultaneously he is the Chairman & Managing Director of J.K. Group of Industries, a leading business house in Textile sector.

Mr. 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. Mr. Khan 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 honoured Mr. Khan as CIP (Commercially Important Person) for his contribution to the national economy.

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

Directors' profile



M. A. Hashem
Director

Mr. M. A. Hashem, Chairman of Partex Group, one of the largest conglomerates in the private sector manufacturing and service based enterprises in Bangladesh, is one of the Directors of UCB.

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

A reputed Industrialist and humanitarian, Mr. Hashem is actively associated with many educational and socio-cultural organizations of the country. He is also the founder member of North South University, 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.



Kazi Enamul Hoque
Director

Mr. Kazi Enamul Hoque is a Director & member of Executive Committee of UCB. He was born in respectable Kazi family of Khulna.

This innovative Businessman is also the director of All in One Ltd, Bina Properties & Development Ltd, Anju Azhar Stone Link Ltd, and A.B. Industries Ltd. He is the member, Executive Committee of Gulshan Club Ltd, a widely reputed social club of the country. He is also an MBA.

He is working to establish UCB as an iconic financial institution in national & international arena.



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 & Managing Director of Yunusco Group, Managing Director of Shore to Shore BD Limited & Adapt ID Bangladesh Limited.

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.

Directors' profile



Hajee M. A. Kalam
Director

Hajee M. A. Kalam, one of the Sponsor Directors of UCB is now the member of Audit Committee & Executive Committee. This distinguished businessman is the Chairman of M. A. Kalam Ltd., United Overseas 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 Sadar, Kotwali in the District 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.



Saifuzzaman Chowdhury
Director

Mr. Saifuzzaman Chowdhury, Managing Director of Aramit Group, a leading conglomerate in Bangladesh, is the Director of UCB who is also the member of Executive Committee & Audit Committee.

Mr. Saifuzzaman Chowdhury was born in a glorious & highly respectable Muslim family of Anwara under Chittagong District of the country.

Mr. Saifuzzaman obtained his higher degree on Business Administration from a reputed university of USA. After completion of his education, he engaged himself in business. He is the former President of Chittagong Chamber of Commerce & Industries and is associated with Port Users Forum, Bangladesh Better Business Forum and National Council for Industrial Development. He is a member of the Syndicate of Southern University, Chittagong. He is also associated with a number of socio-cultural and philanthropic organizations.

As a future business leader of the country, this young, energetic and progressive organizer is working for the improvement of business environment to make Bangladesh a hub of foreign investments.



Bazal Ahmed
Director

Mr. Bazal Ahmed is the Director & currently the Member of Executive Committee of UCB. This spectacular entrepreneur is also the Director of Taj Accessories (Pvt) Ltd & Taj Trading.

Mr. Bazal Ahmed was born on October 11, 1966 in a respectable Muslim family. He is allied with lots of social & educational organizations to accelerate the benefit of the community.

Directors' profile



Shabbir Ahmed
Director

Mr. Shabbir Ahmed is one of the Directors of UCB. Mr. Shabbir Ahmed 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, East End Automobiles Ltd. He also maintains strong relation with various educational & social organizations.



Nur Uddin Javed
Director

Mr. Nur Uddin Javed is one of the Directors of UCB.

Born on January 9, 1974, Mr. Nur Uddin Javed is currently member of Audit Committee. He is also the Director of Nur Mohammad & Co Ltd. He has a very good rapport with different educational, Social & Cultural organizations of Dhaka & Chittagong.



Sultana Rezia Begum
Director

One of the leading Women entrepreneurs of the country Mrs. Sultana Rezia Begum is the Director of UCB.

Mrs. 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



Sharif Zahir
Director

Mr. Sharif Zahir, promising industrialist of the country, is one of the Directors and members of Audit Committee of UCB.

Mr. Sharif Zahir is at the same time Director of Ananta Casual Wear Ltd, Ananta Properties Ltd, Ananta Energy Resources Ltd, National Finance Ltd, Confidence Industries Ltd, Ananta Apparels Ltd, Ananta Fashion Ltd, Ananta Group Ltd, Ananta Denim Technology Ltd. He attained his Graduation from University of Texas at Austin, USA in Finance & Economics.

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



Riyadh Zafar Chowdhury
Director

Mr. Riyadh Zafar Chowdhury is one of the Directors of UCB. Mr. Riyadh was born on February 21, 1978 and has obtained his higher education from UK.



Md. Tanvir Khan
Director

Promising & young Director of UCB, Mr. 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.

Directors' profile



Ahmed Arif Billah
Director

Leading young entrepreneur of Bangladesh Mr. Ahmed Arif Billah is one of the Directors of UCB. Mr. Arif was born on July 29, 1982.

Mr. Ahmed Arif Billah is also the 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 Yam Dyeing & Printing Ltd, Shanta Expressions Ltd, Masco Exports Ltd, Masco Overseas Ltd, Concept Knitting Ltd, and Masco Shares & Securities Ltd.

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



Emran Ahmed
Director

One of the very young & potential Directors of UCB, Mr. Emran Ahmed was born on October 10, 1984. He obtained his graduation from University of Technology, Sydney, Australia.

He is also the Director of Yunusco Stones & Engineering Ltd, Yunusco Ltd, Shore to Shore Textiles Ltd, YK Ltd, Nine to Nine Manufacturer Ltd, Four M Knit & Footwear Ltd, and Wonder Corporation Ltd. This promising industrialist also shares his ideas & views with many social organizations for the benefit of the society at large.



Nasim Kalam
Director

Mr. Nasim Kalam, Director of UCB, was born on January 31, 1978.

He is also the director of M/S. M. A. Kalam Ltd, M/S. United Overseas (BD) Ltd, Arab Plantation Ltd, Modern Refectories Ltd and Gladstone & Wylie Ltd.

This innovative organizer having graduated from abroad is relentlessly contributing in brining changes in business concepts and playing an important role in the development of business & trade of the country.

Directors' profile



Setara Begum
Director

One of the exemplary women social activists Mrs. Setara Begum is the Director of UCB. She is simultaneously the Director of K-Wally Stationary Ltd, Elite Printing & Packages Ltd. and Anchorage Trading Agent.

This open hearted lady is associated with many socio-cultural organizations to make a more congenial social environment for the coming generations.



Nurul Islam Chowdhury
Director

Mr. Nurul Islam Chowdhury is one of the Directors of UCB.

Mr. Nurul Islam Chowdhury is the Chairman & Director of Islam Steel Mills Ltd., Eastern Engineers (CTG.) Ltd., Shoppers World Express Ltd. & Shoppers World Ltd. respectively. He also maintains a strong relationship with many social & educational organizations in the country. He belongs to a Family who are the pioneers in Jute & Steel Industries of the country.



Anisuzzaman Chowdhury
Director

Mr. Anisuzzaman Chowdhury, a young and dynamic industrialist of the country is one of the Directors 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.

Mr. Anisuzzaman Chowdhury, was born in a glorious & highly respectable Muslim family of Arwara 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.

KEY MANAGEMENT

Key Management



M. Shahjahan Bhuiyan
Managing Director

Mr. M. Shahjahan Bhuiyan joined as Managing Director of United Commercial Bank Ltd in July, 2008. In early 1970, he joined 'State of Pakistan' as Trainee Officer through a competitive examination under 'Bank Officials Training Scheme'. Then he joined Pubali Bank early 1972. During 16 years of service in Pubali Bank, he served in major branches of the Bank as manager and later he was promoted to Asstt. General Manager. Thereafter he joined The City Bank Limited and served there till middle of 1993 and then he moved to U Commercial Bank Limited where he served as Executive Vice President until March 2000. He joined Prime Bank Ltd. as Senior Exec Vice President on March 30, 2000 and was promoted to the rank of Deputy Managing Director in March, 2001. By May, 2002 he was promoted to the rank of Additional Managing Director. He was closely associated with Credit Management of Prime Bank since joining was Head of Bank's Credit Committee, ALCO, MANCOM. In May 28, 2004 he became the Managing Director of Prime Bank Limited.

In his 40 years of banking career in Marketing and other areas of business operation and customer relationship management he participated in different job related training Programs and Seminars, Workshops at home and abroad and visited SAARC countries as India, Sri Lanka under FSRP and USAID. In addition, undertaken business trips to USA, Canada, UK, China, Malaysia, Kingdom Saudi Arabia, Qatar, Bahrain, & UAE for establishing banking relationship with a few major banks there. These visits have created many business opportunities for the bank particularly in foreign trade and International Banking Operation. Before joining banking service Bhuiyan served as lecturer of commerce for about two years at Faridpur College, Faridpur.

Mr. Bhuiyan has recently been honoured with the 'Kriti Banker' (Best Banker) award, first of its kind in banking sector from the govt of Bangladesh Bank jointly organised by the Institute of Bankers, Bangladesh (IBB) and Bangladesh Institute of Bank Management (BIBM) under the supervision of Bangladesh Bank. A jury board, consisting of veteran bankers presided by distinguished banker Khondkar Ibrahim Khaled selected him for the award for his outstanding contribution in banking sector with utmost dedication expertise over the last four decades.



Shafiqul Alam
Additional Managing Director

Mr. Shafiqul Alam started his banking career as Management Trainee in ANZ Grindlays Bank in 1980 where he served till January 2 in Branch Banking, Retail Banking, Marketing and as Head of Finance and Administration. In 2001 he joined Prime Bank as Head Principal Branch in Motijheel. In 2006 he joined First Security Bank Limited and in 2008 United Commercial Bank Limited as Deputy Managing Director. In 2010 he was elevated to the position of Additional Managing Director. He looks after the total Operations of Bank and his portfolio of responsibilities in business include Retail Banking, Cards, SME and Capital Markets while the support functions include Human Resources Management, Information Technology and Finance & Accounts.

Mr. Alam participated in many workshops and seminars on banking and management at home and abroad.

Key Management



M. Shahidul Islam
Additional Managing Director

Mr. M. Shahidul Islam, a prolific banker who started his career in banking as a Management Trainee in National Bank Limited in 1984. He served National Bank Limited for fourteen years with his intelligence and prudence. Mr. Islam contributed in almost all the areas of banking encompassing Corporate Credit, Foreign Exchange, Consumer Banking, Financial Administration Division and the most challenging as Head of Branch.

In 1997, Mr. Islam joined Prime Bank Limited as Senior Assistant Vice President and served that Bank for eleven years. During his tenure in Prime Bank Limited, he actively and assiduously contributed to the growth and development of the Bank by playing substantial role as Head of Branch of some high profile branches and Head of different Divisions at Head Office. Subsequently, he was elevated to the rank of Senior Executive Vice President. Before joining UCBL, Mr. Islam was the Head of Credit of Prime Bank Ltd.

In 2008, Mr. Islam joined UCBL as Deputy Managing Director. At present, Mr. Islam is holding the helm of affairs of Corporate Banking Division and Treasury of UCBL. In March 2011, he was elevated to the rank of Additional Managing Director.



Mamun-Ur-Rashid
Deputy Managing Director

Started career with National Bank Ltd. as Probationary Officer in 1984 and served in different capacity until January 1995. Then he joined National Credit & Commerce Bank Ltd. as Executive Officer. Afterwards, he joined Prime Bank Ltd as Vice President & HOB, Agrabad, Chittagong. In 2007, he was promoted to Senior Executive Vice President of Prime Bank Ltd.

He has joined United Commercial Bank Ltd. on September, 2008 as Deputy Managing Director and currently he is looking after General Services Division of the Bank.



Shahed Jalal Chowdhury
Deputy Managing Director

Started career with Pubali Bank Ltd. as Probationary Officer in 1979 and served in different capacity until September 1985. In 1985 he joined United Commercial Bank Ltd. as Officer Grade II (Executive Officer) and worked in the Audit & Inspection Division till March 1994. Then he worked at Bangshal Branch from March 1994 to February 1997. He worked as Head of Branch of Nawabpur Branch, Dhaka from March 1997 to February 2001, and then as Head of Branch of Foreign Exchange Branch, Dhaka from March 2001 to February 2007. In March 2007 he joined Head Office as Head of Internal Control and Compliance Division and worked till February 2010.

He was promoted to Deputy Managing Director on 17 February 2010 and has the following responsibilities:

1. Member of Credit Committee
2. Member of Purchase & Procurement Committee
3. Chief Risk Officer of Risk Management Unit of the Bank

Key Management



Mirza Mahmud Rafiqur Rahman
Deputy Managing Director & Company Secretary

Mr. Mirza Mahmud Rafiqur Rahman started his Banking Career in 1988. In his long 24 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. 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 in financial institutions, press and electronic media and other business forums as guest speaker. His involvement with many social and cultural activities earned him recognitions from a number of social and 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.

Mr. Rahman participated in many workshops and seminars on banking and management at home and abroad.



Mohammad Abu Abdullah
Deputy Managing Director

Mr. Mohammad Abu Abdullah, has joined United Commercial Bank Limited as the Deputy Managing Director (HRM & Organization) as of 15th November, 2011. Mr. Abdullah is well-known in HR profession in Bangladesh with track record of about 38 years of experience in HRM & IR both at home & abroad.

He gained rewarding experience in Research, Training & Teaching HR & Industrial Relations with Bangladesh Institute of Management during his early career in the profession. He got citation and recognition by IBM (The then BMDC) for his research work in labor laws case studies and publication. He served as a member of the 1st & 2nd Labor Court of Bangladesh for about 8 years in his mid career and made commendable contribution. He spent prime period of his professional career with Unilever Bangladesh Limited of which last 10 years, he served as a member of the Board of Directors with HR & OD portfolios. While with Unilever, he had the opportunity to travel many countries in Asia & Europe where Unilever operates with short term project assignments to work & operational attachments to see best HR practices and gain professional expertise. His competence as a professional trainer and mentor worth mention. Mr. Abdullah opted for early retirement from Unilever in 2005 and thereafter had the opportunity to work for Prime Bank Limited, AB Bank Limited including Abul Khair Group on contractual basis.

He is happily married and blessed with a daughter & a son.

List of Executives

Managing Director
M. Shahjahan Bhuiyan

Additional Managing Director
Shafiqul Alam
M. Shahidul Islam

Deputy Managing Director
Mamunur Rashid
Md. Shahed Jalal Chowdhury
Mirza Mahmud Rafiqur Rahman
M. A. Abdullah

Senior Executive Vice President
Barun Kanti Saha
Md. Sohrab Mustafa
Md. Tariqul Azam
Mohammad Shawkat Jamil
Nurul Alam
Md. Zahirul Alam
Golam Awla
Muhammad H. Kafi

Executive Vice President
Mian Quamrul Hasan Chowdhury
Md. Badiul Alam
Abul Alam Ferdous
Md. Ahaduzzaman
Md. Habibur Rahman
Md. Ehsanul Kabir
Mohammad Habibur Rahman Chowdhury
Sarder Akhter Hamed
N. Mustafa Tarek

Senior Vice President
Md. Yunus
Md. Habibur Morsalin
Md. Jasim Uddin
Md. Shahadat Hossain Shohag
Abu Sadeque Miah
Mahmudul Bashar Khan
Md. Ekram Ullah
Md. Delwar Hossain Mazumder
Md. Shamsul Alam Khan
Kazi Muzibul Islam
A.K.M. Khurshed Alam
Zagul Pasha
Md. Didarul Islam
Md. Forhad Hossain
S M Wali Ul Morshed
Md. Faruque Amin Chowdhury
Abu Shamim Mohammad Arif
Mohammad Iqbal

First Vice President
Md. Ruhul Amin
Kazi Hasanuzzaman
Md. Abdul Matin
Saha Pratul Chandra
Mohammad Eakub Ali Sikder
Abu Reza Nasirullah
Md. Shahidul Armeen
Md. Abdur Rob
Md. Tohorul Islam Chowdhury
Syed Shafiqat Rabbi
Jalal Uddin Mohammed Bakhtiar
Iqbal Hasan
Ahmed Saiful Huda
Mohammed Khorshed Alam
Md. Habib Uddin Bhuiyan
Md. Fazle Karim Khan
Md. Mizanul Islam
S.M. Jahangir Kabir
Md. Abdul Mannan Chowdhury
Kazi Md. Lokman Hakim
Md. Golam Sarwar
Syeda Arjuman Banu
Md. Ahsan Mozilish
Md. Zakaria
Chowdhury Mohiuddin Mahmud
Md. Sowkat Abdullah
Md. Salim Reza Khan
Md. Khalequzzaman Chowdhury
Md. Abdus Salam Chowdhury
Md. Amiruzzaman
Amalendu Roy
Mamun Mahmud

Vice President
Md. Daulat Meah Chowdhury
Kazi Ebadat Hossain
Akter Banu Anju
A. Wadud Miah
Mohammed Abdullah-Al-Mamun
Munir Uddin Chowdhury
Md. Mainul Islam Chowdhury
Mohammad Nesar Alam
Sarwar Mortuza Chowdhury
Md. Anwar Iqbal Chowdhury
Saiful Alam
Lisa Islam
Md. Wahaduzzaman
Md. Monjurul Islam
Abdul Monaf
Md. Abdul Maled
Manjur Murshed Chowdhury

Chowdhury Bodiuzzaman
Nasimul Islam
Md. Abdur Rouf
Md. Aminul Islam
Chowdhury Md. Showkat Ali
Md. Aman Ullah
Faridul Hoque
Tunku Humayun Md. Morshed
Mohammad Nurul Islam
Mohammad Abdul Based
Md. Wais Ahmed Khan
Nirmalendu Deb
Akhtar Begum Chowdhury
Kamrun Nahar
Md. Abdul Basith
Md. Showkat Karim
Shaheed Hossain Chowdhury
Md. Mazibur Rahman
Shamsul Alam
Shamsur Rahman Bhuiyan
Md. Tofazzal Hossain
Sultan Ahmed Shah Chowdhury
Md. Shamsul Hoque Khandaker
Kh. Zibannur Rahman (Nadim)
Mohammad Nurul Huda
Mohammad Monabbir Ahmed Khan
Major Kamal Mustafa (Retd.)
Mohammad Monzur-E-Habib
Syedur Rahman
Md. Roqib Uddin
Saiful A. Chowdhury
Md. Shafiqul Islam
Shah Bashiruddin Ahmed
Md. Mofazzal Hossain Patwary
Md. Ibrahim Khan
Shahadat Hussain Chowdhury
H.A.M. Nizamuddin
Md. Lokman Miah
Jennyfar Yousuf
Tofael Haider
Md. Jahangir Hossain
Minu Ara Begum
Ensanur Rashid
Md. Shafinur Rahman
Md. Al Tamas
Abu Taiyab Md. Tajmilur Rahman
Abul Hasan Muhammad Azim
Ikram Farid Chowdhury
Emtiaz Haque
Muhammad Hafizur Rahman ACA
Kashinath Das
A.K.M. Zillur Rahman

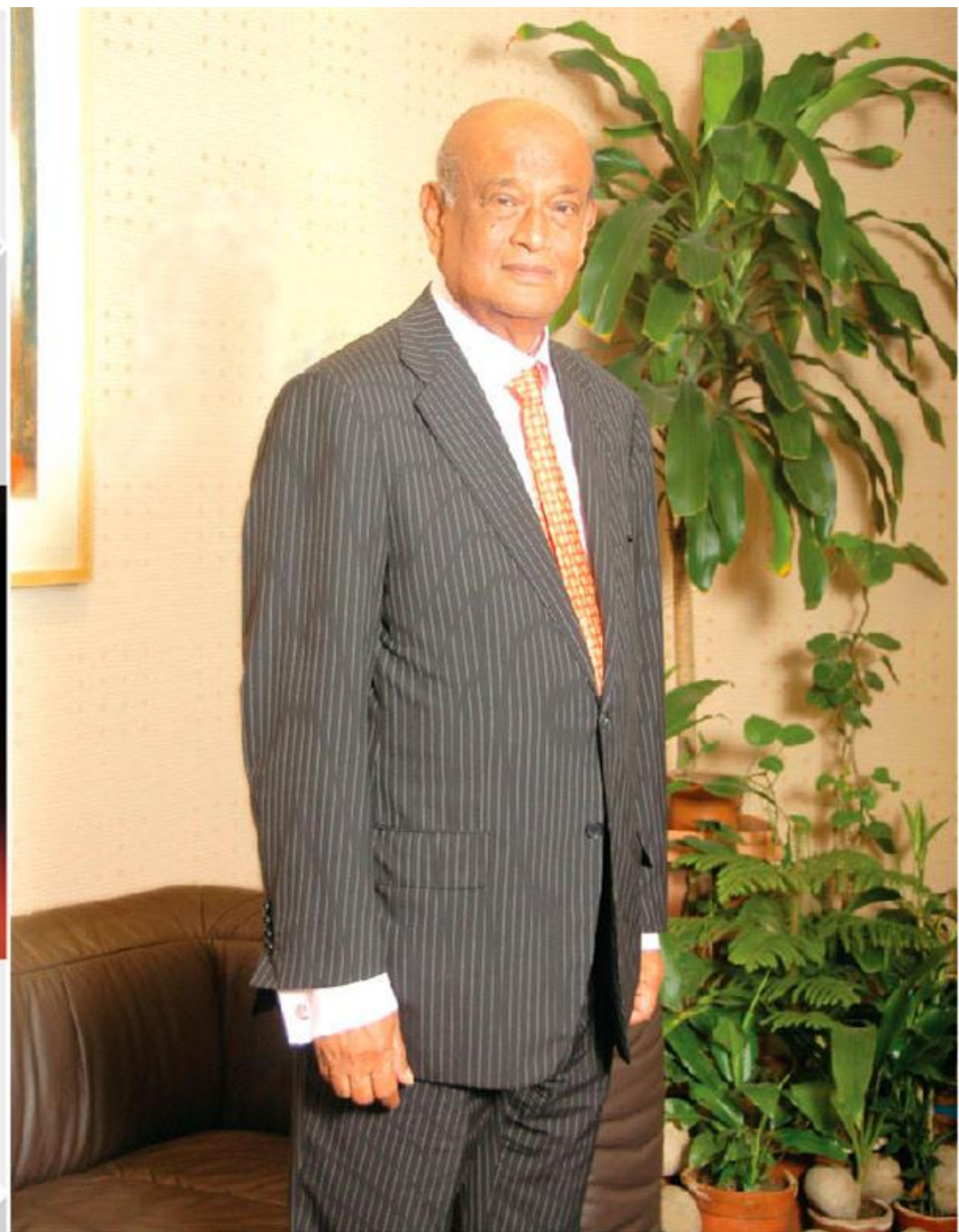
List of Executives

M. Shariful Islam
Ahsanul Hoque
A.T. M. Tahmiduzzaman
Javed Iqbal
Alamgir Kabir
Md. Shakhawat Hossain
Mohammad Nur Nobil ACA
Md. Shafiqul Islam
Mohammad Sarwar Alam
Ikramul Haque Bhuiyan

First Assistant Vice President
Zafrul Hoque
Farid Uddin Ahmed
Akter Nasireen Chowdhury
Mohammed Hasan
Dewan Abdul Bakki
Md. Mozammel Hoque
Jahangir Alam
Md. Kamal Pasha
Md. Abul Hashem
Mohammad Mujibur Rahman
Kh. A.R.M. Kamrul Hasan
Kafailuddin Bhuiyan
Md. Belayet Hossain
Md. Masud Hasan Chowdhury
Khan Mahfuzur Rahman
Md. Abdul Hakim
Afroze Ahmed
Md. Mofizul Alam
Subodh Kumar Biswas
Mohammad Abdur Rahim
Ashfaq Mohammad
Md. Nizam Uddin
Md. Nurul Rahman Khan
Mohammad Jashim Uddin
Md. Manirul Islam
Ahmed Baker Imam
Md. Salahuddin
Montaz Sobhan
Md. Shafiqur Rahman
Moslihuddin Husain
Md. Jahangir Alam
Kamrul Majid Mahmud
Mohammed Abdul Gofran
Sazzad Youssouf
A. B. Moinul Karim
Mohammad Iklas Uddin
Md. Enamul Hoque
Didarul Islam
Aminul Haque Chowdhury

Mohammad Monwar Hossain
Ikhtear Uddin Ahmed
Mohammad Abu Hanif
Sk. Sirajul Kabir
Shyma Akthar
Md. Nurul Amin
Md. Muzibur Rahman Chowdhury
Chitra Chowdhury
Sujoy Kumar Das
Md. Badshah Gazi
Md. Amin Faruque Sharif
SK. Ashraf Alam
Jinnatun Bakia
Md. Munjur Kadher Chowdhury
Abu Jamil Md. Abdul Alim
Mohammad Shohel Haider
Iqbal Ahmed
Mohammad Al Amin
Md. Khalilul Alam Chowdhury
Anis Ur Rahman
Mumtaz Ahmed
Md. Abul Hossain Howlader
Md. Faruk Hossain
Md. Shamim Ferdous
Partho Kumar Bagchi
Debashish Roy
Javed Moin
Md. Mohsin
Muhammad Fazle Rabbi
Md. Abdul Hai
Syed Nizamul Islam
Md. Manirul Bashar
Md. Jahangir Ahmed
Maksud Ahmed
Mohammad Kamal Uddin Faruque
Ajit Kumar Baidya
Md. Nazim Uddin
Md. Nurul Absar
Aklima Akter
Zahirul Islam Chowdhury
Md. Taiyub Hossain
Md. Hasan Murad Chowdhury
Shamsun Lora Karim
Salina Akther
Nilotpal Sarker
Golam Sarwar Bhuiyan
Md. Habibur Rahman
Syed Lutful Haque
Jamil Faruque
Mokhlesur Rahman
Mohd. Nurul Afsar

CHAIRMAN'S MESSAGE



CHAIRMAN'S MESSAGE

Dear Shareholders,

2011 was an outstanding year for our company. Despite overall economic crisis, we remained confident and optimistic about our competitive position and our ability to generate attractive financial results. Our long-term growth strategy is working and has not changed: we are using market insight to drive innovation that creates opportunity and value for our customers and shareholders.

Our core business activities are strong and growing. We are bringing innovative new products to market, taking market share and expanding customer relationships across the country. We plan to invest more in growth initiatives in 2012 than we did in 2011. And we have taken steps to build up our capital strength and liquidity, enhancing our ability to be opportunistic in the future.

Considering the overall economic trend - 'size', 'scale', 'revenue diversity' and 'the ability to execute' have been viewed as the most important factors to survive this challenging business cycle. Each of these attributes is a strength of our company. Each will play a role in determining the winners in our industry. And we are leveraging each of these strengths to our greatest advantage.

Against the negative industry background, the bank's total interest income in 2011 came to Taka 15,352 Million. This is the highest revenue we have ever recorded. In 2011, UCBL maintained its positive momentum from 2010 and generated an Operating Profit of Taka 5,973 Million. Our Asset portfolio as of December 31, 2011 was Taka 1,88,892 Million compared to Taka 1,29,877 Million on December 31, 2010. Total Deposits in year 2011 stood at Taka 1,39,485 Million; total Loans & Advances were Taka 1,15,506 Million on December 31, 2011. The business divisions benefited primarily from increased performance fees and volume-based commissions and most importantly from product innovation and enhanced customer service. Especially in times of uncertainty, customers appreciate the secure, reliable and competent service UCBL provides.

Corporate Banking which forms our investment banking, generated tremendous profit last year. The dedicated client focus and clear progress in the division's integration process contributed to this outstanding performance. We also generated higher revenues in our SME banking and Retail banking businesses. These performances are all the more impressive considering that they were achieved with significantly reduced risks, at a time when economic crisis was weighing on the financial markets and limiting the corporate sector's appetite for capital-raising.

Growth in the capital base also declares our Bank's healthy improvement. While the amount of Paid up Capital was Taka 7,275 Million last year, it relates to a 150 % greater capital base since our Paid up Capital was Taka 2,910 Million in year 2010. The fact that we were able to carry out the biggest capital increase in the bank's history, and that it went so smoothly, is a clear evidence of investors' confidence in United Commercial Bank's performance. On behalf of the entire Bank, I would like to take this opportunity to express once again my thanks to you all for your trust and support. We will do everything possible to live up to the expectations that our shareholders have for their investment.

CHAIRMAN'S MESSAGE

In addition, we can also report a number of major successes in year 2011. For the first time, we achieved our long-term strategic objective of being among the country's top five banks in this business. In the past year, only a very few banks has gained better market share in this area and we are happy to announce that United Commercial Bank is one of those successful banks. Besides, the Bank came out of 'EWS', which added to another milestone.

Today, our Bank is more respected than ever across the country. The top position we held in terms of reputation and brand strength opens up new opportunities for the future. We are firmly committed to our corporate social responsibility. In 2011, we dedicated nearly Taka 55 Million for supporting projects around the country relating to education, sustainability, community development, health, sports and art.

2012 will be the year in which we aim to fully leverage the strong, forward-looking market position built up in 2011. We are aware, of course, that uncertainties still remain for the economy and the financial markets, which is the environment in which we and our clients do business. But our Bank has demonstrated that it can consistently deliver outstanding results - and that it can do so with a more conservative risk profile. Our priorities are clear: growth and sustainability. We are set to profit from a more balanced revenue mix, lower revenue volatility as well as improved liquidity. Despite the unforeseen obstacles, we are confident that we will be able to reach our target by drawing on last year's hard work and the momentum gained from our accomplishments. We look forward to continuing to serve the interests of our shareholders, our clients, our employees and the communities in which we operate in 2012 and beyond.

Yours sincerely,

Sd/-

Akhtaruzzaman Chowdhury, MP
Chairman
United Commercial Bank Limited

A close-up photograph of a blue and gold pen pointing to a financial table. The table contains various numerical data, and the number '137.20' is circled in blue ink.

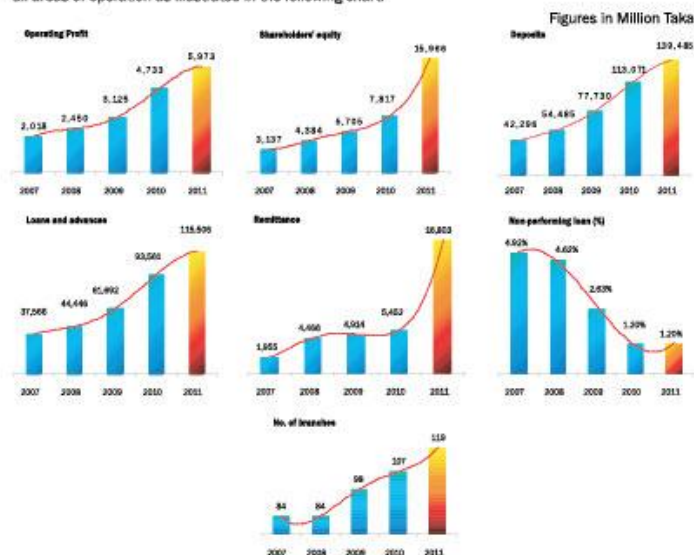


MESSAGE FROM THE DESK OF MANAGING DIRECTOR

United Commercial Bank, a first generation Private Sector Bank, has been in the banking horizon since 1983. The Bank went through various stages of difficulties due to absence of experience and appropriate regulations. Though the Bank played an important role in the socio economic development of the country and created many new entrepreneurs who were pioneering businessmen and are now among those playing a vital role in building of the country, it had not been able to explore its full potential. The stakeholders had to bear with these successes and challenges because of the frailties of the Bank for a long period of time.

At some stage it was difficult to fathom whether the Bank could ever come out of its deep rooted problems. However, it is our firm belief that an institution cannot remain static; to continue as a viable and sustainable entity it must move on with dynamism. With this firm conviction we embarked on the mission of making UCB a role model in the Banking Industry of Bangladesh. The honorable members of the Board of Directors and current management started the rebuilding process of the Bank enhancing the brand value and offering a better value proposition to all its shareholders by making UCB as a bank of first choice. Thus appreciating the overwhelming importance of growth for a bank and that a committed team is an important ingredient for building a franchise of excellence, we initiated a series of changes instrumental for setting the Bank to a path of sustainable growth. One of the key objectives of management was to create a common vision for the employees, which combines business goals with values we hold important: customer service, building relationships, teamwork, work with ownership, 'reward for performance' culture and a transparent work ethic.

Subsequent to these initiatives the Bank with the unwavering support and guidance of the Board of Directors entered into an era of transformation to high brand value and achieved tremendous growth in all areas of operation as illustrated in the following chart:



From the above it is quite apparent that since the middle of 2008 the Bank has been continuously delivering strong performance indicating how well the team has remained focused on its core business strengths. It also underscored the fact that the Bank has now developed a well-balanced business model with diverse revenue streams which can wither adversity. At present the Bank has been able to fortify its position with illustrious success as one of the premier financial institutions in Bangladesh which maintains high level of balanced growth across all its Business Units. The Bank ensured stability and compliance in key areas like capital adequacy, asset quality while reducing nonperforming loans and creating a strong liquidity base.

As recognition of its outstanding performance in 2010, evidenced by the Bank's unparalleled growth in its balance sheet size, revenue earnings, inward foreign remittances and other performance indicators better than the industry average, the undersigned received the 'Kriti Banker' (Best Banker) award, first of its kind in the country, from the Governor of Bangladesh Bank under the auspices of the Institute of Bankers, Bangladesh (IBB) and Bangladesh Institute of Bank Management (BIBM). It implies that the award was bestowed to the team leader of the best bank in the country and we are confident of receiving similar awards in the subsequent years.

At UCB, we are focused on understanding our customers' financial needs and providing them with tailor made solutions. This has been an integral part of the ethos of the management and it is with this commitment and knowledge that we seek to satisfy a wide spectrum of customers by catering to their diverse needs. We believe that United Commercial Bank has rebuilt its businesses with these basic values and that these will remain the guiding principles as we reach higher to step into another level of growth.

It is worth mentioning that with the success of our operational strategy and quality of service delivery our existing customers of all strata have been acting as our 'brand ambassador' for marketing of UCB products and services. This situation has created immense pressure in UCB's operation at every business location in the country leading us to enhance branch operation to 119 outlets from 84 three years back. However by June another 12 branches will be added to network which will increase our business penetration. We have increased the branch network at a faster pace than any other bank in the country which is mentioned in the aforesaid graph. Business expansion has been in the areas of manufacturing, import and export, infrastructure development, service sector and agriculture credit, encompassing a wide spectrum of customers ranging from corporate to small and medium enterprises, and retail clients. Other areas where the Bank has focused relate to technology driven products such as payments solutions to the wider market. The Bank is now well positioned and we see great potential to further build upon our strengths in growing business.

We all know that in every business there is competition for quality, and where there is competition, there are challenges, adversities and uncertainties. UCB has built a successful professional team who consider hindrances as opportunities to be capitalized upon to the advantage of the Bank. We take into cognizance the market and market conditions and plan our strategies in advance to meet the eventualities which has enabled us to successfully meet all our business targets in the past few years and we are confident of achieving the same for the year 2012.

We are confident that with the onset of economic growth, United Commercial Bank will be able to capitalize on these opportunities and propel itself into the next level of growth. It is important, therefore, that we translate our basic values into an actionable agenda enabling the Bank to emerge as the preferred provider of financial solutions enhancing shareholders' value.

Our key objectives in the year 2012 will be to ensure sustainable and solid growth in all the core areas of banking business and to make concerted efforts for maintaining the Bank's position as one of the premier financial institutions of the country. We have been striving to create a conducive work environment towards achieving common goal. We believe that in an institution like ours the more the staff will know of the Bank's goals and priorities the more successful will the Bank be. In this context, at the beginning of the year the employees are made aware of the Bank's objectives and action plan which is translated to specific actionable items such as organic growth, risk management, non funded revenue, lower fund cost through efficient electronic payment systems etc. We are confident of maintaining this momentum and continue to build on our strengths for making UCB a "Role Model" in the industry.

At UCB, we are aware that one of the major factors for the Banks' consistent performance is its human capital. We have focused strongly on the quality and development of our human resources. The Bank has arranged intensive training programs for employees of different grades. Leadership and Management workshops have also been organized for senior executives by HR professionals from home and abroad. We continue to recruit entry level officers through competitive exams in our effort to infuse youth and talent to the organization and quality lateral entry executives for specific positions are inducted on need basis thereby maintaining a balance between bright young youths who have future potential with lateral entry experience. Our aim is to have best quality manpower and we strive to achieve that goal by making UCB, the Bank of first choice for quality and potential job-seekers.

UCB has been contributing towards the people's welfare through its Corporate Social Responsibility (CSR) activities. We have been working to empower the community through socio economic development of the underprivileged, destitute and the needy. During the year, we undertook a number of CSR initiatives and came strongly for economic emancipation of the poor and the suffering people, support to the education sector, research and technology. The Bank has plans to implement more development programs in the upcoming years.

I take this privilege to express my sincere thanks to all the stakeholders especially my colleagues at UCB who contributed strongly for the robust performance of the Bank in 2011. I would also like to place on record my note of thanks to the members of the Board for their strong support and prudent policy guidelines. Finally, I would like to thank Bangladesh Bank and other regulators for their support.

Sd/-

M Shahjahan Bhuiyan
Managing Director
United Commercial Bank Limited

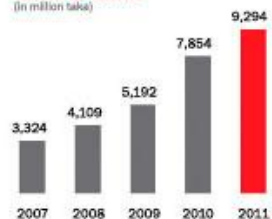
5 Year's financial summary

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

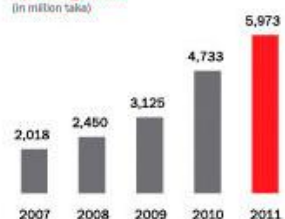
Results of operation	2007	2008	2009	2010	2011
Interest income	4,354.74	5,749.29	6,965.32	9,468.36	15,351.63
Interest expense	2,727.03	3,740.77	4,348.23	5,632.95	10,203.21
Net interest income	1,627.71	2,008.53	2,617.09	3,835.41	5,148.42
Non-interest income	1,696.77	2,100.91	2,574.97	4,018.47	4,145.95
Total operating income/revenue	3,324.47	4,109.44	5,192.05	7,853.88	9,294.37
Operating expenses	1,306.64	1,659.54	2,066.89	3,120.76	3,321.46
Operating profit	2,017.84	2,449.90	3,125.17	4,733.13	5,972.91
Profit before tax	1,667.84	1,463.01	1,541.86	3,632.60	5,172.91
Net profit after tax	815.12	764.75	932.90	2,182.43	2,945.80
Balance Sheet					
Authorized capital	1,000.00	1,000.00	1,000.00	8,000.00	8,000.00
Paid up capital	299.20	299.20	1,193.83	2,909.95	7,274.88
Shareholders' equity	3,137.22	4,384.24	5,705.47	7,817.27	15,966.41
Deposits and other accounts	42,296.00	54,485.27	77,730.40	113,070.78	139,484.75
Loans and advances	37,566.02	44,446.33	61,692.22	93,560.70	115,506.33
Investments	5,517.71	7,200.68	9,346.39	15,048.23	19,383.42
Fixed assets	422.28	999.19	1,305.81	1,966.35	3,288.09
Off-balance sheet exposure	24,162.76	18,085.80	22,098.19	40,797.74	40,255.37
Total assets	50,180.58	64,794.86	90,483.78	129,877.03	168,891.78
Total liabilities	47,043.36	60,410.62	84,778.32	122,056.76	152,925.36
Share information					
Market price per share (of Tk. 100 each)	4,203.75	3,190.00	3,190.00	n/a	n/a
Market price per share (of Tk. 10 each)	n/a	n/a	n/a	226.70	43.90
No. of ordinary shares (of Tk. 100 each)	2.99	2.99	11.94	n/a	n/a
No. of ordinary shares (of Tk. 10 each)	n/a	n/a	n/a	291.00	727.49
Earnings per share (of Tk. 10 each) restated	1.30	1.22	1.49	3.49	4.20
Dividend	50% (B)	25% (B)	30% (B)	25% (B)	15% (B) 12% (C)
Net asset value (NAV) per share (of Tk. 10 each)	104.85	146.53	47.79	26.86	21.95
Price earning ratio (times)	15.43	12.48	10.23	30.23	10.45
Market capitalization	12,577.83	9,544.64	38,083.08	65,968.65	31,936.74
Financial ratios (%)					
Cost-income ratio	39.30	40.38	39.81	39.74	35.74
Credit-deposit ratio	88.82	81.57	79.37	82.75	82.81
Debt equity ratio (times)	13.48	12.43	13.62	14.46	8.74
Non-performing loans (NPL)	4.92	4.62	2.63	1.20	1.79
Return on assets	1.62	1.18	1.03	1.68	1.74
Return on equity	25.98	17.44	16.35	27.92	18.45
Burden coverage ratio	129.86	126.60	124.58	128.77	124.82
Cost of fund	10.76	11.32	10.72	9.81	11.09
Yield on advance	13.68	14.02	13.78	12.89	14.81
Other informations					
No. of branches	84	84	98	107	115
No. of ATM	-	-	12	54	77
No. of employees	2,082	2,092	2,508	2,738	2,982
No. of foreign correspondents	235	257	274	296	333
Other business (in million Taka):					
Import	60,329.00	60,009.00	58,857.00	86,666.50	90,919.70
Export	27,230.00	36,500.00	38,519.00	50,712.10	76,962.80
Remittance	1,955.20	4,466.00	4,914.00	5,452.10	16,802.80
Capital measures (in million Taka):					
Total risk weighted assets	39,846.11	46,247.16	65,440.12	144,080.55	155,231.89
Total capital (core capital & supplementary capital)	3,696.48	4,780.38	6,035.00	9,085.83	16,877.06
Capital adequacy ratio (%)	9.28	10.34	9.22	6.31	10.87

Graphical Review

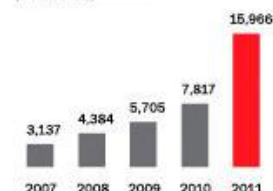
Operating Revenue
(in million taka)



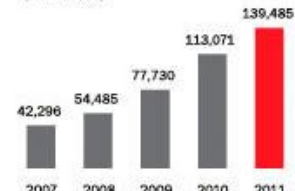
Operating Profit
(in million taka)



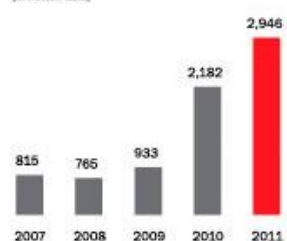
Shareholder's Equity
(in million taka)



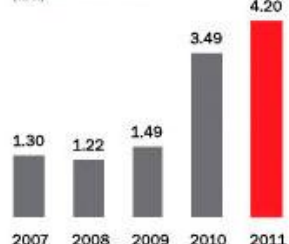
Deposits
(in million taka)



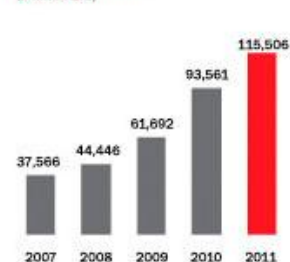
Profit after tax
(in million taka)



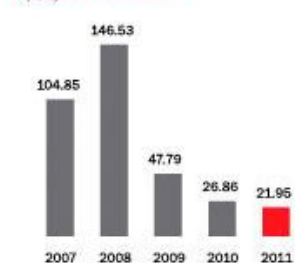
Earnings per share
(Taka)



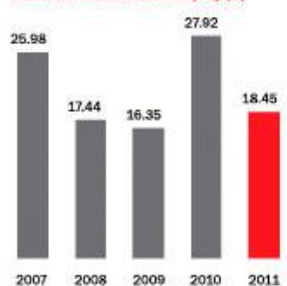
Loans & Advances
(in million taka)



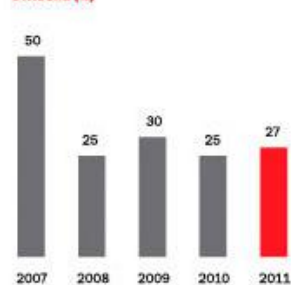
Book Value Per Share
(Taka)



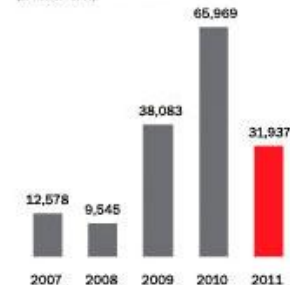
Return on Shareholder's Equity (%)



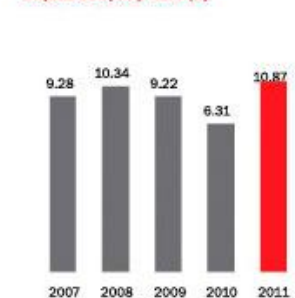
Dividend (%)



Market Capitalization
(in million taka)



Capital Adequacy Ratio (%)



UCB Product Profile

a set of versatile products & services:

Loan Products	Deposit Products	Other Services
Trade Finance	Current Deposit	Western Union Money Transfer
Industrial Finance	Savings Deposit	SMS Banking Service
Import Finance	Special Notice Deposit	Online Service
Export Finance	Fixed Deposit	Inward & Outward Remittances
Loan Syndication	Foreign Currency Deposit A/C	Travelers Cheques
Working Capital Finance	UCB Multi Millionaire	Underwriting and Bridge Financing
Packing Credit	UCB Money Maximizer	Locker Service
Transport Loan	UCB Earning Plus	Offshore Banking
Lease Finance	UCB DPS Plus	
Hire Purchase Loan	UCB Youngsters Savings	
House Building Loan	UCB Youngsters DPS	
Home Loan	UCB Savings Plus	
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		

UCB Product Profile



Marriage Loan

Loan can be taken by job holders or self employed people. Highest limit for loan amount is Tk.3 lac. Eligibility for job holders require a minimum monthly salary of Tk. 10 thousand and for self-employed or businessman Tk. 25 thousand. Repayment period is 36 months.



Advance Against Salary

Life is full of uncertainties and dealing with them gets easier with Advance Against Salary. Whatever the reason is UCB Advance Against Salary is there to take away the tension. With a minimum processing fee and a repayment period of 12 - 60 months, dealing with regular issues of life has become easier.



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 lac to Tk 1 crore at the end of maturity. Avail loan facility upto 90% of the deposited amount instantly.



Money Maximizer

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



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.



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 shops.



VISA Credit Card

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



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.



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.



Youngsters Savings Account

'UCB Youngsters Savings Account' is a condition free Savings Account which offers daily product basis interest, where no condition 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 Product Profile



Home Loan

From buying an apartment to building/renovating your own home get up to Tk. 100 lac as loan and repay within a 20 year period of time.



Car Loan

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



Education Loan

Every single educated person contributes towards building a better society and country. With UCB's Education Loan, which has minimum processing fee and a repayment period of 60 months, quality education has become easier.



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.

Contribution to National Economy

At UCB we always recognize that we have 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.

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 and the society. Based on the financials as on 31 December 2011 the size of total credit exposure of UCB with 25,059 no. of clients is Tk. 115,506 million (2010: 25,303 no. of clients, Tk. 93,561 million)

Employment- we make an economic impact by creating employment and a well-trained workforce. UCB and its subsidiary employed as many as 2,982 employees as on 31 December 2011 (2010: 2,738). During the year 2011 United Commercial Bank paid total of Tk. 1,784 million as salaries and allowances to its employees (2010: Tk. 1,795 million) and spent Tk. 27.66 million for training and HR development (2010: Tk. 8.76 million)

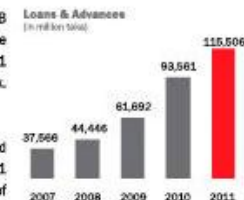
Tax payment- United Commercial Bank contributes to the economy by paying fair share of taxes. During last couple of years UCB paid Tk. 666.23 million and Tk. 1,123.79 million of tax to the government. For the year ended on 31 December 2011 UCB provides Tk. 2,227.11 million as provision of taxes.

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. Over the past many years, UCB paying a satisfactory return (dividend) to its shareholders. UCB proposed 27 percent dividend (comprising 15 percent stock dividend and 12 percent cash dividend) equivalent to total Tk. 1,964 million for the year 2011 (2010: 25 percent stock dividend equivalent to Tk. 1,455 million).

Market capitalization- UCB started its journey with a capital of Tk. 35.50 million in the year 1983. At present our total size of paid-up capital is Tk. 7,274.88 million equivalent to market capitalization of Tk. 31,936.74 million (2010: paid up capital Tk. 2,909.95 million, market capitalization Tk. 65,968.65 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 28 years 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.

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.



Value added statement

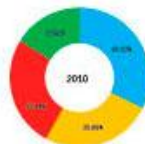
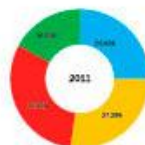
The value added statement provides a detailed account of total value addition and the distribution of the value created by the organization. UCB contributes positively to socio economic development by creating employment and payment of salaries and allowances; by paying attractive and consistent dividend 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 Taka)

Value added	2011		2010	
	Amount	Percentage	Amount	Percentage
Net interest income	5,148,417,337	71%	3,835,413,988	68%
Commission, exchange & brokerage	1,647,706,030	23%	1,359,550,333	24%
Investment income	1,739,911,885	24%	1,970,671,424	35%
Other income	758,337,034	11%	688,246,381	12%
Management expenses excluding salaries & allowances, depreciation	(1,289,207,917)	-18%	(1,146,131,342)	-20%
Provision for doubtful losses	(800,000,000)	-11%	(1,100,529,879)	-20%
Total value added by the company	7,205,164,369	100.00%	5,607,220,905	100.00%

Value added contributed to-

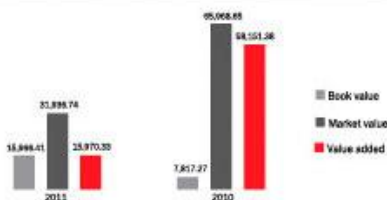
Employees:				
As salaries and allowance	1,795,470,650	24.92%	1,805,608,637	32.20%
Provider of capital:				
Dividend to shareholders	1,964,218,613	27.26%	1,454,976,750	25.95%
Government:				
Corporate tax	2,227,109,622	30.91%	1,450,162,647	25.86%
To expansion and growth:				
Retained income	981,586,363	13.62%	727,457,333	12.97%
Depreciation	236,779,122	3.29%	169,015,538	3.01%
Total distribution by the company	7,205,164,369	100.00%	5,607,220,905	100.00%



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 2011 and 2010.

(Figures in million Taka)	2011	2010
Market value of shares outstanding	31,936.74	65,968.65
Book value of shares outstanding	15,966.41	7,817.27
Market value added	15,970.33	58,151.38



Economic value added (EVA) 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 (assumed 2 percent) has been assumed to be the cost of equity.

(Figures in million Taka)

For the year ended	2011	2010	2009	2008
Shareholders' equity at year end	15,966	7,817	5,705	4,384
Accumulated provision against loans & advances	2,177	1,437	1,307	1,249
Average shareholders' equity	13,698	8,133	6,323	4,858
Cost of equity (%)	13.46%	12.26%	12.26%	13.50%

Economic value added

Net profit after tax (before BB provision)	3,746	3,283	2,516	1,752
Less: Cost of equity	1,844	997	775	656
Total	1,902	2,286	1,741	1,096

Key ratios

EVA/Operating revenue (%)	20.46%	29.10%	33.53%	26.67%
EVA/Average shareholders' equity (%)	13.88%	28.10%	27.53%	22.56%
Net profit after tax/Operating revenue (%)	31.69%	27.79%	17.97%	18.61%



DIRECTORS' REPORT

Directors' Report

"sustaining growth momentum to continue exceptional performance"

Yes, we are pleased indeed for having the opportunity on the part of the Board of Directors to present the Annual Report and the audited financial statements of the bank for the year ended 31 December 2011 together with the Auditors' Report thereon. This is a humble presentation for consideration and approval of our valued shareholders.

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

World Economy

Following two years of anemic and uneven recovery from global financial crisis, the world economy is teetering on the brink of another major downturn/recession. The financial turmoil generating by the intensification of the fiscal crisis in Europe has spread to both developing and high income countries, and is generation significant headwinds. Capital flows to developing countries have declined by almost half as compared with last year, Europe appears to have entered recession and growth in several major developing countries like Brazil, India, Russia, South Africa and Turkey has slowed partly in reaction to domestic policy tightening. As a result, and despite relatively strong activity in the US and Japan global growth and world trade have slowed sharply.

Real GDP growth

	2011	2010	2009	2012 (projected)	2013 (projected)
United States	1.7	3.0	-3.5	2.2	2.4
Japan	-0.9	4.5	-5.5	1.9	1.6
East Asia and Pacific	8.2	9.7	7.5	7.8	7.8
Europe and Central Asia	5.3	5.2	-6.5	3.2	4.0
Latin America and Caribbean	4.2	6.0	2.0	3.6	4.2
Middle East and N. Africa	1.7	3.6	4.0	2.3	3.2
South Asia	6.6	9.1	6.1	5.8	7.1
Sub-Saharan Africa	4.9	4.8	2.0	5.3	5.6

Source: World Bank

Indeed the world is living in a version of the downside risk scenarios and as a result forecasts have been significantly downgraded.

- the global economy is expected to expand 2.5 and 3.1 percent in 2012 and 2013;
- high income country growth is now expected to come down to 1.4 percent in 2012 and 2.0 percent in 2013;
- developing country's growth has been revised down to 5.4 and 6.0 percent for the next couple of years.

However, even achieving these much weaker outturn is also very uncertain. Additional risks to the outlook include the possibility that political tensions in the Middle-East and North Africa disrupt oil supply, and the possibility of a hard landing in one or more economically important middle-income countries.

Developing countries need to prepare for the worst- In this highly uncertain environment; developing countries should evaluate their vulnerabilities and prepare contingencies to deal with both the immediate and longer-term effects of a downturn.

Indeed the world is living in a version of the downside risk scenarios and as a result forecasts have been significantly downgraded.

Bangladesh Economy

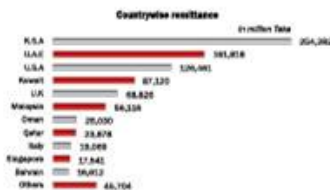
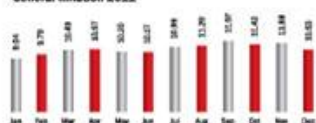
Bangladesh economy grew by 6.7 percent in 2011, continuing the upward trend of the previous year. Growth was underpinned by a robust expansion in private consumption and investment and significant recovery in exports. Export revenues were boosted by strong apparel sales as the EU enhanced duty-free market access for LDCs and international retailers shifted production to Bangladesh because of the country's low labour costs and growth is also forecast to remain robust in 2012. However economic conditions of Bangladesh and other LDCs always remains uncertain and subject to some unseen but considerable risks. Changes in oil price will impact both the exporter and the importer countries. Further risk lies in the continued dependence of public budget, changes in climate conditions and weather pattern and political scenario as well.

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Real GDP	2011	2010	2009	2012 (projected)	2013 (projected)
Bangladesh	6.7	6.1	5.7	6.0	6.4
Pakistan	2.4	4.1	3.6	3.9	4.2
India	6.5	8.7	9.1	6.5	7.7

During 2011, the amount of remittances stood at 12.16 billion US dollars representing 6.03 percent higher than same period of a year ago. On the other hand, the growth rate of last year reflected good performance in the manufacturing and construction sector, two successive years of bumper crop harvest and sustained high contribution from the services sector. But, high and volatile inflation, sometime in November 2011 around 12 percent, overshooting of monetary targets, financial sector weaknesses, growing external imbalances and the increasing fiscal deficit as well as the composition of deficit, financing remain areas of serious concern. Other concerns are:

**General inflation 2011**

- Forex reserve decreased substantially; decreased to US\$ 9,634.90 in December 2011 as against US\$ 11,174.40 of December 2010;
- Currency devaluation- exchange rate of US\$ increased to Tk. 82 in December 2011 as against Tk. 71 of the same period of 2010;
- Government domestic borrowings increased, major part of which is from banking sector;

Monthly average call money rate (percent)**Directors' Report**

According to the economic update, Bangladesh's strong performance in the last fiscal year can only be repeated if exports continue to grow and remittances continue to recover and if investment is boosted by improved infrastructure, particularly power. 'It will be vital for Bangladesh to ensure sound macroeconomic management, since expansionary macroeconomics policies could increase risks on the current account and make inflation management more difficult.' (Lalita Moorthy, senior World Bank economist for Bangladesh)

Sovereign credit rating agencies indicated Bangladesh with strong growth prospect, adequate external liquidity and substantial donor commitment which ensure low-cost long maturity financing. Moody's rated Bangladesh 'Ba3' (strong growth prospect with repayment capacity) while Standard & Poor's (S&P's) rated 'BB' represents the same significance of growth. Such good rating is an important tool for positioning a country in the global financial arena.

'It will be vital for Bangladesh to ensure sound macroeconomic management, since expansionary macroeconomics policies could increase risks on the current account and make inflation management more difficult.' (Lalita Moorthy, senior World Bank economist for Bangladesh)

Capital market analysis

Continuous decrease in the capital market has destabilized the economy and the society as a whole. The situation became a matter of serious concern for the investors and of the govt. The market index showed continuous downturn in almost full of the year 2011 as against continuous increasing trend of the year 2010. The lowest and highest index of the year 2011 was 3,649.32 and 8,304.58 as against 4,568.40 and 8,918.51 of the previous year. In terms of sector wise composition the financial sector including banks, insurance and investment hold majority share in total market capitalization. In 2010-2011, capitalization of banking sector was Tk. 68,061.90 crore as against total capitalization Tk. 232,701.60 crore of the same period. As the banking industry is an influential part of the capital market in terms of investment, policy formulation, fund mobilization etc, it suffers substantially based on the size and nature of its involvement in the market.

**Brief History of UCB**

UCB started its journey in the year 1983 with an initial paid capital of Tk 35.50 million with the objective of excellence in customer service with pleasure and happiness. Its dream is to be best in all terms; sustainable inclusive business growth by ensuring efficiency, regulatory compliance, good asset quality, combination of experience and professional talents, consistent profitability and of course good governance. The bank formally started its commercial operation on 27 June in the same year. During the year 2011 the bank set record indeed in terms of profit, advance and deposit and expansion of business through its continuous diversification.

It was listed with Dhaka Stock Exchange (DSE) in the year 1986 and with the Chittagong Stock Exchange (CSE) in the year 1995. The bank obtained license to open offshore banking unit on 9 June 2010. The bank has two subsidiaries; 'UCB Securities Limited' - established in January 2010 with the objective of providing stock brokerage and other related services and 'UCB Investment Limited' established in August 2011 with a vision to be a leading merchant bank in the country. Today (31 December 2011), the bank feel proud of having 115 branches and 77 ATM throughout the country.

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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 time loan, project finance, LTR, overdraft facility, cash credit, home loan, car loan, lease finance, any purpose loan and many more.

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 to the bank. Considering the liquidity position the bank also participates in the call money market

- Capital market- the bank earns significant amount from participation in the capital market in the form of dividend and capital gain.

Network

Presently the Bank is functioning with its country wide network of 115 branches covering all divisions of the country. Out of the 115 branches, Dhaka division has 50 branches, Chittagong division has 35 branches, Rajshahi division has 7 branches, Rangpur division has 2 branches, Sylhet division has 7 branches, Khulna division has 6 branches and Barisal division has 1 branch. Division wise urban and rural branches are given below:

Division Name	Urban	Rural	Total	
Dhaka	31	19	50	The bank has set up a Zonal Office at Chittagong to facilitate services to the customers of the branches located under the Chittagong division. To go nearer to customers and give better facility to new and existing customers, we have opened 08 new branches, renovated 07 branches and relocated 03 branches in the year 2011. The numbers of authorized dealer branches are 25. Besides, the Bank currently has 333 correspondents covering 58 important countries in all the continents of the world which is continuously expanding to meet the growing cross- border banking needs of the
Chittagong	22	13	35	
Rajshahi	6	1	07	
Rangpur	2	0	02	
Sylhet	7	6	13	
Khulna	6	1	07	
Barisal	1	0	01	
Total	75	40	115	

customers. Moreover, the Bank has arrangement with a number of Exchange Houses at U.K. Singapore, KSA, France, U.A.E., Oman, Qatar, Bahrain and Kuwait to facilitate remittances from expatriate Bangladeshis.

Branch Cluster Management

For better management and control of branch affairs from the Head Office, all 115 branches are divided into 8 cluster groups. Each cluster is supervised by one senior member of management. In this process senior management is becoming directly involved with head of branches in their marketing drives for assets, liabilities, and other issues. Now the head of branches are exposed to more matured thoughts and ideas through their supervisors resulting in qualitative improvement of their business and operational activities.

Brand Image

We are working rigorously to enhance our brand image among public and peer groups. All the employees of the bank are groomed to provide efficient services to the customers to enhance our brand image further. We advertise our products and services in the print & electronic media and sponsor social activities to establish our brand image.

**Directors' Report****Key management**

The bank is lead by Mr. M. Shahjahan Bhuiyan, Managing Director. He is a renowned and a dynamic banker with more than three decades of banking experience. Recently he has been awarded as the best banker of the year 2010. There are some other veteran and prominent banker serving the bank and contributing their expertise to the continuous growth of the bank.

Name	Designation	Joining with UCB
1. M. Shahjahan Bhuiyan	Managing Director	7 July 2008
2. Shafiqul Alam	Additional Managing Director	6 Oct 2008
3. Shahidul Islam	Additional Managing Director	15 Sept 2008
4. Mamunur Rashid	Deputy Managing Director	17 Sept 2008
6. Shahed Jalal Chowdhury	Deputy Managing Director	13 Oct 1985
5. Mirza Mahmud Rafiqur Rahman	Deputy Managing Director	20 June 1993
6. M. A. Abdullah	Deputy Managing Director	15 Nov 2011

Treasury Operation

Globalization, rapid changes in technology and volatile world economic scenario of the recent past has translated into a more complex and greater responsibility for the Treasury divisions of various commercial banks. Treasury, in addition to managing liquidity position of the bank has to carry out more complex and important functions like:

- Managing Balance Sheet gaps, asset-liability mismatch;
- Managing risks: Interest Rate Risk, Market Risk, Counter Party Risk, Foreign Exchange Risk;
- Maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR);
- Deployment of surplus funds in securities;
- Manage the market risks associated with the investments;
- Trading in securities;
- Borrow / Lend money in the call money market;
- Fixing of interest rates for taka deposits and FC deposits;
- Provide quotes in major currencies of the world to facilitate Foreign Trade;
- Selling and Buying of FC in accordance with Exchange Position Management Requirements;

In keeping with international standard and the Central Bank Guidelines for Core Risk Management policy the Bank has restructured its Treasury Department into three segments 1) Treasury Front Office, 2) Treasury Mid Office, 3) Treasury Back Office (Treasury Operations). Treasury Front Office acts as the window for interactions with others banks and financial institutions while the mid office is mitigating risk related to the deals struck by front office and back office is responsible for settlement and documentations of related deals. The front office carries out its' functions through three different desks namely 1) Foreign Exchange Desk, 2) Money Market Desk and 3) Securities Desk.

Foreign Exchange Desk: It has successfully arranged foreign exchange position for the bank as a whole to support the day to day foreign exchange business of the bank. Based on requirement it frequently engages in currency buying and selling and conducts SWAP deals with the counterparty banks situated at home and abroad. Daily Fx Rates has been prepared to assist the remittance inflow and trade payments in a way to maintain a positive profit margin for the bank.

Money Market Desk: Has ensured a steady presence of the Bank in the interbank money market throughout the year through lending and borrowing of Taka and striking Repo deals as and when necessary. It has provided important service in maintaining the day to day cash flow of the bank. It has invested the excess liquidity in "Call Money Market" to ensure optimum use of fund and on the opposite side borrowed funds safeguarding the profitability goal of the bank. It provides important data to ALCO and based on ALCO feedback manages the balance sheet gaps and re-prioring of Assets and Liabilities in line with strategic plan of the Bank.

Securities Desk: Ensured that the bank had the right amount of SLR securities as required by Bangladesh Bank regulation. In doing so it has actively participated in the interbank securities market as well as Bangladesh Bank Open market operation. Based on the requirement it has successfully undertaken Repo deals with Bangladesh Bank and other counterparty banks to maintain adequate liquidity of the bank.



Import & Export Business

In the year 2011, UCB achieved a significant growth both in import & export business. Total import business handled was Tk.90,919.70 million while the export business transacted during 2011 was Tk. 76,962.80 million. The growth rate of the import & export business was 4.91 percent and 51.76 percent respectively which were above the industry average. The main import items were Industrial raw materials, Industrial machineries, commodities viz. Wheat, Sugar, Lentils, Edible Oil, Cotton etc. while the major export items were RMG, Jute Goods, Tobacco etc. The growth in import and export business was one of the key attributing factors towards the overall profitability of the bank in 2011.

Foreign Remittance

Remittances have emerged as a key driver of economic growth and poverty reduction in Bangladesh, increasing at an average annual rate of 19 percent in the last 30 years. Revenues from remittances now exceed various types of foreign exchange inflows, particularly official development assistance and net earnings from exports. The bulk of the remittances are sent by Bangladeshi migrant workers rather than members of the Bangladeshi Diaspora. Robust remittance inflows in recent years have been instrumental in maintaining the current account surplus despite widening of trade deficit. This in turn has enabled Bangladesh to maintain a growing level of foreign exchange reserves.

Considering the role of foreign remittance in the overall economic development of the country the Bank has set top priority for mobilizing inward foreign remittance from Bangladeshi migrant workers living and working abroad. The Bank has restructured its existing remittance setup with skilled and efficient manpower in order to provide seamless delivery of remittances to the beneficiaries through Bank's 115 branch network in strategic locations. Furthermore, the Bank has also taken initiative to strengthen ties with the exchange companies with whom the Bank has arrangement with through strong relationship management and has also taken initiative to enter into new arrangements with other exchange companies having potential to send higher volume of inward foreign remittance. Up to 31 December 2011, the Bank has established relationship with 20 leading exchange companies in Bahrain, France, KSA, Kuwait, Oman, Qatar, Singapore, UAE, and UK. In addition, the Bank has remittance arrangement with global remittance company like Western Union. In 2011, the Bank has procured inward foreign remittance equivalent to Tk.16,802.80 million as against Tk.5,452.10 million in 2010 recording a significant growth of more than 200 percent.

Card Business

UCB has started credit card operation in 2006 by introducing VISA branded dual currency credit card. The Bank has issued 50,000 credit cards and has extended its service in Divisional and District cities like Dhaka, Chittagong, Sylhet, Rajshahi, Barisal, Bogra, Comilla and Mymensingh. UCB is the principal member of VISA International and has achieved the highest number of cards in circulation amongst the Bangladeshi Banks in the Country. Being the most popular brand in Credit Card UCB has also achieved the biggest Credit Card book in the country amongst Bangladeshi Banks.

UCB started its own ATM Network in 2009 and has already established 77 ATMs throughout Bangladesh; another 23 ATMs are to be added to the network by end 2012. The Bank has issued 60,000 Debit Cards and project is underway for the introduction of Pre-Paid Cards. Today the Banks' Card Services are available from all branches across the country. The Bank has introduced special value added services to its Gold Card holders, special discounts at selected stores and restaurants and Business Class Airport Lounge facility for outgoing passengers.

Retail Banking

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

Directors' Report

At present time customer prefers to have the services at their door steps. To ensure that we have created a well trained direct sales team who take the services to the door steps to our customers. Offering wide range of deposit products, this division bridged more than 30,000 new relationships in 2011. This is one of the pioneer bank which finance home loan all over the country where in most of the banks confined their finance in metro areas only. More than 600 homes all over the country have been lightened up with happiness through our home financing last year. With all possible loan products like Personal loan, Home loan and auto loan retail banking portfolio stand at 8,430 million at the end of 2011, which is a significant growth considering this division was formed on 2009.

Now a day life is on the very fast lane. Customer wants to complete all their transaction at one go and customer looks for convenience of banking more. Keeping that in mind we have bridged the relationship with all the utility companies and due to that our customers can happily take care of their bill payment requirement from many of our branches while they take care of their banking transactions.

Finally, Retail banking division is committed to maintain strength both in earning and balance sheet. Clients will continue to enjoy their relationship with UCB with the believe that their deposit are safe and service level will improve every day. We promise to our customer Happy Banking all along the journey with UCB Retail Banking.

Information Technology

In the year 2011, Information Technology Division of UCB contributed considerably in different area of Information & Communication Technology which facilitated the Bank to keep its continuous growth. Some of the significant contributions are furnished below.

IT Division successfully rolled out mission-critical projects like Bangladesh Automated Clearing House (BACH), complementing both BACPS and BEFTN. In BEFTN network, UCB is the pioneer in industry and unique for collections (debit). As Originating Bank, UCB has made agreements with large corporate bodies for providing seamless BEFTN services. New regions and branches were also brought under BACH Network. Unique Web Portal for Cash Management Services was extended for large corporate bodies. SWIFT Alliance Access Manager (SAM) software was also upgraded. A new dynamic website and Intranet has been developed which we expect will be released in January 2012.

UCB is going to implement Core Banking Software in 2012. As part of prerequisite and to embrace CBS following tasks have been completed:

- RFP preparation & Tender
- Tender floating
- Onsite clarification, Scoring, evaluation and ranking

UCB designed and increased capacity buildup of Data Center to rollout and operation of Core Banking System. The Disaster Recovery Site was upgraded and made operational in line with Green Technology and integration with Data Center to work as real time replication of the Data centre. IT Infrastructure was built in 11 clusters throughout the country to run Bangladesh Automated Clearing House (BACH) operation.

In the year 2011, UCB has opened 8 new branches and renovated significant branches where IT has implemented modern ICT Infrastructure. IT is in the verge of implementing Video Conferencing connecting Zonal Offices with Corporate Head Office. Video Conference is aimed at establishing seamless communication between branches and Head Office, which will reduce significant time, cost and will allow faster decision making process. IP Phone has been introduced at Corporate Head Office, moreover, to enhance IP PBX capacity and to meet business continuity IPTSP network has been established between Head Office and branches. UCB has also rolled out and introduced 47 new ATM booths. UCB has completed MasterCard certification for Debit/Credit Cards. All new ATM Booths have ensured dual online connectivity with CISCO Routers.

The growth in import and export business was one of the key attributing factors towards the overall profitability of the bank in 2011.

Considering the role of foreign remittance in the overall economic development of the country the Bank has set top priority for mobilizing inward foreign remittance from Bangladeshi migrant workers living and working abroad.



Human Resources Development

Dramatic advances of Information and Communication Technology (ICT), diversification and personal values of the workforce, emergence of the knowledge economy and increasing global competition have created enormous challenges on organizations like private commercial Banks. To cope with the challenges efficiently, human resource has been considered as one of the most important factors in today's hypercompetitive market place. Human capital of Bangladeshi commercial banks is playing a significant role for economic growth by contributing their knowledge, skills and efforts. Employee learning and development is an integral part of the productivity of any bank like UCB.

At UCB employee learning and development steered by three hubs.

- Internal Training Program by UCB Training Institute located at Motijheel;
- External Training Program (both local and foreign) by UCB Training and Development Department at HRM Division, CHO and
- Functional Training Program by respective Branches and Divisions.

In the year 2011, UCB Training Institute provided 99 trainings/workshops for 3,674 participants totaling 45,743 man-hour. Those covered multifarious areas like Core Competency Development in the field of Cash Operation, Sales, General Banking, Credit, SME, Foreign Trade etc; Business Competency Development in the areas of Anti-Money Laundering and Combating Financing of Terrorism, Branch Management, Implementation of Basel II, etc; and General Competency Development in the areas of Language skill, Performance Management, Coaching, leading and Negotiation Skill etc.

Focusing on increased productivity, reduced employee turnover, increased efficiency resulting in financial gains and Decreased need for supervision UCB brought significant change in its employee learning and development initiatives. UCB management believes that employees frequently develop a greater sense of self-worth, dignity and well-being as they become more valuable to the Bank and to society. Generally they will receive a greater share of the material gains that result from their increased productivity. These factors give them a sense of satisfaction through the achievement of personal and Bank goals.

In 2012 UCB Learning and Development initiatives include but not limited to -

- A 7,963 sqft spacious, state of the art Training Institute by March 2012.
- A redesigned employee development process aligned with career growth.
- A coordinated, centralized approach of total employee learning and development.
- Continuing Foundation Training Course, Basic and Advance Training on General Banking, Credit and Foreign Trade and Risk Management Training, for ensuring adequate human resources for expansion and to accommodate change.
- Senior Leadership Development Program for building a more efficient, effective and highly motivated team, which will enhance the UCB's competitive position and will improve employee morale.
- Managerial Competence Development Program for creating a pool of readily available and adequate replacements for officials in Credit, General Banking and other fields who may leave or move up in the organization.
- Emphasizing on Pre-employment Counseling Session, Quarterly Counseling for Management and Officer Trainees and Induction Program for reducing attrition.
- Training of Trainers, Trainings on Core Banking Software for enhancing the Bank's ability to adopt and use advances in technology because of a sufficiently knowledgeable staff.
- Few workshops and trainings were earmarked as FUNCTIONAL EXCELLENCE PROGRAM to be steered by Head of Divisions like Card, Retail and IT to meet up the specialized need of respective divisional employees or a small group of people.
- Two Pilot projects were planned for feasibility study on Web Based and E-Learning structure.
- Total 34 types of 179 Trainings / Workshops for 650 Training days are planned.

Year 2011- an analysis from financial performance perspective

Despite various challenges in the economy, severe crisis in the money market and capital market UCB closed a record year in terms of operating profit. During the year 2011, the bank earned operating profit of Tk. 5,972.91 million as against Tk. 4,733.13 million in the previous year. The growth of operating profit is 26.19 percent over last year. Net profit after tax was Tk. 2,945.80 million vs Tk. 2,182.43 million of 2010; represents almost 35 percent growth. Deposits and advances also showed a growth momentum during the year under review.

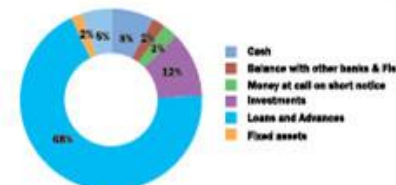
Despite various challenges in the economy, severe crisis in the money market and capital market UCB closed a record year in terms of operating profit.

Balance sheet review

	(Figures in million Taka)		
	2011	2010	Change (%)
Total Assets	168,891.78	129,877.03	30.04
Total liabilities	152,925.36	122,059.76	25.29
Shareholders' equity	15,966.41	7,817.27	104.25
Paid up capital	7,274.88	2,909.95	150.00
Deposits and other accounts	139,484.75	113,070.78	23.36
Loans and advances	115,506.33	93,560.70	23.46
Investments	19,383.42	15,048.23	28.81
Fixed assets	3,288.09	1,966.35	67.22

Total Assets

Total asset of UCB stood at Tk. 168,892 million as on 31 December 2011 as against Tk. 129,877 million of previous year registering a growth of 30.04 percent over the year 2010.



Cash and Balance with other Banks and Financial Institutions

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 Tk. 16,774 million as on the last of the year 2011 as against Tk. 11,854 million of 2010 representing a positive growth of 41.50 percent over previous year.

Money at Call and Short Notice

This is one of the major area of operation of the Treasury Division of the bank. Banks lending under the head money at call on short notice was Tk. 5,070 million on 31 December 2011 as against Tk. 1,120 million in 2010 registering growth of 352.68 percent over same date of last year. The growth was attributable to higher interest rate prevailing at the money market. Although most other banks and financial institution faces liquidity crisis, we have strong liquidity position as on the date of the 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's low risk weight, it helps to maintain adequate capital of the bank.

Although most other banks and financial institution faces liquidity crisis, we have strong liquidity position as on the date of the reporting.

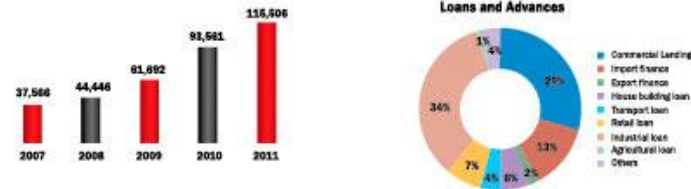
Investment

UCB's investment increased by Tk.4,335 million during the year 2011 and stood at Tk. 19,383 million which was Tk.15,048 million in 2010. Increase of investment arisen from purchase of additional government securities to meet the additional requirement of SLR.

The ratio on non performing loan was 1.79 percent which is much lower than the industry average.

Loans and advances

UCB's loans and advances increased by Tk.21,945.63 million during the year 2011 and stood at Tk. 115,506 million which was Tk.93,561 million in 2010 showing a substantial growth of 23.46 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 on non performing loan was 1.79 percent which is much lower than the industry average. The Bank continued its participation in different credit program for financing in new industrial projects, working capital, trade finance, international trade etc. At the end of the year the credit deposit ratio is 82.81% which was 82.75% at the closing of 2010.



Fixed Assets

Fixed assets include land, building, furniture & fixture, office equipment and vehicles etc. UCB's fixed assets increased by Tk.1,322 million during the year 2011 and stood at Tk. 3,288 million which was Tk.1,966 million in 2010. The main reason of increase was due to revaluation of land by 1,027 million. The asset was revalued by Padma Techno-Consult & Survey Limited of 8/6 Segun Bagicha, Dhaka, an independent and expert valuer in Bangladesh.

Other Assets

Other assets of the bank increased by Tk.2,542 million during the year 2011 and stood at Tk. 8,869.72 million which was Tk.6,327.74 million in 2010. The main components of this increase were new investment in UCB investment Tk.100 million, FC placement Tk.460 million, Advance Income Tax Tk.1,370 million and branch adjustment Tk.240 million.

Deposits

During the year 2011 total deposits of the bank increased by Tk.26,414 million during the year 2011 and stood at Tk. 139,484.75 million which was Tk.113,070.78 million in 2010 representing outstanding growth of 23.36 percent over the year 2010. There are as many as 20 (twenty) deposit products in our bank. The clientele group of the bank includes individuals, corporation, NGO, NBFI, government bodies etc.

Deposits Mix of UCBL

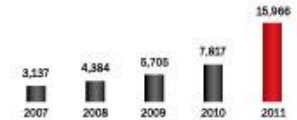
Deposits and other accounts	2011	2010	Growth (%)	Mix (%)	
				2010	2011
Current accounts & other accounts	16,353.44	16,337.20	0.10	14.45	11.72
Bills Payable	2,273.09	2,542.83	(10.61)	2.25	1.63
Savings Bank Deposits	14,811.19	14,030.12	5.57	12.41	10.62
Fixed deposits	82,868.91	62,718.95	32.13	55.47	59.41
Short term deposits	14,899.45	12,504.96	19.15	11.06	10.68
Scheme Deposits	8,278.67	4,936.72	67.70	4.37	5.94
Total	139,484.75	113,070.78	23.36	100.00	100.00

Directors' Report

Shareholders' Equity

Total shareholders' equity includes paid up capital, share premium, statutory reserve, retained earnings and other reserves. During the year total shareholder's equity increased by Tk.8,149.14 million and stood at Tk. 15,966.41 million as against Tk. 7,817.27 million of 2010. The growth of under the head is 104.25 percent over the previous year. The strong growth in shareholder's fund will help the bank to expand its business in the coming days.

Paid up capital of the bank increased by Tk.4,364.93 million by issuance of bonus shares and rights share during the year under review (25 percent bonus share relating to 2010 and 1:1 rights shares declared in 2011) and stood at Tk.7,274.88 million at the end of 2011 which was Tk. 2,909.95 million on the same day of the last year. Share premium of Tk.1,454.97 million arisen as a result of issuance of rights share at 50 percent premium over the face value of shares. Statutory reserve increased as because of transfer of profit to the account per requirement of section 24(1) of the Bank Company Act 1991 which stood at Tk.3,594.78 million at the end of the year.



The strong growth in shareholder's fund will help the bank to expand its business in the coming days.

Analysis of Income Statement of UCBL

	2011	2010	Change (%)
Interest income	15,351.63	9,468.36	62.14
Interest expenses	10,203.21	5,632.95	81.13
Net Interest Income	5,148.42	3,835.41	34.23
Non-interest income	4,145.96	4,018.47	3.17
Non-interest expenses	3,321.46	3,120.76	6.43
Net Non-Interest Margin	824.50	897.71	(8.16)
Operating Revenue	9,294.37	7,853.88	18.34
Operating profit	5,972.91	4,733.13	26.19
Profit before tax	5,172.91	3,632.60	42.40
Net profit	2,945.80	2,182.43	34.98

Interest Income

UCBL earned total Taka 15,351.63 million as interest income during the year 2011 registering increase of Tk.5,883.27 million, 62.14 percent over previous year. This healthy growth in interest income arises from outstanding performance of banks interest earning products, sound asset portfolio, maintenance of NPL below 2 percent and efficient utilization of bank's fund. The major interest earning products (loans & advances) are as follows:

	(figures in million Taka)		
	2011	2010	Change (%)
Overdrafts	3,655.40	1,719.71	112.56
Project loan	2,920.77	2,318.21	25.99
Cash credits	2,831.53	1,684.28	68.12
Loan against Trust Receipt(LTR)	1,743.89	1,330.43	31.08
House building loan (HBL)-residential	756.97	630.51	20.06
Home loan	650.77	269.95	141.07
Auto loan	284.31	197.14	44.22
Local bills purchased & discounted	274.20	166.28	64.90
Time loan	236.63	197.37	19.89
Loan against credit card (Local)	234.76	152.60	53.84
Any purpose loan	211.92	112.65	88.12
House building loan (HBL) commercial	209.18	77.46	170.05
Other loans and advances	1,341.30	611.77	119.25
Total Interest Income	15,351.63	9,468.36	62.14

Interest Expense

UCBL paid Tk. 10,203.21 million as interest expense during the year 2011 recording an increase of Tk.4,570.26 million 81.13 percent over previous year. Due to inflationary pressure in the economy as well as liquidity crunch in the money market, the bank had to procure deposit at higher cost. Our average cost of deposits in 2011 was 8.34 percent which was 6.32 percent in 2010.

Net Interest Income

Net interest income (NII) during the year stood at Tk.5,148.42 million recording a smart growth of Tk.1,313.01 million which equivalent to 34.24 percent growth over previous year.

Income from Investment

Investment income during 2011 was recorded at Tk.1,739.91 million which was Tk.1,970.67 million in previous year and the income decreased by Tk.230.76 million mainly due to crunch in the capital market. Investment income consists of investment in money market and investment in capital market. Income from money market operation in 2011 was Tk.1,317 million registering a growth of Tk.303 million equivalent to an increase of 29.95 percent. Income from capital market operation was Tk.423 million in 2011 registering a negative growth of Tk.534 million which represents 55.80 decreases over the year 2010.

Commission, Exchange & Brokerage

Commission, exchange & brokerage income during 2011 was recorded at Tk.1,648 million which was Tk.1,360 million in previous year and the income increased by Tk.288 million which equivalent to an increase of 21.19 percent, while commission income increased by Tk.134 million (19.26 percent), fees income increased by Tk.88 million (equivalent to 58.92 percent) and exchange earnings increased by Tk.66 million (equivalent to 12.85 percent) over previous year.

Other operating income

Other operating income during 2011 was recorded at Tk.758 million which was Tk.688 million in previous year and the income increased by Tk.70 million ie. 10.17 percent over the year 2010. The main components of such increase are incidental charge by 5.67 percent, swift charge recoveries by 22.93 percent, handling charge by 7.20 percent and other income on credit card by 47.01 percent.

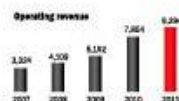
Operating expense

Total operating expense during 2011 was recorded at Tk.3,321.46 million which was Tk.3,120.76 million in previous year and the expense increased by Tk.200.70 million which equivalent to 6.43 percent over last year. The main components of the operating expenses are mentioned below:

	(figures in million Taka)		
	2011	2010	Change (%)
Salary and allowances	1,784.55	1,795.58	(0.61)
Rent, taxes, insurance, electricity etc.	450.07	373.49	20.50
Depreciation and repair of banks assets	236.78	169.02	40.09
Stationery, printing, advertisements etc.	199.99	159.09	25.71
Postage, stamps, telecommunications etc.	64.60	54.03	19.56
Visa card	58.47	45.62	28.17
Medical expenses	56.79	48.37	17.41
Petrol, oil & lubricant	55.94	50.94	9.82
Business development	55.66	69.37	(19.78)
Entertainment	54.76	18.22	200.55
Others	303.85	337.03	(9.84)
Total	3,321.46	3,120.76	6.43

Operating Profit

The total operating profit of the bank for the year 2011 stood at Tk.5,973 million in comparison to Tk.4,733 million of 2010 registering a growth of 26.19 percent over last year. All the earning streams of the bank contributed significantly to the record growth of the bank during the year 2011. This improvement backed by maintenance of sound asset mix with improved non-performing loans position, management of proper deposit mix, higher investment activities and well managed operating efficiencies.



Our success is backed by maintenance of sound asset mix with improved non-performing loans position, management of proper deposit mix, higher investment activities and well managed operating efficiencies.

Directors' Report**Profit before tax**

Profit before tax (PBT) of the bank stood at Tk.5,172.91 million in 2011 compared to Tk.3,632.60 million of previous year registering a growth of 42.40 percent over 2010.

Net profit

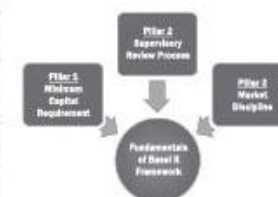
In 2011, bank's net profit after tax increased by Tk. 763.37 million which equivalents to 34.98 percent over the year 2010. As at 31 December 2011, UCB recorded its net profit after tax at Tk. 2,945.80 million as against Tk. 2,182.43 million of the same date of previous year. During the year bank provided total Tk. 2,227.11 million as provision for current tax and tax on share premium on issuance of rights share.

Earnings per share

In the year under review, Earnings per share (EPS) stood at Tk.4.20 which was Tk.3.49 (restated) in previous year. Bank's EPS increased during the year 2011 despite issuance of 25 percent bonus share for the year 2010.

Basel II Implementation

Capital of the Bank acts as the ultimate cushion against any possible loss that may arise in future course of time. The stronger capital base indicates a Bank's superior capability to withstand in adverse situation. Keeping the idea under consideration, UCBL has complied with the minimum requirement set by the Bangladesh Bank successfully to keep the level of capital up to the mark. As per the guideline for capital adequacy, the Bank has maintained the capital adequacy aiming to ensure the interest of the depositors as well as maintaining the international standard banking practices. Capital adequacy requirement is determined by the risk exposure the Bank is possessing during its business activities. The framework of Basel II for assessment of capital adequacy stands on three pillars:



Under Pillar I, the Bank calculates the risk weighted assets for credit risk, market risk and operational risk. In measurement of credit & market risk, the Standardized Approach is followed. On the other hand, the Basic Indicator Approach is used in calculating the operational risk of the Bank. However, the Bank is looking forward to implement more advanced and sophisticated techniques for risk measurement through establishment of Internal Rating Risk Based Model. The minimum capital requirement is 10 percent of the total risk weighted assets of the Bank.

The summary status of the Bank as on December 31 of 2011 is as follows:

Particulars	(figures in million taka)	
	Solo Basis	Consolidated Basis
a. Tier I Capital	14,278.04	14,324.80
b. Tier II Capital	2,599.02	2,649.02
c. Total Eligible Capital (a+b)	16,877.06	16,973.82
d. Risk Weighted Assets	155,231.89	155,255.95
e. Capital Adequacy Ratio	10.87%	10.93%
f. Capital Surplus/(Deficit)	1,353.87	1,448.22

Under pillar II, The Bank addresses all other risks that are not considered under minimum capital requirement. The Supervisory Review Process is conducted for internal assessment of these risks along with the determination of the level of Adequate Capital. The Bank assessed the additional capital requirement against residual risk, core risk management, credit concentration risk, interest rate risk of the banking book, liquidity risk, reputation risk, settlement risk, strategic risk and environmental & climate change risk as and when Bangladesh Bank required.

Under pillar III, Market Discipline deals with communicating the key market participants about the risk profile of the Bank. Here, the regulator has prescribed a set of disclosure requirements for the Banks for relative comparison among them so that the investors take rational decisions.





Composition of the Capital Elements

The major portion of Tier I capital of the Bank consists of Paid up Capital followed by Statutory Reserve. In addition, the large portion of Tier II capital is attributed to General Provision held against loans & advances and off-balance sheet exposures. The composition of the Bank's eligible capital is shown in the following pattern:

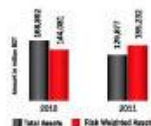
Capital Adequacy of the Bank against requirement

In the year of 2011, the Bank has come out of from capital shortfall position by issuing right shares and bonus shares. With addition of good healthy profit, the Bank is now in surplus capital of BDT 1353.87 million by the end of December 2011 with a capital adequacy ratio of 10.87 percent.



Total Asset and Risk Weighted Asset:

The scenario of 2011 is quite different for the Bank than 2010 while making comparison between total assets and risk weighted assets. The amount of risk weighted asset was smaller than the value total asset in 2010 whereas it is just the opposite in last year. This is due to the increased risk exposure of the Bank.



Focusing on the Future Requirement:

The Bank has build up the 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. Side by side, the Bank is taking preparation for the 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.

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 Ltd was done by Credit Rating Information Services Ltd (CRISL) on the audited Financial Statements as on December 31, 2011. CRISL has submitted their report as under:

Particulars	Long Term	Short Term
Entity Rating	AA-	ST-2
Date of Rating	April 09, 2012	
Based on Financial Statement	December 31, 2011	

UCB has been rated as AA- in the long term which means adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

The short term rating ST-2 indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Director's responsibilities on preparation of financial statements

According to prevailing laws and regulations, the directors are responsible to present the annual report and bank's financial statement in accordance with applicable compliance requirements. The Board confirms that the financial statements have been prepared under the applicable laws and regulations and as per requirements of regulatory authorities.

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 2011 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 Company, the results of its operations or its state of affairs, which is not already reflected in this report other than the followings:

■ On 21 March 2012, United Commercial Bank Limited announced total 27 percent dividend (15 percent stock dividend and 12 percent cash dividend). Details of the announced dividend declared during the financial year are disclosed in notes to the financial statement.

■ The Board proposed to increase authorized share capital of the bank to Tk. 15,000 million divided into 1,500 million of ordinary shares of Tk. 10 each from existing authorized capital of Tk. 8,000 million divided into 800 million of ordinary shares of Tk. 10 each.

Internal control

The Board retaining ultimate responsibility for its operations, though has delegated the review of the effectiveness of the system of internal controls to the Audit Committee. Such a system however, is designed to manage rather than eliminate 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.

Corporate and Financial Reporting Framework

The Directors, in accordance with SEC's notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20 February 2006, confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of UCB, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied, except for the changes disclosed in the financial statements in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored; and
- There exists no significant doubt as to the Company's ability to continue as a going concern.



Report on the compliance of the conditions of SEC's notification

The Directors are required by the SEC's Notification dated 20 February, 2006 to report on the compliance of certain conditions. The notification was issued for the purpose of 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 is attached with this Annual Report.

Going concern

After reviewing the company's 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 the company is going concern. For this reason Directors continue to adopt the going concern basis in these financial statements. A separate report on going concern has been attached with this Annual Report.

Corporate 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 want to be seen as a company that is making a possible 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 (CR) 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.

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, all founded on transparency and ethical standards.

Business ethics

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

Contribution to the National exchequer and the economy

United Commercial Bank Limited always upholds its responsibilities to the development of the society and the country as a whole. During the year 2011, the company distributed a total amount of Tk. 2,227.11 million as income tax (2010: Tk. 1,450.16 million). A detailed report on the contribution to national economy and a report on distribution of value addition by the bank have been attached with the annual report.

Meeting of the Board of Directors and attendance

During the year ended 31 December 2011 total 15 no. of Board of Director's meeting while 13 no. of Executive Committee meeting were held. A report on the attendance in the meeting by the Board of Directors is given in the annexure attached with this report.

Appropriation of profit

Taking into account the profit available for distribution after complying with regulatory requirement, the Board in its 328th meeting held on March 21, 2012 recommended 27 percent dividend (15 percent stock dividend and 12 percent cash dividend) for the year ended on December 31, 2011. However dividend for the 2011 is subject to approval of the shareholders at the 29th Annual General Meeting of the bank.

Proposed appropriations are as follows:

(figures in million taka)		
Particulars	2011	2010
Net profit after tax for the year	2,945.80	2,182.43
Retained earnings at the beginning	1.09	-
Transfer from General Reserve	65.00	-
Profit available for appropriation	3,011.59	2,182.43
Proposed appropriations:		
Transferred to statutory reserve	1,034.58	726.36
Proposed stock dividend	1,091.23	1,454.98
Proposed cash dividend	872.99	-
Retained earnings	13.09	1.09

Rotation/Appointment of Directors

As per Article 108 and 109 of the Articles of Association of the Bank, following directors shall retire by rotation at the 29th Annual General Meeting for the year 2011:

1. Mr. M. A. Sabur
2. Mr. Md. Jahangir Alam Khan
3. Mr. M. A. Hashem
4. Hajee Yunus Ahmed
5. Mr. Saifuzzaman Chowdhury
6. Mr. Bazal Ahmed
7. Mrs. Sultana Reza Begum

As per article 110 of the Articles of Association, they all are eligible for re-election. The shareholders will approve their re-election.

Auditors' Report

The Board of Directors reviewed the Auditors Report issued by the bank's auditor M/S Syful Shamsul Alam & Co., Chartered Accountants based on their audit of financial statements for the year ended 31 December 2011. The auditor didn't mention about any material misstatement or significant disagreement regarding review of the bank's financial statements.

Appointment of Auditors

An auditor cannot be appointed for more than three consecutive years. M/S Syful Shamsul Alam & Co., Chartered Accountants was the auditor of the Bank for the year 2011. As they have completed their second year of audit and eligible for re-appointment, they have expressed their willingness to be re-appointed for the year 2012. Section 210 of the Companies Act, 1994 gives authority to the shareholders to the appointment of the auditors and to fix their remuneration. Hence, the board recommends to appoint M/S Syful Shamsul Alam & Co., Chartered Accountants having address at Paramount Heights (level-6), 65/2/1, Box Culvert Road, Purana Paltan, Dhaka-100 as the auditor of the bank for the year 2012.

The auditor didn't mention about any material misstatement or significant disagreement regarding review of the bank's financial statements.

We realize we have a long way to go and will continue to build our programme in the year ahead.

Building on our strength, we are confident that UCS will be able to present better results before our shareholders in the years ahead.

Future outlook

United Commercial Bank Limited is making progress on embedding sustainability into business. We realize we have a long way to go and will continue to build our programme 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 top 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. Building on our strength, we are confident that the company will be able to present better results before our shareholders in the years ahead.

Acknowledgement

The Bank closed the year 2011 recording excellent performance in core areas of operation with relentless and dedicated efforts of the employees of the Bank and sincere cooperation of all concerned it was possible to achieve the excellent results during the year. Above all, strong liquidity base, prudent fund & credit management, continued guidance and inspiration to the Management by the members of the Board played a vital role in the overall development.

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

Last but not the least, I wish to thank our customers and shareholders for their continued support and trust placed on us and UCS aspire to do better in future and with this expectation we place before the esteemed shareholders the accounts of the Bank for the year 2011 for approval.

I, on behalf of the Board of Directors.

Sd/-

Akhtaruzzaman Chowdhury, MP

Chairman

Above all, strong liquidity base, prudent fund & credit management, continued guidance and inspiration to the Management by the members of the Board played a vital role in the overall development.

Report on Corporate Governance

Corporate Governance is the system by which companies are directed and controlled to the best interest of the stakeholders, which describes the nature and extent of **accountability** of the people and institution engaged in the business. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. The Company, 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 economic development of a country.**

Board of Directors

As at December 31, 2011, the Board Consists of 22 (twenty two) directors and Managing Director playing the role of ex-officio director as per law of the land and 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 Board approves the bank's budget and business plan and reviews those on monthly basis so as to give directions as per changing economic and market environment. The Board reviews the policies and manuals of the various segments of businesses in order to establish effective risk management in credit and other key areas of operations. The Board and the Executive Committee reviews the policies and guidelines issued by Bangladesh Bank regarding credit and other operations of the banking industry. The management operates within the policies, manuals and limits approved by the Board. Regular meeting of the Board is held to review the overall activities of the bank.

Board of Director's Meeting

The Board of Directors holds meeting on a regular basis. During the year 2011 total 15 nos. board meetings were held. 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 topics of interest at the meeting in order to fulfill the director's duties to the best of their abilities at the meeting. The directors who cannot attend the meeting are granted leave of absence by the board. Information regarding attendance of the directors in the meeting is attached as a separate report with the annual report.

Board's Committees

Executive Committee

The Board has an Executive Committee consists of 7 (seven) members. The committee 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 2011 total 13 (thirteen) nos. of meeting were held. The list of the members and their attendance in the meeting is stated below:

Name of the Directors	Status In the Committee	No of E.C Meeting held	No of Meeting Attended	Status
M. A. Sabur	Chairman	13	13	Continued
Md. Jahangir Alam Khan	Member	13	12	Continued
M. A. Hashem	Member	13	7	Appointed from 20.06.2011
Hajee M. A. Kalam	Member	13	12	Continued
Saifuzzaman Chowdhury	Member	13	12	Continued
Kazi Enamul Hoque	Member	13	6	Appointed from 20.06.2011
Bazal Ahmed	Member	13	13	Continued
Showkat Aziz Russell	Member	13	Nil	Resigned on 15.05.2011
Sharif Zahir	Member	13	4	Resigned on 15.05.2011

Audit Committee

Another very important committee of the board is audit committee. The audit committee of the Bank comprises of 5 (five) members. The committee is guided by the TOR of the committee as set by the Board of Directors of the bank. Audit Committee meets with the external auditors to discuss audit plan and risk management process of the Bank. They review the financial statements of the bank at least on quarterly basis. Audit committee conducts various special review by the Board Audit Cell, a very empowered cell working under the committee.

During the year 2011 total 8 (eight) nos. of meeting were held. The list of the members of the committee is stated below:

1. Md. Jahangir Alam Khan, Chairman of the committee
2. Haje M. A. Kalam, member
3. Saifuzzaman Chowdhury, member
4. Nur Uddin Javed, member
5. Sharif Zahir, member

Report of the Board Audit Committee

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

Regulatory compliance/disclosure:

The primary regulator of the bank is Bangladesh Bank and other major regulator includes, Securities and Exchange Commission (SEC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), RJSC etc. Bank has been following related guidelines on submission of financial statements and other statutory reports (daily, weekly, monthly, quarterly, half-yearly and yearly or any other report on requisition). 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. Bank also ensures submission of returns to regulatory bodies in full compliance of the requirements and appropriate disclosures ensuring transparency and accountability. 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. 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 and is accountable to the Board for its financial and operational performance.

Management and its committee

Management team of UCB is headed by the Managing Director, Mr. M. Shahjahan Bhuyan. 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 committees are MANCOM, ALCO, Credit committee, Anti Money Laundering Committee, RMU, Investment Committee, Basel-II Implementation Committee, PAMC etc.

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 directors is disclosed in the annual financial statement as a separate note to the financial statements.

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 for four years term 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.

Audit by the External Auditors

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. The reports of the auditors are also discussed in the Board.

Internal Control & Compliance

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. The Bank has an audit and inspection department under Internal Control & Compliance Division. The major responsibilities of audit and inspection department are as under;

- To ensure that the bank operates within the principles, policies, framework and procedures formulated by the Board;
- To ensure the regulatory compliance in its day-to-day activities;
- Suggest to adopt effective policies and procedures for smooth operation of day-to-day activities;
- To provide the Board and Management with detail information regarding business activities of the bank to determine future course of action by the Management; etc.

Statement of Compliance

Securities and Exchange Commission notification on corporate governance

Securities and Exchange Commission (SEC) issued a Corporate Governance Guidelines (Notification dated February 20, 2006) for the companies listed with the Stock Exchanges in Bangladesh. Compliance status of the guidelines of Securities and Exchange Commission 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 SEC Notification on Corporate Governance

Status of compliance with the conditions imposed by the commission's Notification No.SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006 issued under section 20C of the Securities and Exchange Ordinance 1969

Condition No.	Title	Compliance status (Put in the appropriate column)		Explanation for non-compliance with the condition
		Complied	Not complied	
1.00	BOARD OF DIRECTORS			
1.1	Board's Size : should not be less than 5(five) and more than 20 (twenty)	✓		Board Constituted as per Articles of Association of the Bank
1.2(i)	Independent Directors : at least 1/10 of the Board of Directors subject to minimum one	✓		Board Constituted as per Articles of Association of the Bank
1.2(ii)	Appointment of Independent Directors by elected Directors	✓		Board Constituted as per Articles of Association of the Bank
1.3	Separate Chairman of Board and Chief Executive and clearly defined roles and responsibilities	✓		
1.4	Directors' Report to Shareholders on			
1.4(a)	Fairness of Financial Statements	✓		
1.4(b)	Maintenance of proper Books of Accounts	✓		
1.4(c)	Adoption of appropriate accounting policies and estimates	✓		
1.4(d)	Compliance with International Accounting Standard	✓		
1.4(e)	Soundness of Internal Control System and effective implementation and monitoring	✓		
1.4(f)	Ability to continue as a Going Concern	✓		
1.4(g)	Significant Deviation in Operating Result from last year	✓		
1.4(h)	Presentation of at least preceding 3 years Key Operating & Financial Data	✓		
1.4(i)	Declaration of Dividend	✓		
1.4(j)	Number of Board Meetings & Attendance	✓		
1.4(k)	Pattern of Share Holding	✓		
2.00	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL CONTROL AND COMPANY SECRETARY			
2.1	Appointment of CFO, Head of Internal Audit & Company Secretary and defining of their responsibilities	✓		
2.2	Attendance of CFO and Company Secretary in the Board of Directors meeting	✓		
3.00	AUDIT COMMITTEE			
3.1(i)	Number of Members in Audit Committee	✓		
3.1(ii)	Appointment of Independent Director in Audit Committee	✓	Ref: 1.2	
3.1(iii)	Vacancy in Audit Committee	✓		
3.2(i)	Chairman of Audit Committee	✓		
3.2(ii)	Professional Knowledge of Chairman in Audit Committee	✓		
3.3	Reporting of the Audit Committee			
3.3.1(i)	Reporting on the activities of the Audit Committee to the Board of Directors	✓		
3.3.1(ii)(a)	Reporting on conflicts of Interest to the Board of Directors	✓		
3.3.1(ii)(b)	Reporting of any fraud or irregularities or material defect in the internal control system to the Board	✓		
3.3.1(ii)(c)	Reporting on Infringement of Law to the Board of Directors	✓		
3.3.1(ii)(d)	Reporting on any other matters to the Board of Directors	✓		
3.3.2	Reporting of qualified point to SEC	✓		
3.4	Reporting of the activities of Audit Committee in Annual Report	✓		
4.00	EXTERNAL / STATUTORY AUDITORS			
4.00(i)	No Appraisal or valuation Service by External Auditor	✓		
4.00(ii)	No System design by External Auditor	✓		
4.00(iii)	No Accounting Service by External Auditor	✓		
4.00(iv)	No Broker Dealer Service by External Auditor	✓		
4.00(v)	No Internal Audit by External Auditor	✓		
4.00(vi)	No Other Service by External Auditor	✓		

Compliance Report on SEC Notification on Corporate Governance

Clause 1.4(j) of SEC Notification: Board meeting held during 2011 and attendance by the directors

Sl No	Name of the Directors	Status	Total Meeting Held	Meeting Attended	Remarks
1	Akhtanuzzaman Chowdhury, MP	Chairman	15	15	Continued
2	Showkat Aziz Russell	Vice- Chairman	15	9	Continued
3	M. A. Sabur	Chairman E.C	15	14	Continued
4	Md. Jahangir Alam Khan	Chairman Audit Committee	15	15	Continued
5	M. A. Hashem	Director	15	14	Continued
6	Kazi Enamul Hoque	Director	15	12	Continued
7	Hajee Yunus Ahmed	Director	15	12	Continued
8	Hajee M. A. Kalam	Director	15	14	Continued
9	Saifuzzaman Chowdhury	Director	15	13	Continued
10	Bazal Ahmed	Director	15	14	Continued
11	Shabbir Ahmed	Director	15	15	Continued
12	Nur Uddin Javed	Director	15	15	Continued
13	Sultana Rezia Begum	Director	15	14	Continued
14	Sharif Zahir	Director	15	12	Continued
15	Riyadh Zafar Chowdhury	Director	15	9	Continued
16	Md. Tanvir Khan	Director	15	13	Continued
17	Ahmed Arif Billah	Director	15	12	Continued
18	Emran Ahmed	Director	15	12	Continued
19	Nasim Kalam	Director	15	6	Continued
20	Setara Begum	Director	15	15	Continued
21	Nurul Islam Chowdhury	Director	15	13	Continued
22	Qamrun Nahar	Director	15	4	Resigned on 17/07/2011

Compliance Report on SEC Notification on Corporate Governance

Clause 1.4(k) of SEC Notification: pattern of shareholding

(i) Parent/subsidiary/associated companies and other related parties: Nil

(ii) Directors, Chief Executive Officer (CEO), Company Secretary, Chief Financial Officer (CFO) and Head of Internal Audit:

Name of Directors/Executives	Status in the Board	*No. of Shares Held*	% of Holding
Akhtaruzzaman Chowdhury, MP	Chairman	29,880,774	4.11
Showkat Aziz Russell	Vice-Chairman	6,176,925	0.85
M. A. Sabur	Chairman E.C	13,076,700	1.80
Md. Jahangir Alam Khan	Chairman Audit Committee	7,352,000	1.01
M. A. Hashem	Director	6,097,500	0.84
Kazi Enamul Hoque	Director	6,608,699	0.91
Hajee Yunus Ahmed	Director	15,712,650	2.16
Hajee M. A. Kalam	Director	10,131,400	1.39
Saifuzzaman Chowdhury	Director	4,446,050	0.61
Bezal Ahmed	Director	609,375	0.08
Shabbir Ahmed	Director	5,505,050	0.76
Nur Uddin Javed	Director	4,308,150	0.59
Sultana Rezia Begum	Director	3,897,149	0.54
Sharif Zahir	Director	7,478,525	1.03
Riyadh Zafar Chowdhury	Director	2,606,125	0.36
Md. Tanvir Khan	Director	3,360,825	0.46
Ahmed Arif Billah	Director	3,125,775	0.43
Emran Ahmed	Director	3,160,825	0.43
Nasim Kalam	Director	4,536,225	0.62
Setara Begum	Director	752,925	0.10
Nurul Islam Chowdhury	Director	6,486,050	0.89
M. Shahjahan Bhuiyan	Managing Director	Nil	Nil
Mirza Mahmud Rafiqur Rahman	Company Secretary	Nil	Nil
Mohammad Habibur Rahman Chowdhury	Chief Financial Officer	Nil	Nil
Md. Delwar Hossain Majumder	Head of Internal Audit	Nil	Nil

(iii) Other top five senior executives

Executives (top five salaried employees of the company other than Directors, Chief Executive Officer (CEO), Company Secretary, Chief Financial Officer (CFO) and Head of Internal Audit:

Top five salaried employees of the bank do not hold any share of the bank.

(iv) Shareholders holding 10% or more voting interest in the company >

Shareholders holding 10% or more voting interest in the company > Nil

Compliance of Bangladesh Bank's guidelines of Corporate Governance

(BRPD circular no 16 dated 24.07.2003)

Particulars	Compliance Status
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

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
2 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. (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. (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. (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

Report of the Audit Committee

Introduction

In compliance with the BRPD circular no. 12 dated 23 December 2002 and Securities and Commission notification dated 20 February 2006, the Audit Committee was constituted by the Board of Directors of the Bank with a view to establish to a unique, strong and dependable Banking system for all stakeholders specially for shareholders and depositors as well as to provide independent oversight of the Bank's financial reporting, non financial corporate disclosures, internal control systems and compliance to governing rules and laws etc.

Composition

The composite of the Audit Committee of the Bank consists of 5 (five) members as on 31 December 2011. As per regulatory guidelines, the Company Secretary of the Bank Mirza Mahmud Rafiqur Rahman is the secretary of the Audit Committee.

Meeting

The Audit Committee has conducted 8 (eight) meetings in the year 2011. The list of the members & their attendance in the meeting are shown below:

Name	Status in the Committee	No. of Meeting Held	Meeting Attended	Remarks
Md. Jahangir Alam Khan	Chairman	08	08	Continued
Hajee M. A. Kalam	Member	08	03	Appointed as on 25.07.2011
Saifuzzaman Chowdhury	Member	08	04	Appointed as on 25.07.2011
Nur Uddin Javed	Member	08	04	Appointed as on 25.07.2011
Sharif Zahir	Member	08	03	Appointed as on 25.07.2011
M. A. Sabur	Member	08	04	Resigned as on 18.05.2011
Qamrun Nahar	Member	08	03	Resigned as on 18.05.2011

Function

The prime job the committee is to facilitate the Board of Directors in its oversight responsibilities. The following are the key activities of the Committee during the period:

- Review of the Bank's Financial Statements in line with accounting standard set by regulators.
- Review the findings and recommendations of external auditors.
- Review the inspection report of Department of Banking Inspection (DBI) of Bangladesh Bank and its subsequent compliance thereof.
- Review the arrangements made by the management for developing and maintain a suitable Management Information System (MIS).
- Review the internal risk management procedure.
- Maintaining the internal control & compliance system of the Bank.
- Monitoring the effectiveness for removal of irregularities detected.
- Review of the Internal Audit Reports of the branches/departments and status of compliance thereof.
- Review of the classified portfolio and recovery position of the Bank.
- Recommend for appointment of Auditors of the Bank for the year 2012.
- Assessment of activities of Bank Management in the line with the policies set out by the Board.

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.

Report on Human Resource Development

UCB is one of the first generation banks in the country growing faster in business with the aspiration of spacing itself as one of the top ranking financial institutions in the banking sector. The Bank takes care of its employees, because it believes, employees are the driving force behind business growth.

"Face business challenges what may come and win at the market place by bringing in creative business solutions satisfying valued customers' needs". The Bank firmly believes in this mission statement and its objective is to bring in competitive advantage through consolidation of best HR practices and scale newer heights in human quality & capability and a work culture based on values.

UCB is one of the "Preferred Employers of Choice" and a breeding ground of developing talents where employees get a learning culture both for personal & professional growth. Bank's cardinal principle in employment: **"Just not offer job, offer career"**

Some highlights of strategies in human & organization development are:

- Revisit HR policies following best practices
- Inculcate a work culture based on values
- Set up an structured & competitive remuneration & reward system linked to performance
- Managerial competence & leadership development (Level - 1, 2, 3, & 4)
- Functional excellence programs in developing operational skills / multi-skills
- Focus on performance management - set up performance parameters/KPI at individual level globally to bring excellence in performance and develop an objective performance appraisal system for reward & recognitions
- Revisit business organizations structure and reengineered the business process with technology
- Set up standard manning level in different categories of business units
- Set up job profile covering each job globally and initiate individual (job holder) competence mapping for planned development
- Initiative to enrich "employee relations & building emotional bonding"
- Consistently cater customer satisfaction:
 - Customized relationship
 - Develop partnership in service
 - Customized business solutions
- Establish HR Values in the stream of employees behaviors
 - Customer satisfaction
 - Transparency
 - Openness
 - Mutual Respect
 - Mutual Trust
 - Help each other
 - Proactive
 - Team work

With focus on leadership development, the Development Model stands as follows - a priority in the development process.



Leadership Development Programs at different layers



Learning & Development Status 2011 & Plan 2012:

At UCB employee learning and development steered by three hubs.

- Internal Training Program by UCB Training Institute
- External Training Program (both local and foreign)
- Functional Excellence Program steered by respective Branches and Divisional Heads.

In the year 2011, UCB Training Institute provided 99 trainings/workshops for 3,674 participants.

Those covered multifarious areas like Core Competency Development in the field of Cash Operation, Sales, General Banking, Credit, SME, Foreign Trade etc; Business Competency Development in the areas of Anti-Money Laundering and Combating Financing of Terrorism, Branch Management, Implementation of Basel II, etc ;and General Competency Development in the areas of Language skill, Performance Management, Coaching, leading and Negotiation Skill etc.

Plan 2012, UCB Training Institute will deliver 179 trainings/workshops for 6177 participants besides local institutional & foreign training.

In 2012 UCB Learning and Development key features at a glance :

- A 7,965 sqft spacious, state of the art Training Institute by March 2012.
- A redesigned employee development process aligned with career growth.
- A coordinated approach of total employee learning and development.
- Continuing Foundation Training Course, Basic and Advance Training on General Banking, Credit and Foreign Trade and Risk Management Training, for ensuring adequate human resources for expansion and to accommodate change.
- Senior Leadership Development Program for building a more efficient, effective and highly motivated team, which will enhance the UCB's competitive position and will improve employee morale.
- Managerial Competence Development Program for creating a pool of readily available and adequate replacements for officials in Credit, General Banking and other fields who may leave or move up in the organization.
- Emphasizing on Pre-employment Counseling Session, Quarterly Counseling for Management and Officer Trainees and Induction Program for reducing attrition.
- Training of Trainers, Trainings on Core Banking Software for enhancing the Bank's ability to adopt and use advances in technology because of a sufficiently knowledgeable staff.
- OPERATIONAL FUNCTIONAL EXCELLENCE PROGRAM to be steered by Head of Divisions like Card, Retail and IT to meet up the specialized need of respective divisional employees or a small group of people.
- Two Pilot projects were planned for feasibility study on Web Based and E-Learning structure.

In terms of Bank's human resources policy the key challenge is to develop quality resources and retain them for sustainable business growth. Therefore the primary focus is on human resource development. Besides, the Bank will revisit its HR policies & process including accommodation of appropriate changes in organizational development.

CORPORATE SOCIAL RESPONSIBILITY

Report on Corporate Social Responsibility (CSR)

Though business is a process of generating revenue through economic transactions; at UCB we believe it is not a phenomenon out of the society. Aligned with revenue generation, there are some moral obligations for our Bank to contribute towards society. These moral obligations combined together in the form of charity or development is Corporate Social Responsibilities. Certainly, the Bank has moral debt for social commitment to integrate social, environmental and economic concerns into its values and day to day operational activities.

United Commercial Bank Limited, one of the largest private banks of the country is highly concerned about the assimilation of social cause in its core process. As a part of our commitment to create real value in a changing world, we are determined to hold ourselves accountable for the social, environmental and economic impacts of our operations, and we are committed to developing policies, business practices and social services which drive change in our industry. We use the power of our brand, the energy and passion of our people and the scale of our business to create meaningful changes in society.

In our organizational and business functions, CSR is a continuous priority. Like previous years, our CSR activities were spread into seven sectors: 'Education', 'Health', 'Environment', 'Disaster Management', 'Art & Culture', 'Sports' and 'Socio-economic Development'. Here are some few examples of how we contributed to these development sectors in last year.

Education:

United Commercial Bank has long been practicing CSR in education sector through scholarship for poor and brilliant students, education promotion scheme, education for underprivileged children, donation to educational institutions etc.

A donation was given to the 'One Degree Initiative' to facilitate learning sessions for poor children in April 2011. Since children from poor and unfortunate families lack opportunities in having education and proper recreation in our country. It is urgent to take proper and adequate initiatives for the development of this less fortunate group. UCB and One Degree Initiative jointly made an attempt to conduct a learning session consisting of a series of intra and inter-school quiz competition as well as several recreational events in 11 different schools.

Financial assistance was provided to Department of Applied Chemistry and Chemical Engineering, University of Dhaka for enhancing their modern educational facilities during January 2011.

UCB always encourages the participation of students in extra-curricular activities. Therefore, a donation was made to St. Joseph Higher Secondary School for arranging their Annual Science Fair 2011 on February 2011. A donation was also made to Shikhar Manunayane Shammilito Pracheshita, a joint endeavor of the major schools and colleges of greater Dhaka for arranging a fair as a part of their ongoing education programme named 'Education & Cultural Fair 2011' on February 07, 2011.

Similarly, financial assistance was provided to Bangladesh Academy of Science (BAS) to organize National Science Olympiad on divisional and national level during 2-4th March 2011. A donation was also made for organizing "Electrical Festival" of Ahsanullah University of Science & Technology during March 2011. At the end of the year, donation was given to organize International School Dhaka, Parent Teacher Association Annual Fair, held on 9th December, 2011 at ISD campus. The fair was organized for raising funds which was later donated to humanitarian organizations.



A donation was made for arranging 'English Medium Schools Cultural Program 2011' for Dhaka region, an initiative taken by 'The Daily Star' on 26th February 2011. A large number of students, parents, teachers, media and delegates participated to celebrate and honor the meritorious students of O & A Level for Good results. Similarly, a donation was given to the Gopalganj Zilla Somity, Dhaka to organize a program for scholarship dissemination, honorary certificate giving and reception ceremony for students of GPA 5 holders in SSC and HSC exams. The program held on December 31st, 2011.

As one of the most inspiring financial institutions of the country, UCB believes that it is our core social responsibility to ensure that our future generation, who will be leading the country soon, thrives not only academically but also develops strong competitiveness, determination, analytical and presentation skill. With this in mind, UCB has always supported debate competitions in schools, colleges and universities. Quite naturally, UCB provided financial assistance for organizing 'Academia Debate Fest 2011', held during 30th June - 2nd July in Academia with participation of 20 reputed schools, colleges and debating clubs in 32 teams. At the end of the year, UCB and North South University Debating Club jointly organized the Grand

Report on Corporate Social Responsibility (CSR)

"NSU Asian British Parliamentary Debate Championship 2011" which was held during 7-11th December, 2011 at the North South University Campus and Ruposhi Bangla Hotel, Dhaka.

A donation (Taka Twelve Lac) was also given to Bangladesh Marine Academy for the training of their cadets and also for the welfare of their cadets and employees. Donation was also given for organizing "Chemical Day & Job Seminar 2011 in BUET" by the chemical engineering department of BUET. It was a 3 day event held from 30th November to 2nd December, 2011 in BUET. Financial assistance was provided to arrange a workshop named "First ICTP Regional Microelectronics Workshop and Training on VHDL for Hardware Synthesis and FPGA Design in South Asia", hosted by North South University and organized by The Abdus Salam International Centre for Theoretical Physics (ICTP), Trieste, Italy, held from 31st January to 18th February, 2011 at NSU Campus.

A donation was provided to the Institute of Applied Anthropology for arranging a daylong seminar on "Applied Anthropology, Indigenous Knowledge and Development", held on 5th January, 2011.

A donation was made for 3 students, who went to attend a conference named 'Asian University Model UN Conference (AIMUN)' organized by The School of International Studies at Peking University and the Peking University Model United Nations Association during 24-27th March, 2011 in Beijing, China, with the theme of 'An Asian Page in the Global Age'.

Health:

UCB have always been directly or indirectly involved in projects for improvement in health sector of Bangladesh. As a continuous effort, UCB made a donation of BDT 15,00,000 (Taka Fifteen Lac) to BIRDEM Dental Department to install a complete dental unit and implant surgical kit. BIRDEM Dental Department serve people since 1987, on that note, with a social responsibility aspect, this financial support was provided with an objective of better treatment of mass people.

UCB also made a donation on March 6, 2011 to SIED Trust, a non government organization working in the arena of assisting disable and disadvantaged children. It is worth mentioning that UCB has been providing financial assistance to SIED Trust for last couple of years on a regular basis with an objective to provide better health facilities to disabled and underprivileged children.

A donation of Taka 25 Lac was also given to Chittagong samitee for establishment of a hospital in Chittagong on December 2011. A donation was also made for Sandhani, a voluntary institute of medical students of Faridpur Medical College Unit for supporting their voluntary activities in January 2011.

A donation was made for "Gono Bishwabidyalay Unit" of Samaj Vittik Medical College, Gonoshasthaye Kendra, Savar, Dhaka on January 2011. The Bank also made a donation to "Khulna Surgical & Medical Hospital (Pvt) Ltd. on humanitarian ground on 20th April, 2011 for the treatment of 12 years aged boy Md. Alimur, who was a victim of a road accident.

A donation was made for Faridpur Heart Foundation for arranging Heart Camp 2011. At the end of the year, financial assistance was also provided for the medical treatment of Mrs. Nasima Begum, a cancer patient on November 01, 2011.

Financial assistance was also provided on November 01, 2011 to Mr. Mohammad Mahboob Hossain Khan, Assistant Professor, Department of Bio-Technology & Genetic Engineering, Kushtia Islamic University, as he was suffering from Acute Lymphoblastic Leukemia.

Environment:

As a conscious corporate citizen, UCB is not only promoting environment friendly projects, but also advising its clients to make their projects compliant as regards to environmental issues. Consequently, the corporates where UCB financed - be it large or small - are becoming fully aware of environmental impacts and complying with the Bank's requirements. Besides, UCB also provided financial support for a number of environmental causes last year.

A donation was made to Bangladesh Poribesh Andolon (BAPA) and Bangladesh Poribesh Network (BEN), who are non-political, non-government and voluntary social organizations working in the fields related to environment. UCB, BAPA and BEN jointly arranged a special conference in association with different universities and environmental organizations on 'Urbanization, Traffic Jam and Environment' in Dhaka on January 8, 2011.

A donation was also provided for to the Department of Soil, Water & Environment, Dhaka University during June 24-26, 2011 with an objective to enhance their environmental research work.

Disaster Management:

As a socially responsible corporate body, UCB always comes forward whenever the country is stricken with a natural disaster or a tragic accident. A fatal accident occurred on July 11, 2011 in Mirsarai Chittagong, 41 school students died and 17 more were severely injured in a tragic road accident at Mirsarai, Chittagong. Most of them were 13 to 16 years old and students of Abu Torab High School. The tragic death of these young students shocked the whole country. While the country is still trying to recover from this massive shock, different

Report on Corporate Social Responsibility (CSR)

banks, business groups, professional organizations, educational institutions donated to help the affected families from the accident. UCB has always been a socially responsible organization and they have always been in the front row to lend a helping hand whenever the country has faced such tragedy. Accordingly, UCB management provided financial support (Twenty Four Lac Seventy Five Thousand Taka) to the affected families in this tragic road accident at Mirsarai in Chittagong. Akhtaruzzaman Chowdhury, Honorable ex-chairman of the Bank, handed over cheques to each family of those who died in the road crash and the families of the injured.



At the beginning of year 2011, as the severe winter hit the country leaving the poor people more vulnerable to cold weather, UCB distributed a total of 20,000 blankets among the deprived and unfortunate people to provide them warmth during the horrible winter months. Blankets were distributed in those areas where people were more prone to the wrath of cold winter.

A donation was also made to AXIATA (Bangladesh) Limited for fund generation for the tsunami affected people of Japan on June 13, 2011.

Art & Culture:

Over the years UCB has been contributing for the development of 'Art & Culture' sector in Bangladesh which includes donating to different cultural institutions, financial assistance to young and budding talents, promoting art and culture in grass-root level etc. Year 2011 was no exception. Accordingly, a donation (Taka Nine Lac) was made for Bangladesh Shishu Academy, Chittagong to construct the main entrance gate, boundary wall and a room adjacent. Almost 2800 students are getting trained on different grounds of arts and aesthetics in this academy. To promote the future artists, UCB came forward with financial support to this academy as a part of Bank's social responsibility.



Financial assistance (Taka Seventeen Lac Ninety Five Thousand) was provided to a theater troupe named 'Bangla Theater', as they went to participate in Edinburgh Fringe Festival, held from 1st week of August 2011 till the end of the month. They performed a play 'The Distant Near' which was about Shakespeare through the eyes of Rabindranath, whose 150th birth anniversary was being celebrated all over the world at that time. This was a unique opportunity for UCB to promote our country's art and culture, since it was the first time for a Bangladeshi Theater group to perform a play on an international stage.

A donation was made during January 2011 to Wishiz Shilpi Gosthi, a well known cultural organization of Bangladesh, to arrange their 34th anniversary of inception and honoring some distinguished personalities of different arenas by giving them "Wishiz Padak" for their outstanding contribution in cultural sector.

A donation was given to 'Chattagram Samity, Dhaka' for organizing Mezban and Chittagong Festival-2011 held during December 1-3, 2011 at Sultana Kamal Stadium, Dhanmondi, Dhaka. Mezban is the most popular local festival in Chittagong and in year 2011 they celebrated their 100 years' journey since inception.

2011 has been celebrated with enormous festivity and remembrance of Rabindranath Tagore as it was his 150th birth anniversary. In this connection, a noble initiative had been taken to publish a set of books based on Tagore, so that his work, life and contribution can easily be reached by mass people. This initiative had been commenced and presided by National Professor Late Mr. Kabir Chowdhury and some other famous scholars of high repute. Financial assistance provided for this noble venture in June 2011. In this connection, financial assistance (Taka Sixty Lac) was also provided for organizing a 3 day special event of "Shurer Dhara" on the publication of "Srutee GaetBitan", a collection of all songs of Tagore. This massive event was held on 29-31st December, 2011 at Bangabandhu Conference Center, Dhaka, followed by international seminar and cultural program. Rabindra specialists and artists from home and abroad attended the event.

Sports:

UCB is currently highlighting on youth development and sports. UCB takes initiatives mostly to grass level so that the talents and skills may come from rural and district level.

Financial assistance (Taka Seventy Five Lac) was provided to organize 5 day ODI series between Bangladesh-Zimbabwe in Zimbabwe, held during 12-21st August, 2011. Over the last 1 decade, our cricket has reached to a respectable height. And UCB has always been a huge supporter of Bangladesh Cricket. So whenever there is any cricket event, UCB always reaches its arms with financial and emotional

Report on Corporate Social Responsibility (CSR)

support. In this connection it is worth mentioning that during the world cup, an amount of Taka One Crore and Fifty Lac was spent to promote the image of the Captain of National Cricket Team of Bangladesh, Mr. Sakib Al Hasan with an objective of promoting the image of the Bangladeshi Cricket team simultaneously.

Besides cricket, UCB has been supporting some other sports too. For example: a donation of Taka Thirty Five Lac was made to Late Sheikh Jamal Dhanmondi Club football team in February 2011. Financial assistance was provided to organize 'Olympic Day 2011' arranged by Bangladesh Olympic Association. The day was observed in all of the seven divisions of the country on June 23, 2011. From all over the country, 30, 000 participants took part on this 'Olympic Day'.

Again, A donation was also given to organize Bijo Dibosh Hockey Tournament 2011 held during 10-20th December, 2011 at Moulana Bhashani Hockey Stadium, Dhaka.



Socio-Economic Development:

As a continuous approach to advocate SME growth in Bangladesh, an amount of Taka Twelve Lac was donated to FBCCI for organizing a 5 day long SME Fair 2011 at Bangabandhu International Conference Centre during 20-24th December of 2011. This fair was organized to promote small & medium entrepreneurship along with export expansion and to draw mass investment appeal. At the end of the year again, financial assistance was provided for the SME Saikat Utsab 2011 held at Cox's Bazar during 11-14th November 2011. SME and special program department of Bangladesh Bank, NASCIB (National Association of Small & Cottage Industries of Bangladesh) jointly organized this Utsab for promoting cottage, small and medium entrepreneurs with the help of all banks, financial organizations and NGOs.

Financial assistance was provided to produce a Travel Show for channel I on 8th August, 2011. This program was produced to promote Bangladeshi culture, history heritage, people and places of interest to the international arena and also to make a strong bonding with the overseas country and territory.

A donation was given to Bangladesh Human Rights Commission (BHRC) for arranging 'Jatio Mohashonmelon 2011' on 12th March, 2011 at Supreme Court Bar Association Auditorium.

Financial assistance was also given to Dhaka International Exhibition Company Ltd to organize 'Remittance Fair' at Maizdee & Chowmuhani, Noakhali, held during 23-24th December, 2011. The fair was organized for wide network expansion for inward remittance delivery from Middle East and other communities.

Financial assistance (Taka Thirty One Lac) was provided to organize Bangladesh Apparel and textile Exposition (BATEXPO 2011) held during 8-10th December, 2011 at Bangabandhu International Conference Center, Dhaka.

Financial assistance (Taka Ten Lac) was provided for arranging South Asian Young Entrepreneurs' convention, held during 7-8th January, 2012. SAARC chamber of commerce & industry and FBCCI jointly organized this convention of young men and women entrepreneurs of South Asia. The event was graced with the presence of many political, socio-cultural, academic and business persons of the country.

A donation was made for Bangladesh Retired Government Employee Welfare Association in connection with social responsibility. The donation was given for the deprived retired government officials and their dependants; educational scholarship of their talented children, medical treatment, etc.

On a Closing Note:

Since inception 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. Having this motto in mind, we extended our CSR activities in different areas of development for the tenure of January 01, 2011 - December 31, 2011. We spent an amount of Taka 5.5 Crore in the field of CSR in this respective tenure. Like the year 2011, we will be moving forward continuously with our socially responsible projects and supporting activities in the coming years and we will continue our focus on exploring new areas for the betterment of society.

Report on Green Banking



Green Banking Policy: Environmental and climate change issues have become a global concern in recent times. Extinction of various species of flora and fauna, frequent flood and earthquake, depletion of ozone layer in the atmosphere are some of the obvious indications of the impact of climate change. If unabated pollution and relentless emission of different Green House Gases (GHGs), disturbing the ecological balance of the environment as well as the bio-diversity of the planet, cannot be minimized to a satisfactory level; the changing climate pattern will drastically affect the food production, freshwater supply and other basic amenities for the global populace.

Awareness on the environmental issues now-a-days is leading global bodies - both private and public - in pursuit of sustainable development. Innovative initiatives are being taken by different segments of the society to keep the pace of industrialization without making no or less harm to the environment. Green Banking, one of such initiatives undertaken by the Banking and financial institutions, may be referred as 'the efforts of the Banking sector to keep the environment green and to minimize Green House Effects through rationalizing their strategies, policy, decisions and activities pertaining to banking service, business and in-house operational activities'.

The geo-graphical location combined with very low level of awareness on environmental issues have positioned Bangladesh as the highly vulnerable country in terms of natural calamities and severely stricken on the economic growth and the human-life as well. To save the precious lives of the mass people as well as to keep the economic activities vibrant and free from environmental risks, the country needs to take initiatives encompassing the environmental issues. Due to the direct linkage with business community, which is one of the major pollutants of the environment, the financial institutions can play pivotal role by adopting and implementing Green Banking Policy and Environmental Risk Management Policy.

To address the issues related to environment and any risk originating from the environmental change, the Board of Directors of the Bank formulated a Green Banking Policy as well as Environmental Risk Management Policy at the end of 2011. A Green Banking Unit has also been formed comprising concerned Head of Divisions and headed by a Deputy Managing Director for smooth execution of the green banking related activities of the Bank.

The purpose of the Bank's Green Banking Policy is to protect environmental pollution while providing service or financing customers and to improve in-house environment management through efficient use of various resources (i.e. reduce usage of paper, water, use energy-efficient lights and equipments) at Head Office, Branches and other link offices. The purpose of Environmental Risk Management Policy of the Bank is 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. The Environmental Risk Management Policy, which covers the specific environmental issues related to the industries concerned, is considered as a part of the existing Credit Risk methodology of the Bank. Besides, the ERM Policy, a part of the Green Banking Policy, covers the overall environmental concerns - arising out of both external or internal sources and the respective measures to manage it.

It is worth mentioning that the Bank has already financed Tk. 722.88 million for Effluent Treatment Plants (ETPs) and Tk. 76.93 million for Hybrid Hoffman Kiln (HHK) projects. Tk.500 million has also been allocated in the Bank's Annual Credit Budget - 2012 of which Tk. 20.00 million has been earmarked under the Climate Risk Fund for financing to the economic activities of the disaster-prone areas. The Management of the Bank has also taken a strong stance for financing environment friendly projects and raft of measures for efficient utilization of internal resources (paper, Electricity, water etc.) to keep the environment green.

Agricultural Credit Policy: Since its inception in 1983, United Commercial Bank Ltd. has been actively contributing into the development of the indispensable part of the country's economy - the agricultural sectors. In recent times, the Government of Bangladesh as well as the Central Bank has initiated a slew of measures targeting the sector to ensure food security for the mass populace. As per the Board's strategic direction to avail the opportunity prevailing in this unexplored sector, the Management embarked to increase the Bank's investment in the agricultural sector with special emphasis on the Basic Agricultural Sector for sustainable development of the agro-based economy by boosting agro-production and creating rural employment.

To facilitate the financing requirements of diverse range of customers, the Board of Directors of the Bank has approved a comprehensive Agricultural Credit Policy identifying different Basic Agricultural Sectors/Sub-sectors. Target of Tk. 1.98 billion has also been fixed for disbursement of Agricultural Credit by the Bank in the Fiscal Year 2011-2012. At the end of December 2011, the outstanding in this sector stood at Tk. 0.82 billion. Apart from extending agro-credit facilities through own Branch network, the Bank is also extending the financial facility in collaboration with well-established and reputed Microfinance Institutions as their activities are directly engaged with the agro-based customers at wider coverage.



Disclosures on Risk Based Capital (Basel II)

The disclosure on risk based capital adequacy framework stated in the following section has been prepared in accordance with the Bangladesh Bank BRPD Circular no. 24 dated August 03 of 2010 regarding the guidelines on 'Risk Based Capital Adequacy of Banks' under Basel II framework.

Risk based capital adequacy in line with Basel II framework has fully come into force from January 01, 2010 as stipulated by Bangladesh Bank. As per revised Risk Based Capital Adequacy framework Minimum Capital Requirement, Supervisory Review Process and Market discipline requirements must be followed by all the scheduled banks of Bangladesh as regulatory compliance. The Basel II framework consists of three-mutually reinforcing pillars:



Under Pillar 1 of this framework, the Bank considers only three types of risk; namely Credit Risk, Market Risk and Operational Risk and measures the minimum capital requirement against these risks. In case of identifying both credit and market risk, the Bank resorts to the Standardized Approach. For measuring the operational risk, Basic Indicator Approach is followed.

Under Pillar 2, the Basel II Framework addresses all other risks that are not considered in the Pillar 1. Here the Bank assesses the risks under ICAAP and measures the additional capital requirement. The supervisor will evaluate the risk assessment process of the Bank and give directions to the acceptability process.

Under Pillar 3 of the framework, Market discipline comprises a set of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures are intended for market participants to assess key information about the Bank's exposure to various risks and to provide a consistent and understandable disclosure framework for easy comparison among banks operating in the market.

Scope of Application

Pillar 3 disclosures apply to United Commercial Bank Limited as a single entity as well as in a consolidated form. The risk based regulatory capital adequacy framework is applied to Bank both on Solo Basis as well as on Consolidated Basis.

- '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 consists of the statements of:

- United Commercial Bank Limited
- UCB Securities Limited

UCB Securities Limited

Among the two subsidiaries, UCB Securities Limited has been fully consolidated with the Bank. It was incorporated in Bangladesh as a private limited company with limited liability as on the January 28 of 2010 under the Company Act 1994. The company has commenced its operations in small scale. In case of Solo Basis, the investment in UCB Securities Ltd is grouped as Venture Capital Investment in calculating the credit risk of balance sheet exposure. In the process of consolidating the UCB Securities Ltd, the assets of this subsidiary has been consolidated under credit risk of balance sheet exposure.

UCB Investment Limited

The UCB Investment Ltd, another subsidiary of the Bank, was incorporated as a private limited company as on the August 03 of 2011 under the Company Act 1994. This subsidiary is yet to commence its regular operation and identified as an inactive one. For this reason, the Bank's investment in this subsidiary has been treated as allowable deduction for regulatory capital calculation in calculating the capital adequacy of the Bank on Solo basis. However, in case of Consolidated form of capital adequacy measurement, the impact of UCB Investment Ltd has been ignored.

The Bank has computed the Capital Adequacy Ratio adopting the following approaches;

- Standardized Approach for Credit Risk to compute Capital Adequacy under Basel II, using national discretion for:
 - Accepting the credit rating agencies as external credit assessment institutions (ECAI) for claims on Corporate Customers;
 - Accepting Credit Risk Mitigates (CRM) against the financial securities.

- Standardized (Rule Based) Approach for Market Risk and Basic Indicator Approach for Operational Risk.

Capital Structure

The structure of the capital base of the Bank is comprised of both Tier I and Tier II capital.

Tier I Capital

The highest quality of capital components comprises the Tier I capital. This is also known as Core Capital. The components of Tier I capital are:

- Paid-up capital
- Non-repayable share premium account
- Statutory reserve
- General reserve
- Retained earnings

Tier II Capital

The components of Tier II capital lacks some quality of Tier I capital, but strengthen the capital base of the Bank. This includes:

- General Provision
- Asset Revaluation Reserve
- Revaluation reserves for securities
- Revaluation reserves for equity instruments.

The Bank's capital structure consists of Tier I capital and Tier II capital. Capital Structure of the Bank is as under as on December 31, 2011:

Eligible Capital

		(BDT in Million)	
Sl.	Particulars	Solo	Consolidated
1.	Tier-1 (Core Capital)		
1.1	Paid-up Capital	7,274.88	7,274.88
1.2	Statutory Reserve	3,594.28	3,594.28
1.3	Non-repayable Share premium account	1,454.98	1,454.98
1.4	General Reserve	26.58	26.58
1.5	Retained Earnings	1,977.32	1,974.08
	Sub-Total:	14,328.04	14,324.80
	Allowable Deduction:		
	Investment in Subsidiaries	50.00	0.00
	Total Tier I Capital	14,278.04	14,324.80
2.	Tier-2 (Supplementary Capital)		
2.1	General Provision	1,820.09	1,820.09
2.2	Assets Revaluation Reserves up to 50%	741.62	741.62
2.3	Revaluation Reserve for Securities up to 50%	76.19	76.19
2.4	Revaluation Reserve for equity instruments up to 10%	11.12	11.12
	Sub-Total	2,649.02	2,649.02
	Allowable Deduction:		
	Investment in Subsidiaries	50.00	0.00
	Total Tier II Capital	2,599.02	649.02
	Total Eligible Capital	16,877.06	16,973.82

Capital Adequacy

For accessing Capital Adequacy the Bank has adopted Standardized Approach for Credit Risk measurement, Standardized (Rule Based) Approach for Market Risk measurement and Basic Indicator Approach for Operational Risk measurement. Capital Requirement and Adequacy of the Bank as on December 31, 2011 are as under;

		(BDT in million)	
Particulars	Solo	Consolidated	
Capital requirement for Credit Risk	13,761.08	13,763.48	
Capital requirement for Market Risk	631.57	631.57	
Capital requirement for Operational Risk	1,130.54	1,130.54	
Total Capital Requirement under Pillar-I	15,523.19	15,525.60	
Capital Adequacy Ratio (%):	10.87	10.93	
Tier 1 Capital Adequacy Ratio (%):	9.20	9.23	
Tier 2 Capital Adequacy Ratio (%):	1.67	1.70	

Credit Risk

Credit risk is defined as the probability that a borrower or counterparty may fail to meet its obligations in accordance with the agreed terms and conditions. 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 NPA (impaired is defined as a loan or an advance where interest and/ or installment of principal remain overdue for more than 90 days in respect of a continuous credit, demand loan or a term loan etc.

Classified loan is categorized under following 03 (three) categories:

1. Sub-standard
2. Doubtful
3. Bad and Loss

Any continuous loan will be classified as:

- 'Sub-standard' if it is past due/over due for 6 months or beyond but less than 9 months.
- 'Doubtful' if it is past due/over due for 9 months or beyond but less than 12 months.
- 'Bad/Loss' if it is past due/over due for 12 months or beyond.

Any Demand Loan will be classified as:

- Sub-standard' 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.
- Doubtful' if it remains past due/overdue for 9 months or beyond but not over 12 months from the date of claim by the bank or from the date of creation of forced loan.
- Bad/Loss' if it remains past due/overdue for 12 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 'defaulted installment'.

In case of Fixed Term Loans, which are repayable within maximum five years of time:

- If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 6 (six) months, the entire loan will be classified as "Sub-standard".
- If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Doubtful".
- If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loan will be classified as "Bad/Loss".

In case of Fixed Term Loans, which are repayable in more than five years of time:

- If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 12 (twelve) months, the entire loan will be classified as "Sub-standard".
- If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 18 (eighteen) months, the entire loan will be classified as "Doubtful".
- If the amount of 'defaulted installment' is equal to or more than the amount of installment(s) due within 24 (twenty four) months, the entire loan will be classified as "Bad/Loss".

Approaches followed for Specific and 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 and Advances Provision

	UC	SMA	SS	DF	BL
Consumer House Building & Professionals	2%	5%	20%	50%	100%
Other than Housing Finance & Professionals to setup business	5%	5%	20%	50%	100%
Provision for loan against shares	2%	5%	20%	50%	100%
Short term Agri. Credit and Micro Credit	5%	5%	20%	50%	100%
Small & Medium Enterprise Finance	1%	5%	20%	50%	100%
Others	1%	5%	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 (ECAI) for claims on Corporate Customers and Credit Risk Mitigates (CRM) against the financial securities.

Credit Risk Management

The global economic crisis has radically changed the credit risk environment not only of the developed countries but also of the emerging and developing countries. The economy has slumped with loan defaults soaring around the world. The Board and the Management of the Bank play their due role to manage the credit risk efficiently amid this credit crunch. UCB manages its credit risk in the following manner:

Credit Risk Management Policy

Given the fast changing dynamic global economy and the increasing pressure of globalization, liberalization, consolidation and disintermediation, United Commercial Bank has a robust credit risk management policy and procedures that are sensitive and responsive to these changes. A clearly defined, well-planned, comprehensive and appropriate Credit Risk Management Policy of the Bank provides a broad guideline for the credit operation towards efficient management of its credit portfolio.

Delegation of Credit Approval

Major credit exposures to individual borrowers, groups of connected counterparties and portfolios of retail exposures are reviewed by the Head Office Credit Committee (HOCC) and HOCC recommend the loan to the approval authority. All credit approval authorities are delegated by the Board of Directors to executives based on their capability, experience & business acumen. Credit origination and approval roles are segregated in all cases. Credit approval authorities are carefully segregated between CRM and the Business Units with appropriate level of management for check and balance between control and business consideration. Proper delegation of credit approval ensures full transparency and accountability at all levels.

Credit Quality and Portfolio Diversification

The well practiced 5Cs principles of Credit i.e. Character, Capacity, Capital, Conditions and Collateral are followed professionally in the credit evaluation stage. Evaluation of repayment ability, character of financial discipline and its key personnel, financial health of the borrower and other qualitative and quantitative information are gathered so that credit facilities are allowed in a manner so that Bank's optimum asset quality is ensured. Concentration of credit is carefully avoided to minimize risk. Credit lines have been segregated focusing on regulatory requirements and with respect to sector, industry, geographical region, maturity, size, economic purpose etc.

Large Loan limit and Credit Facility on business Consideration

The Bank watchfully avoids name lending. Credit facility shall be allowed absolutely on business consideration after conducting due diligence. No credit facility is allowed simply considering the name and reputation of the key person of the borrowing company. In all cases, viability of business, credit requirements, and security offered, cash flow and risks level are meticulously and professionally analyzed.

Credit Monitoring and Early Warning system

The Bank regularly monitors the performance of loan portfolio and external events both at branch level as well as on head office level. The HOCC & 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. Action trigger point has been set to identify accounts according to Early Warning system to address the loans whose performances show any deteriorating trend. Recovery division has been given the responsibility to handle these delicate issues with caution. It enables the Bank to grow its credit portfolio in a sustainable way to ensure higher quality and lower risk with the ultimate objective to protect the interest of depositors and shareholders.

Provision

For classified loans and advances, bank maintains enough provision. Thus, the bank has adequate shock absorbing capacity in case of loss of impaired assets.

Independent Internal Audit and Board Audit Cell

Internal Control and Compliance Division (ICCD) independently verifies and ensures, at least once in a year, compliance with approved lending guidelines, Bangladesh Bank guidelines, operational procedures, adequacy of internal control and documentation. Board Audit Division directly reports to the Board/Audit Committee the overall quality, performance, recovery status, risks status, adequacy of provision of loan portfolio for information and guidance.

Creating Credit Risk Awareness Culture

Strong emphasis has been placed to create credit risk awareness among all lending employees within the Bank. Awareness programs have been conducting regularly to create a risk-conscious culture and empower them with the capability to identify, control and manage Credit Risks more effectively.

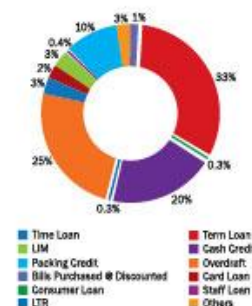
Distribution of Credit Exposure by Major Types

(BDT in million)		
Types of Credit Exposure	Amount	% of Total
Time Loan	1,732.11	1.50
Overdraft	29,290.80	25.36
Cash Credit	23,012.35	19.92
Term Loan	36,697.34	31.77
LTR	11,327.07	9.81
LIM	370.62	0.32
Packing Credit	312.72	0.27
Demand Loan	9.20	0.01
Bills Purchased & Discounted	3,044.62	2.64
Card Loan	2,400.33	2.08
Consumer Loan	3,773.67	3.26
Staff Loan	506.82	0.44
Others	3,028.68	2.62
Total	115,506.33	100.00

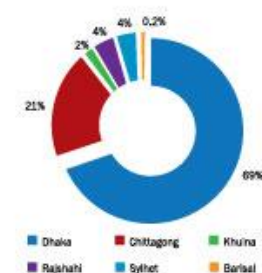
Geographical Distribution of Credit Exposure

(BDT in million)		
DIVISION	AMOUNT	% of Total
Dhaka	79,724.51	69.02
Chittagong	23,681.03	20.50
Khulna	1,843.70	1.60
Rajshahi	5001.94	4.33
Sylhet	4978.45	4.31
Barisal	276.70	0.24
TOTAL	1,15,506.33	100.00

Concentration of Credit Exposure by Types



Geographical Credit Concentration



Industry Type Distribution of Exposure

(BDT in million)		
Types of Industry	Amount	% of Total
RMG & accessories	8,168.41	7.07
Textile Industries	5,454.70	4.72
Agriculture	817.26	0.71
Food products & processing	5,752.88	4.98
Jute industries	875.44	0.76
Leather & leather products	142.72	0.12
Paper & paper products industries	2,460.42	2.13
Wood & wooden products	268.50	0.23
Chemical & chemical products	2,280.24	1.97
Cement industries	336.45	0.29
Glass & glassware product industries	41.04	0.04
Brick field, auto bricks, tiles	532.84	0.46
Engineering, basic metal & products	2,442.74	2.11
Ship re-cycling	68.75	0.06
Educational institute, hotel, restaurant	533.45	0.46
Telecommunication	1,370.37	1.19
Transport & communication	4,309.20	3.73
Diagnostic/medical/clinic	946.71	0.81
Housing industry	11,478.38	9.94
Construction (other than housing)	7,087.50	6.14
Electronics media	226.40	0.20
Power & energy	1,715.22	1.48
Commercial trade financing	33,824.91	29.28
Others	24,371.80	21.10
Total	115,506.33	100.00

Residual Contractual Maturity wise Distribution of Exposure

(BDT in Million)	
Particulars	Amount
Upto 1 Month	14,407.00
Over 1 Month Upto 3 Month	23,776.98
Over 3 Month Upto 12 Month	36,890.45
Over 1 year Upto 5 Years	29,220.80
Over 5 Years	11,211.10
Total	115,506.33

Loans & Advances and Provision

(BDT in Million)		
	Outstanding Loans & Advances	Provision against Loans & Advances
Total Loans and Advances	115,506.33	2,177.14
Un-Classified Loans & Advances	113,438.78	1,417.48
Classified Loans and Advances	2,067.55	759.66
Substandard (SS)	256.68	14.88
Doubtful (DF)	460.93	146.54
Bad/Los (BL)	1,349.94	598.24

Equities: Disclosures for Banking Book Position

The major portion of the Bank's holding of equity exposure is mainly with the purpose of capital gain and dividend income.

The quoted shares are valued both at cost price and market price basis. However, the unquoted shares are valued at their cost price.

(BDT in Million)		
	Cost Price	Market Price
Investment in Quoted Share	2,302.63	2,413.81
		Amount
Realized Gains		273.82
Unrealized Gains		629.11
Unrealized Losses		517.93
Net Unrealized Gains		111.18
Amount included in Tier-II Capital		11.12
Capital requirement for Equity Risk (Specific & General)		482.76
Supervisory Provision against Classified Equity Investment		0.00

Report on Going Concern

Listed Companies are required by SEC to assess on its ability to continue as going concern. The Board of Directors of United Commercial Bank Limited has made annual assessment about whether there exists a 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: The Company has a very positive financial ratio as evident from financial highlights and graphical presentation of financial position given in this Annual Report. Such positive financial ratios indicate Company's sound financial strength and good prospects.

Consistent payment of dividend:

The Company has been paying dividend consistent to its shareholders over many years. Dividend payment record reflects company's long-term vision. During last few years, the Company has been continuously paying stock dividend since its inception that reflects further Company's long-term viability in operational existence.

Credibility in payment of obligations:

The Company has strong credibility in terms of payment of its obligations to the lenders and depositors. The Company is very particular in fulfilling the terms of repayment agreement. Infact there is no single instance of failure of repayment commitment.

Performance growth:

UCB has excellent growth in its operating performance. Company's total assets has increased from Tk. 129,877 million to Tk. 168,892 million, indicating a growth of 30.04 percent over last year. Operating income has increased by 18.34 percent in 2011 over last year. Profit after tax has increased by 34.98 percent from Tk. 2,182.43 million to Tk. 2,945.80 million. All those indicators support Company's continuance in the foreseeable periods.

Cash flows analysis:

Company'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 take away the company to the foreseeable future. Banks' net interest receipt increased by 32.49 percent to Tk. 6,403.97 million from Tk. 4,833.48 million of previous year.

Total operating cash flows has increased from Tk. 1,768.25 million to Tk. 5,933.56 million representing 235.56 percent growth over last year. Total of Tk. 4,364.93 million has been generated from financing activities by issuance of rights share including premium (1:1 basis; 100 percent). These also indicate to bank's continuous growth and diversification.

Operating Indications

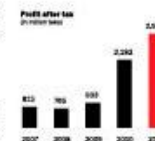
No key management turnover:

During the year 2011, the company has not experienced of any event of turnover in key management position. Employees have long-term commitment and loyalty to the Company.

Expansion of business:

The Company has expanded its segment geographically by opening branches in different places considering the economic significance.

During the year 2011 the company opened 8 (eight) no. of new branches at different places in Bangladesh. Total branches as on 31 December 2011 is 115 as against 107 no. of branches of 31 December 2010.



Company has also expanded its product/service line by introducing various new product from time to time. In addition to that bank has two subsidiaries namely UCB Securities Limited and UCB Investment Limited. These represent Company's intention for perpetuity.

Corporate environment and employee 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 which considered to be instrumental for employee satisfaction.

Other Indications

Maintenance of sufficient capital:

As on 31 December 2011, the Company's total equity stands at Tk. 15,966 million as against Tk. 7,817 million of 31 December 2010. On the other hand the paid up capital of the bank is Tk. 7,275 million against Tk. 2,910 million of last year. As per requirement of Bangladesh Bank a bank should have minimum Tk. 2,000 million of paid up capital. As per BASEL-II, a bank should maintain total capital at least @ 10 percent of RWA, whereas as on 31 December 2011 bank's Capital Adequacy Ratio (CAR) is 10.87 percent which also indicates to its ability and intention to continue for the foreseeable future. This level of capital size is one of the highest in the industry which reflects bank's long term vision.

Satisfactory credit rating:

UCB has been rated as AA- in the long term which means adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

Particulars	Long Term	Short Term
Entity Rating	AA-	ST-2
Date of Rating	April 09, 2012	
Based on Financial Statement	December 31, 2011	

The short term rating ST-2 indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Changes in Government policy:

Management anticipates no significant change in legislation or government policy, which may materially 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.

Credit Rating Report

CRISL has rated the Bank based on December 31, 2011 with 'AA-' (pronounced as double A minus) in the Long Term and ST-2 for the Short Term. The date of rating was April 09, 2012.

Year	Long Term Rating	Short Term Rating
2011	AA-	ST -2
2010	A+	ST -2

UCBL has been rated as AA- which means Adequate Safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.

The Short Term rating ST-2 indicates high certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

Capital Adequacy Ratio (%)

